



# OUR NEW YORK, OUR FUTURE

FY2025 NYS EXECUTIVE BUDGET | JANUARY 16, 2024

GOVERNOR **KATHY HOCHUL**  
BUDGET DIRECTOR **BLAKE G. WASHINGTON**

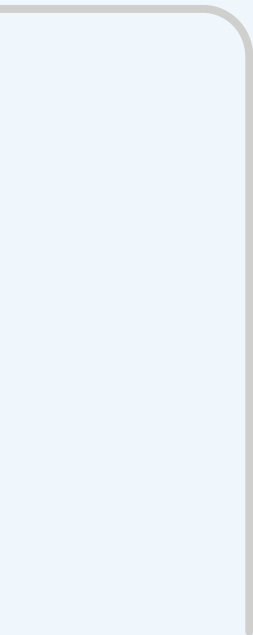




SECTION I

# INTRODUCTION





# TABLE OF CONTENTS

## I. INTRODUCTION

|                                  |    |
|----------------------------------|----|
| Table of Contents.....           | 5  |
| Governor’s Message.....          | 7  |
| Director’s Message.....          | 9  |
| Summary of Budget Documents..... | 11 |

## II. EXECUTIVE BUDGET FY 2025

|                               |    |
|-------------------------------|----|
| Financial Plan Overview.....  | 15 |
| Capital Plan Overview.....    | 25 |
| Revenue Actions.....          | 33 |
| Federal Aid and Receipts..... | 39 |

## III. POLICY & PROGRESS

|   |     |
|---|-----|
| Economic Development.....                 | 47  |
| Education .....                           | 53  |
| Environment, Energy, and Agriculture..... | 59  |
| General Government.....                   | 63  |
| Healthcare.....                           | 67  |
| Higher Education.....                     | 77  |
| Human Services.....                       | 83  |
| Local Government.....                     | 93  |
| Mental Hygiene.....                       | 101 |
| Public Safety.....                        | 109 |
| State Workforce.....                      | 115 |
| Technology.....                           | 121 |
| Transportation.....                       | 125 |

## IV. SUPPLEMENTAL REFERENCE INFORMATION

|   |     |
|---|-----|
| The Executive Budget Citizen’s Guide..... | 135 |
| Glossary of Acronyms.....                 | 139 |



# GOVERNOR'S MESSAGE



In my State of the State, I presented our commonsense vision for the future of New York, to focus on the mental health crisis, help New Yorkers manage the rising cost of living, and make our state safer.

Through the policies I have laid out in my State of the State and this Budget, my administration will accomplish a solid, balanced budget without cuts or placing an added burden on taxpayers, all while delivering the programs and services New Yorkers care about most.

We will do this by taking on categories of crime that remain far too high: like retail theft, domestic violence and hate crimes. We'll continue to rebuild our mental health system and keep our young people safe in school and online. We're investing in the future leaders of New York by going back to basics with reading, teaching kids to swim, and focusing on maternal and infant health. We're also taking steps to make New York more affordable. This includes decisive action to increase our housing stock, which will help keep New York families in their homes and reverse the decades long trend of outmigration.

On the heels of two years of incredible growth, this Budget includes transformational investments while remaining committed to our fiscally responsible approach. While this budget is the largest in State history, we are also taking bold steps to control Medicaid spending and ensure our public healthcare programs are sustainable for the next generation, while also providing assistance for the most vulnerable New Yorkers. We will invest record resources in our schools and provide aid to New York City as it continues to shelter tens of thousands of migrants who have arrived in our country over the last two years. We'll do all of this without raising income taxes because it isn't fair to ask New Yorkers to pay any more than they already do. We must continue to be smart and reasonable during these uncertain times.

We are focused on the areas that will have the highest impact to improve people's lives, and we will use the entirety of this responsible yet ambitious budget to address the needs of every New Yorker.

My continued commitment is to fight the right fights for New Yorkers, and pursue the common good, with common sense, by finding common ground. Together, we'll make our New York and our future even stronger.



A handwritten signature in black ink that reads "Kathy Hochul".

**KATHY HOCHUL**  
GOVERNOR



# DIRECTOR'S MESSAGE





The FY 2025 Executive Budget reflects Governor Hochul's unwavering commitment to make New York State safer and more affordable.

The Executive Budget normalizes growth in state spending after two years of historic, yet necessary investments in public safety, health and mental hygiene, public schools, colleges and universities, and in our social safety net.

While there is always more work to do, stabilization of tax receipts following post-COVID highs requires the State to live within its current means and begin to address multi-year budget gaps. The Executive Budget sets the State on a trajectory to make continued, sound, and sustainable investments. It does not raise taxes and maintains a historic level of reserves to mitigate the impact of any future economic downturn. This budget allows for prior year investments to be implemented, to mature, and provide their intended benefit.

This budget also continues the Governor's public safety efforts by investing in initiatives to reduce and prevent gun violence, prevent and prosecute crimes of domestic violence, stop organized retail theft, secure communities against hate crimes, and strengthen emergency preparedness and response.

Under Governor Hochul's leadership, the statewide minimum wage was increased at the start of 2024 to provide meaningful compensation for a days' work—and those paychecks are already making their way into New Yorkers' pockets. In this budget, Governor Hochul further advances her goal to secure the jobs of tomorrow by establishing new workforce development centers along the I-90 corridor, and by making key investments to attract industries that will make New York State the home of advanced manufacturing and technological innovation. Access to good-paying jobs promotes affordability in every region of our state.

We look forward to collaborating with the Legislature, stakeholders, and all New Yorkers to enact a Budget that maintains the key investments we've already made while protecting the affordability of New York: by creating jobs, aligning spending to actual resources, holding the line on taxes, and resisting the temptation to access reserves to fuel unsustainable growth.



A handwritten signature of Blake G. Washington in blue ink. The signature is stylized and cursive, appearing to read 'B. Washington'.

**BLAKE G. WASHINGTON**  
BUDGET DIRECTOR



# SUMMARY OF BUDGET DOCUMENTS



## OVERVIEW

The Executive Budget process and key Budget documents are governed by the State Constitution, with additional details and actions prescribed by state laws and practices that have been 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.

Two types of budget bills are necessary for the Executive Budget:

- **Appropriation Bills:** Executive Budget Appropriation bills provide the legal authorization for all proposed spending from the funds managed by the State. These bills encompass the recommended funding for State operations, aid to localities, capital projects, and debt service, as well as legislative and judiciary bills.
- **Article VII Bills:** Article VII bills propose amendments to, or create new, state laws governing programs, savings, and revenues, as the Governor deems necessary. These bills encompass the recommended changes to law in the areas of: Education, Labor, Family Assistance, Health and Mental Hygiene, Public Protection, General Government, Transportation, Environment, Economic Development, and Revenue.

In addition to the bills mentioned above, the Executive Budget includes the following Budget documents.

## THE BIG FIVE

### EXECUTIVE BUDGET BRIEFING BOOK

The Executive Budget Briefing Book presents the Governor’s overall goals for the upcoming fiscal year. It explains the State’s Financial Plan, includes

highlights of major initiatives, and a list of the legislative proposals needed to implement the proposed Budget.

### FIVE-YEAR FINANCIAL PLAN

The Five-Year Financial Plan summarizes the Governor’s Executive Budget and describes the “complete plan” of spending and revenues as required by the NYS Constitution.

### FIVE-YEAR CAPITAL PROGRAM AND FINANCING PLAN

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

### ECONOMIC AND REVENUE OUTLOOK

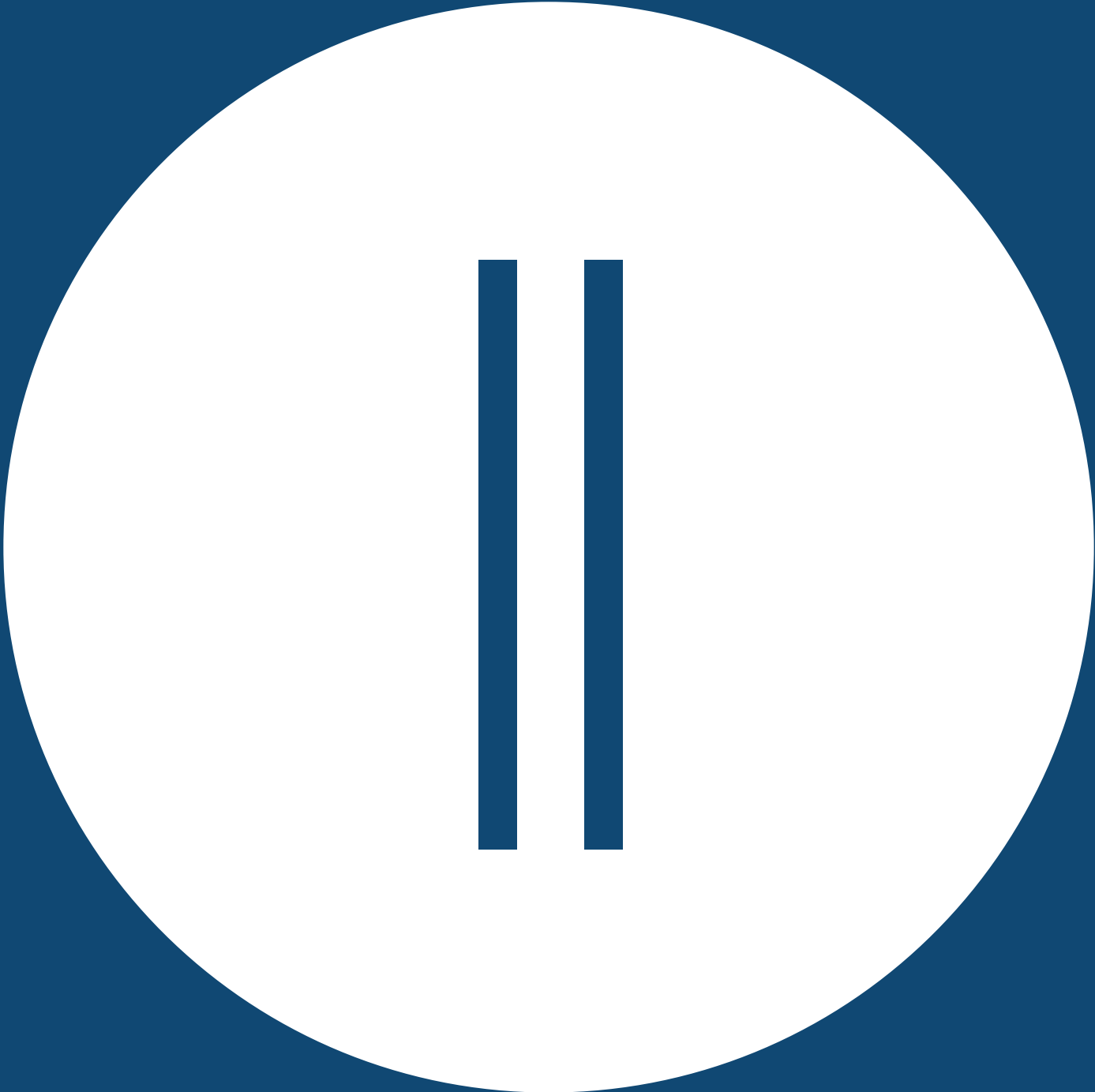
The Economic and Revenue Outlook explains the specific sources of State revenues and presents an economic outlook for the nation and the State over the upcoming fiscal year.

### STATE AGENCY PRESENTATIONS

The State Agency Presentations include 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 module also includes the budget requests of the Legislative and Judiciary branches, which are submitted without revision as required by the Constitution.

### OPEN BUDGET

All Executive Budget bills and documents are accessible to the public through the Budget Division’s official website, [budget.ny.gov](http://budget.ny.gov), or in print from the Senate and Assembly document rooms in Albany, NY. In addition, the public is encouraged to visit the Open Budget website, [openbudget.ny.gov](http://openbudget.ny.gov).





SECTION II

EXECUTIVE  
BUDGET  
FY 2025







# FINANCIAL PLAN OVERVIEW



Over the past two years, the State’s financial position has strengthened significantly. Reserves have increased to the highest levels in history, debt levels remain nearly flat at less than 1 percent growth over the past decade, historic liquidity levels are delivering high investment returns, and new reserves have been established for future costs. The extraordinary influx of resources during the post-COVID-19 period fueled these financial achievements and allowed the State to make historic investments to adequately fund essential services and programs. These investments include fully funding the Foundation Aid formula; expanding access to mental health services; increasing assistance to hospitals, other health care providers and workers; addressing the solvency of the Metropolitan Transportation Authority (MTA); aiding the City of New York for the provision of care for thousands of asylum seekers; increasing wages; supporting health care delivery improvements; increasing recurring support for the State University of New York (SUNY) and City University of New York (CUNY); addressing gun crime and violence; and expanding access to child care, housing, school lunches and energy affordability.

Roughly half of the State Operating Funds budget supports the State’s two largest program areas – health care and education. Spending for assistance and grants in FY 2025 is projected to be nearly \$23 billion (32 percent) higher than the level recorded in FY 2022<sup>1</sup>. Roughly two-thirds of the estimated growth is concentrated in health care and education, reflecting historic, recurring funding increases for schools and the health care system. While the State’s investments over the past two years recur, the elevated levels of tax receipts that initially supported the increased funding do not. Following two-years of substantially stronger tax collections, New York began to experience a precipitous drop in tax receipts beginning in FY 2024. The updated projections for tax receipts<sup>2</sup> in the current year are expected to decline by 7.8 percent from FY 2023 levels, followed by growth of 2.5 percent in FY 2025 from this lower base. This decline in tax receipts was also experienced by the Federal government and other states that rely on personal income taxes as a significant share of their revenues.

---

<sup>1</sup> Excludes roughly \$3 billion in one-time COVID-19 pandemic assistance and grants spending.

<sup>2</sup> Tax receipts and General Fund balance are affected by the Pass-Through Entity Tax (PTET); however, DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. The discussion of tax receipts throughout the Financial Plan Overview exclude the impact of PTET, unless otherwise noted.

The long-term, historical average annual growth rate for tax receipts, which support roughly 80 percent of State Operating Funds spending, is roughly 4 percent. Tax receipts are projected to grow on average by 4 percent annually over the Financial Plan period from FY 2024 levels, while spending is projected to grow by just over 5 percent on average through FY 2028, resulting in a structural imbalance. Accordingly, in preparing the FY 2025 Executive Budget, the structural General Fund budget gaps required the State to evaluate multi-year growth assumptions across all programs to ensure long-term sustainability within projected resources.

The FY 2025 Executive Budget proposal reduces the multi-year budget gaps and provides for balanced General Fund operations on a cash basis in FY 2025, while preserving existing commitments and funding new investments to address critical needs. Proposed savings initiatives are intended to prudently use resources from New York taxpayers to continue support for investments made over the past two years in education, physical and mental health care, public safety, economic stability, and environmental protection; and continue to ensure assistance is available for individuals and entities with demonstrable need. The Executive Budget also includes new funding for services and initiatives consistent with announcements made by the Governor in her State of the State plan presented on January 9, 2024. In addition, State Medicaid spending is increased, consistent with the recently approved 1115 Medicaid Waiver Amendment, and expanded support to assist the City of New York with aiding asylum seekers.

In this Financial Plan, DOB is increasing the estimate for tax receipts and other resources in all years from the levels forecasted in the Mid-Year Update. The projection for General Fund tax receipts, over the multi-year Financial Plan, excluding proposed extensions, is revised upward by \$5.9 billion from the forecast included in the Mid-Year Update. In the current year (FY 2024), the upward revision in tax receipts, combined with the reserve for transaction risk that was set aside for FY 2024, and other



revisions, leave an estimated General Fund surplus of \$2.2 billion. The surplus will be used to prepay \$1.7 billion in FY 2025 expenses to reduce the budget year gap, and the remaining \$500 million will be set aside in reserves for future one-time costs related to assisting asylum seekers.

The Executive Budget maintains Principal Reserves at 15 percent of State Operating Funds spending to protect essential services in the event of an economic downturn, as well as other reserves for dedicated purposes to manage risks to the Financial Plan and future costs.

DOB expects that the General Fund will have sufficient liquidity in FY 2025 to make all planned payments as they become due, and the General Fund balance will continue to benefit the State by providing high levels of investment income due to elevated market interest rates. DOB 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.

## **FY 2025 Executive Budget Financial Plan Summary**

This Financial Plan Update reflects the Governor's FY 2025 Executive Budget proposal and accompanying legislation introduced on January 16, 2024, as well as revisions to the projections of receipts and spending in all years based on results to date, updated forecasts, and adjustments to programmatic assumptions. DOB estimates that the General Fund is balanced on a cash basis in FY 2025, should the Legislature adopt the Governor's proposal without modification.

DOB expects the General Fund to end FY 2025 with a balance of nearly \$44 billion. Approximately half of the balance consists of Principal Reserves to protect essential services in the event of an economic downturn. The remaining balance is comprised of other reserves that were previously pledged to

reduce outyear gaps, manage risks and support future costs that include tax refunds and liabilities, capital projects, and potential labor agreements.

The Budget supports the implementation and expansion of various initiatives laid out in the Governor's State of the State plan presented to the Legislature on January 9, 2024, and continues funding for existing commitments, including increased funding for Foundation Aid, support for Medicaid and distressed hospitals, increases in the minimum wage, and expanded access to affordable child care.

The Executive Budget proposal increases FY 2025 State Operating Funds spending by \$5.9 billion (4.5 percent) compared to the prior year, adjusted for the routine management of resources, execution of prepayments, and fluctuations in the timing of transactions across fiscal years that impact reported spending growth. Nearly two-thirds of the proposed growth is driven by increased spending on School Aid and Medicaid.

### **School Aid**

The State provides a substantial amount of financial support for public schools through State formula aids and grants. For over a decade, New York has ranked the highest in the nation for per pupil spending. In school year (SY) 2021, New York spent \$26,571 per pupil, 85 percent more than the national average of \$14,347 per pupil<sup>3</sup>. In SY 2024, approximately 2.4 million kindergarten through 12th grade students are enrolled in the State's public schools, including 182,000 students enrolled in charter schools. Compared to SY 2014 levels, enrollment in the State's public schools has declined by roughly 10 percent (268,000 students). Despite these enrollment declines, State aid has continued to increase each year. From SY 2021 to SY 2024, total School Aid grew by an average of \$2.3 billion (7.7 percent) per year (excluding the SY 2022 Pandemic Adjustment restoration), driven primarily by the three-year phase-in of full funding of the Foundation Aid formula. In addition to State aid, school districts have continued to raise revenue through local property tax increases,

<sup>3</sup> Based on U.S. Census Bureau, *2021 Annual Survey of School System Finances*.

which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

Adding to the historic increases in funding over the past three years, the Executive Budget includes \$35.3 billion for School Aid in SY 2025, an increase of approximately \$921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal American Rescue Plan Act of 2021 (ARP) funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals \$825 million (2.4 percent). This growth reflects a \$507 million (2.1 percent) Foundation Aid increase.

Since SY 2022, State-funded School Aid will have increased by over \$6 billion (21 percent), inclusive of the Executive Budget's proposed increase.

## Medicaid

The New York State Medicaid Program provides health and long-term care coverage to lower-income children, pregnant women, adults, seniors, and people with disabilities, and is financed jointly by the Federal, State, and Local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, shifting the increased costs to the State and saving the City of New York and counties an estimated \$7.4 billion in FY 2025. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services, spending \$3,582 per capita based on the latest CMS data (Federal Fiscal Year 2021)<sup>4</sup>, which was more than any other state. New York's per capita spending was 10 percent higher than the next highest state, New Mexico which spent \$3,245 per capita. Nearly 7.6 million (39 percent) New Yorkers are currently covered by Medicaid. When combined with other public insurance coverage, New York has the highest percent of people covered by publicly funded medical

insurance (Medicaid, Child Health Plus (CHP) and Essential Plan (EP)) in the nation.

The Medicaid program is also a large contributor of funding to hospitals and nursing homes through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily Managed Long Term Care (MLTC), rises with an aging population. In FY 2025, Department of Health Medicaid spending is projected to total \$30.9 billion, an increase of \$3 billion (10.9 percent) from the revised FY 2024 levels, including over \$1 billion in savings proposals.

State-share Medicaid spending, including administrative costs, is projected to be \$8.6 billion (39 percent) higher in FY 2025 than the levels recorded three years prior in FY 2022.

## Other Spending Growth

The Executive Budget also proposes spending increases to support agency operations and addresses the State's many continuing challenges, including access to mental health care, public safety, the stability of the State's health care system, and an extension and expansion of extraordinary State funding to continue to assist the City of New York with providing services and assistance to asylum seekers. In addition to significant investments made in the past two years, the FY 2025 Budget provides funding to expand mental health services for children and teens through school and pediatric health care settings; increases pregnant and postpartum services; grants the Department of Financial Services (DFS) authority to hold insurers accountable for mental health coverage; addresses the opioid epidemic; advances a plan consistent with the recent Federal government waiver approval to improve health care delivery; adds funding for law enforcement activities; increases access to swimming and instruction; and funds other program enhancements and initiatives.

The Budget also adds substantial new capital funding for Artificial Intelligence (AI) research and innovation; economic development initiatives; energy affordability improvements; incentives for communities to grow their housing stock; and storm and flood risk remediation and protection.

---

<sup>4</sup> Excludes District of Columbia. Based on U.S. Census Bureau data and the 2021 Centers for Medicare and Medicaid Services Financial Report, Expenditure Reports From MBES/CBES.

**State Spending**

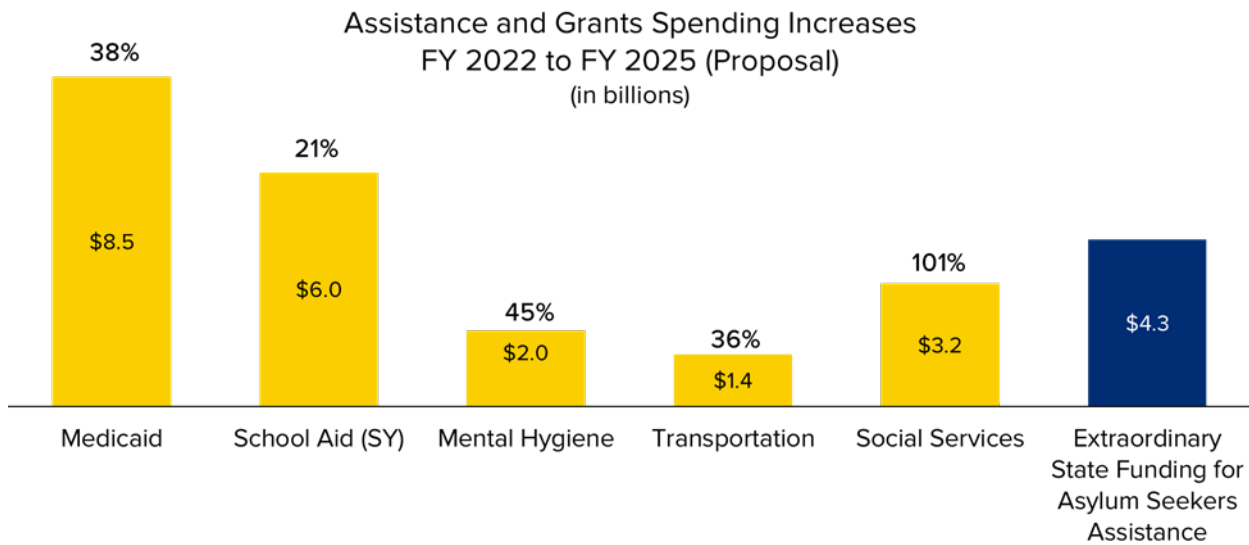
The Executive Budget proposal drives FY 2025 State Operating Funds spending to \$136.2 billion, an increase of \$5.9 billion (4.5 percent) compared to the current FY 2024 estimate, excluding the routine management of resources, execution of prepayments, and fluctuations in the timing of transactions and reimbursements across fiscal years.

FY 2025 spending growth is largely driven by Medicaid, School Aid and increased operational funding for all branches of State government as agencies continue to strive to restore service capacity and workforce levels to pre-COVID-19 pandemic levels.

Medicaid spending is driven largely by elevated enrollment relative to pre-COVID-19 pandemic levels; expansion of benefits; increases in reimbursement rates; and growing utilization of the State’s MLTC program by the State’s aging population.

Spending for assistance and grants has grown from \$72 billion in FY 2022, adjusted to exclude for COVID-19 pandemic assistance and recovery spending, to nearly \$95 billion of projected spending in FY 2025. The \$23 billion (32 percent) increase reflects historic investments over the preceding years in education, health care and other assistance and program growth.

Spending growth is routinely impacted by planned prepayments and timing-related transactions and reimbursements. In FY 2025, spending growth reflects the planned payment of FY 2025 pension expenses in FY 2024; delayed recoupment from providers of excess payments attributable to State-only Medicaid payments that were previously advanced and are now expected in FY 2025; the expiration of the temporary enhanced Federal Medical Assistance Percentage (eFMAP) that lowers Medicaid costs in FY 2024; COVID-19 pandemic related Federal Emergency Management Agency (FEMA) reimbursements that are expected to lower spending to offset costs accounted for in prior



State funding for Asylum Seekers Assistance includes total proposed commitment through FY 2026, including operational expenses.

years; and the impact of prior year debt service prepayments. Accounting for these transactions, State Operating Funds spending is projected to total \$129.3 billion, an increase of \$2.7 billion (2.1 percent).

Including spending for capital projects and spending supported by the Federal government, All Funds spending is estimated to total \$232.7 billion in FY 2025, an increase of \$1 billion (0.5 percent), from the current fiscal year estimate. The increase in All Funds spending is attributable to the end of COVID-19 pandemic related recovery and assistance provided through increased Federal funding and reimbursements, which is partly offset by significant increases in capital projects spending consistent with approved and proposed capital commitments.

| FY 2025 EXECUTIVE BUDGET SPENDING ESTIMATES |                    |                      |                |              |
|---|--------------------|----------------------|----------------|--------------|
| (millions of dollars)                       |                    |                      |                |              |
|   | FY 2024<br>Updated | FY 2025<br>Projected | \$ Change      | % Change     |
| <b>State Operating Funds</b>                | <b>126,610</b>     | <b>129,268</b>       | <b>2,658</b>   | <b>2.1%</b>  |
| School Aid (School Year Basis) <sup>1</sup> | 34,385             | 35,306               | 921            | 2.7%         |
| Medicaid                                    | 27,442             | 30,431               | 2,989          | 10.9%        |
| All Other Assistance and Grants             | 30,382             | 30,135               | (247)          | -0.8%        |
| Agency Operations                           | 31,727             | 33,583               | 1,856          | 5.8%         |
| Debt Service                                | 6,312              | 6,717                | 405            | 6.4%         |
| Resource Management/Timing:                 |                    |                      |                |              |
| Planned Pension Prepayment                  | 1,709              | (1,709)              | (3,418)        | -            |
| Medicaid DPT Recoupment                     | 1,100              | (1,100)              | (2,200)        | -            |
| Temporary eFMAP                             | (1,692)            | 0                    | 1,692          | -            |
| FEMA Reimbursement                          | (1,050)            | (400)                | 650            | -            |
| Prior Year Debt Service Prepayments         | (3,705)            | (3,695)              | 10             | -            |
| <b>Federal Operating</b>                    | <b>89,324</b>      | <b>84,586</b>        | <b>(4,738)</b> | <b>-5.3%</b> |
| <b>Capital Projects</b>                     | <b>15,670</b>      | <b>18,798</b>        | <b>3,128</b>   | <b>20.0%</b> |
| <b>All Funds</b>                            | <b>231,604</b>     | <b>232,652</b>       | <b>1,048</b>   | <b>0.5%</b>  |
| <b>State Operating Funds (Adjusted)</b>     | <b>130,248</b>     | <b>136,172</b>       | <b>5,924</b>   | <b>4.5%</b>  |

<sup>1</sup> The Financial Plan includes a \$921 million (2.7 percent) increase for School Aid in SY 2025, inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP Act funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals \$825 million (2.4 percent).

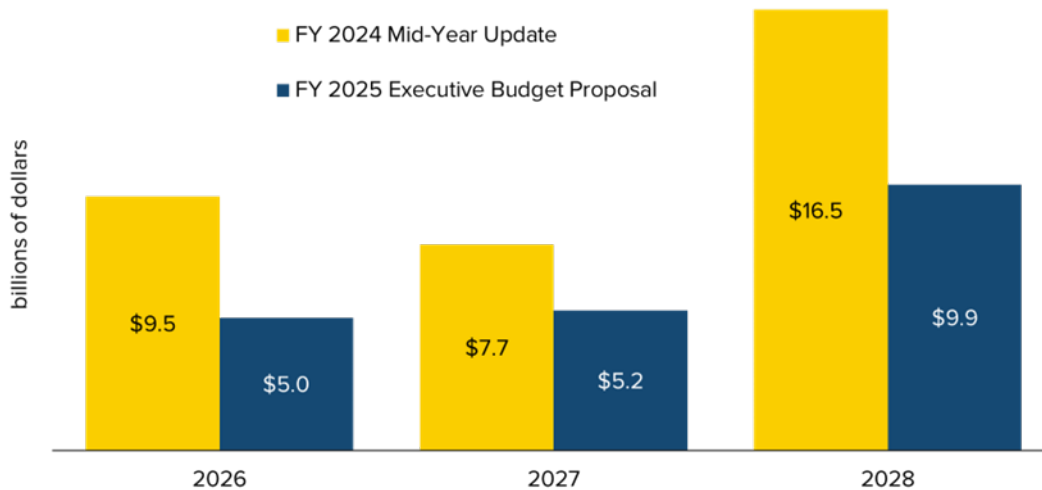
## Outyear Budget Gaps

The FY 2025 Executive Budget Financial Plan proposal provides savings that reduces the outyear budget gaps to \$5 billion in FY 2026, \$5.2 billion in FY 2027, and \$9.9 billion in FY 2028 in comparison to the Mid-Year Update. If the FY 2026 Budget is balanced with recurring savings, the budget gap for FY 2027 would be nearly eliminated and the FY 2028 gap would be reduced to roughly \$5 billion.

The outyear budget gaps are the result of a structural imbalance between the forecasted levels of spending growth and available resources. The gaps include Medicaid spending projections that exceeds the global cap beginning in FY 2026, which is partly due to \$1.7 billion in additional State spending over the multi-year Financial Plan to leverage roughly \$6 billion in additional Federal Medicaid funding, as well as upward revisions reflecting sustained enrollment

levels and spending for MLTC. The projected budget gaps do not reflect the use of any principal reserves to balance operations but do include the use of prior year surpluses carried forwarded into future years and the one-time use of a portion of the Reserve for Economic Uncertainties to fund additional assistance to the City of New York to alleviate fiscal pressures from asylum seekers in FY 2026.

In addition, the projected budget gap for FY 2027 includes a one-time acceleration of between \$3 and \$4 billion in estimated PIT tax receipts due to the scheduled expiration of the Federal SALT Cap at the end of 2025 and expectation that taxpayers will seek to benefit from unlimited SALT deductibility beginning in tax year 2026. If the Federal government extends or revises the SALT Cap, the acceleration would likely be substantially less, which would reduce tax receipts and increase the budget gap for FY 2027 by a concomitant amount.



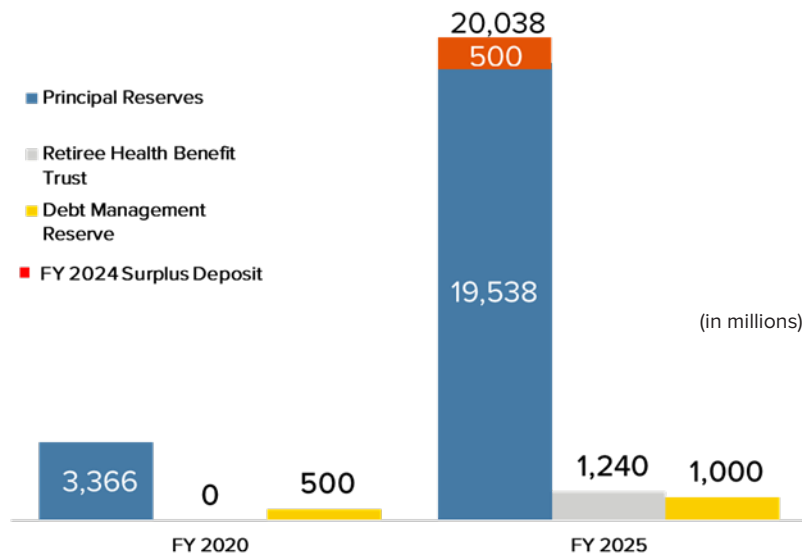
Lastly, the FY 2028 projected budget gap reflects the initial impact of the current law sunset at the end of tax year 2027 of higher tax rates for high income filers, reverting the schedule to a single top rate of 8.82 percent. If the current rate schedule were extended, DOB estimates that PIT withholding receipts would increase by an amount in the range of \$750 million to \$1 billion in the last quarter of FY 2028.

### Reserves and Risks

The Financial Plan faces looming economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; programmatic cost pressures; uncertainty about the fiscal conditions of outside entities relying on State assistance; risks due to the State’s dependence on Federal funding and approvals; and uncertainty about the timing and feasibility of implementing cost savings actions.

While the DOB forecast of receipts and spending is based on current law and reasonable assumptions as of the time it was prepared, the timing and impact of an economic slowdown or downturn is highly unpredictable, and thus necessitates a prudent level of reserves to hedge against these risks.

In October 2021, the Governor committed to building the State’s reserves to 15 percent of State Operating Funds spending by FY 2025 to ensure that it could honor its commitments through good and bad times. This commitment was met two years ahead of schedule in FY 2023 with a nearly \$11 billion deposit. The FY 2025 Executive Budget preserves these critical investments and utilizes a portion of the projected current year surplus to add \$500 million for future costs.



- **Principal Reserves** include the statutory Rainy Day Reserve Funds and the informal Reserve for Economic Uncertainties.
- The **Retiree Health Benefit Trust Fund** (excluded from the General Fund balance) is for health benefits of retired employees and their dependents.
- **Debt Management Reserve** is an informal reserve that can be used for any debt related purpose.









# CAPITAL PLAN OVERVIEW



Governor Hochul continues to make significant infrastructure investments across the State that will play a critical role in building New York’s future: creating jobs, growing the economy, increasing mobility, and keeping New York residents healthy and safe. The Executive Budget builds on major investments made over the last two years in transportation; affordable and supportive housing; economic and community development; environmental initiatives; increased access to care and housing opportunities for individuals with mental health issues; health care transformation; public safety; and investments in higher education.

## MAJOR INFRASTRUCTURE INVESTMENTS UNDERWAY

Governor Hochul is committed to delivering transformative infrastructure projects that are supported by the State, local governments, public authorities, private entities, and the Federal government. The State budget includes investments in projects that will improve the State's transit systems, modernize airports, and rebuild infrastructure to upgrade the State's transportation network in a timely manner and prepare for future generations. Major infrastructure investments currently underway include:

**Gateway Hudson 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. Upon completion, this project will revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. Project costs are estimated at \$16.1 billion.

**Pennsylvania Station Area Civic and Land Use Improvement Project.** The State has completed the transformation of the James A. Farley Post Office building into the Moynihan Train Hall and opened a new, state-of-the-art expanded West End Concourse at Penn Station. The concourse provides direct access to 17 of the station’s 21 tracks for Long Island Rail Road (LIRR) commuters and intercity rail passengers, offering an underground connection between the Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E Trains).

Expanding on this vision, Governor Hochul plans to create a commuter-first Penn Station. The reconstructed Penn Station will create a double-height, light-filled train hall that more than doubles

| TRANSFORMATIVE INFRASTRUCTURE PROJECTS<br>(billions of dollars) |                        |             |  |
|---|------------------------|-------------|--|
|   | Total Project<br>Costs | State Share | Other Funding<br>Partners Share <sup>1</sup> |
| <b>Transformative Projects Total</b>                            | <b>109.7</b>           | <b>11.8</b> | <b>97.9</b>                                  |
| Gateway Tunnel Project <sup>2</sup>                             | 16.1                   | 1.4         | 14.7   |
| MTA Capital Plan 2020-2024 <sup>3</sup>                         | 52.1                   | 3.1         | 49.0   |
| Commuter-First Penn Station <sup>4</sup>                        | 22.0                   | 7.0         | 15.0   |
| Transform JFK Airport   | 19.5                   | 0.3         | 19.2   |

<sup>1</sup> Includes funding from Federal & local govts, public authorities, and other funding outside of the State budget.

<sup>2</sup> Project costs are based on the October 2023 financial plan for the Gateway Hudson Tunnel Project. Total includes financing costs.

<sup>3</sup> State share excludes new revenue sources enacted by the State to fund \$25 billion of the capital plan.

<sup>4</sup> State budget includes \$1.3 billion appropriation to initiate the project. Funding shares still being determined.

passenger space from 123,000 square feet to 250,000 square feet and nearly doubles the number of entrances from 12 to 20. The station reconstruction complements a station expansion that will increase track and train capacity by 40 percent to more effectively accommodate the service needs of travelers and commuters at the busiest transit hub in the Western Hemisphere. Project costs are estimated at \$22 billion.

**MTA 2020-2024 Capital Program.** The \$52.1 billion capital program represents the largest investment in MTA infrastructure in State history, at almost 70 percent larger than any previous program. The program prioritizes critical investments to revitalize the subway system, including improving signal technology, increasing accessibility, and improving quality of life issues. The capital program also makes investments in LIRR and Metro North Railroad commuter rail and bus service upgrades. The FY 2025 Executive Budget includes funding to further efforts to expand the MTA's transit networks, including:

- **The Interborough Express.** The Executive Budget includes \$45 million in funding to advance design and engineering for this project, which will connect neighborhoods along a 14-mile existing freight right-of-way from Bay Ridge, Brooklyn, to Jackson Heights, Queens. The Interborough Express planning and environmental linkages study recommended light rail as the preferred option for providing fast, frequent service connecting the Interborough with up to 17 different subway lines and the LIRR.
- **Second Avenue Subway—Expanding West.** With Phase 2 underway, the next major potential phase of this project is extending the Q line west along 125th Street, with three new stops at Lenox Avenue, St. Nicholas Avenue and Broadway in Manhattanville. The Executive Budget includes \$16 million in funding to advance a feasibility study, environmental review and preliminary engineering for this project.

**Transforming John F. Kennedy Airport.** The State is proceeding with a historic \$19.5 billion plan to transform John F. Kennedy International Airport (JFK) into a modern, 21st century airport through an overhaul of the airport's eight disparate terminal sites into one unified JFK Airport. Work will include demolishing old terminals, utilizing vacant space, and modernizing infrastructure, while incorporating the latest in passenger amenities and technological innovations. This record investment includes \$15.6 billion in private sector funding and will increase the airport's capacity by at least 15 million passengers annually. The first new facilities apart of this transformation opened in 2023.

## FIVE-YEAR CAPITAL PLAN & BUDGET

The State's Five-Year Capital Plan includes \$95 billion in projected capital spending over a five-year period. Funding for the plan will include State bonds, State PAYGO (Pay-As-You-Go, e.g., taxes and fees); and Federal funding. The table below outlines capital plan spending by function and includes funding source.

## FY 2025 EXECUTIVE BUDGET CAPITAL PLAN HIGHLIGHTS

Major initiatives added or continued in FY 2025 include:

**Five-Year Department of Transportation Capital Plan.** The Executive Budget includes approximately \$7.6 billion for the third year of a five-year, \$32.9

| CAPITAL SPENDING BY FUNCTION AND FINANCING SOURCE<br>CAPITAL PROGRAM AND FINANCING PLAN<br>FY 2024 THROUGH FY 2029<br>(millions of dollars) |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Spending  | FY 2024<br>Projected | FY 2025<br>Projected | FY 2026<br>Projected | FY 2027<br>Projected | FY 2028<br>Projected | FY 2029<br>Projected |
| Transportation and Transit  | 7,241                | 7,981                | 8,232                | 8,685                | 8,452                | 8,393                |
| Education   | 489                  | 604                  | 497                  | 223                  | 173                  | 101                  |
| Higher Education  | 1,802                | 2,124                | 2,367                | 2,099                | 1,911                | 1,890                |
| Economic Development  | 1,583                | 2,496                | 2,325                | 2,033                | 1,951                | 2,813                |
| Mental Hygiene  | 766                  | 903                  | 955                  | 864                  | 835                  | 835                  |
| Parks and Environment   | 1,769                | 2,147                | 2,156                | 2,175                | 2,182                | 2,184                |
| Health  | 971                  | 983                  | 1,887                | 1,715                | 1,341                | 1,099                |
| Social Welfare  | 1,371                | 1,650                | 1,570                | 1,518                | 1,485                | 1,485                |
| Public Protection   | 564                  | 752                  | 654                  | 569                  | 554                  | 549                  |
| General Government  | 530                  | 518                  | 532                  | 457                  | 518                  | 455                  |
| All Other <sup>1</sup>  | (1,408)              | (1,347)              | (1,170)              | (978)                | (1,342)              | (1,350)              |
| <b>Total</b>  | <b>15,677</b>        | <b>18,811</b>        | <b>20,005</b>        | <b>19,360</b>        | <b>18,059</b>        | <b>18,454</b>        |
| Off-Budget Spending <sup>2</sup>  | (7)                  | (13)                 | 0                    | 0                    | 0                    | 0                    |
| <b>Net Cash Spending</b>  | <b>15,670</b>        | <b>18,798</b>        | <b>20,005</b>        | <b>19,360</b>        | <b>18,059</b>        | <b>18,454</b>        |
| Financing Source  | FY 2024<br>Projected | FY 2025<br>Projected | FY 2026<br>Projected | FY 2027<br>Projected | FY 2028<br>Projected | FY 2029<br>Projected |
| Authority Bonds   | 4,941                | 6,473                | 9,731                | 11,130               | 9,956                | 10,303               |
| Federal Pay-As-You-Go   | 3,629                | 3,816                | 4,112                | 3,911                | 3,924                | 3,924                |
| State Pay-As-You-Go   | 6,442                | 8,064                | 5,774                | 4,022                | 3,866                | 3,872                |
| General Obligation Bonds  | 664                  | 458                  | 388                  | 298                  | 313                  | 355                  |
| <b>Total</b>  | <b>15,677</b>        | <b>18,811</b>        | <b>20,005</b>        | <b>19,360</b>        | <b>18,059</b>        | <b>18,454</b>        |

<sup>1</sup> All Other category includes spending for Statewide elected offices, equipment, grants for local and community projects, and a spending offset that accounts for potential under-spending projected to occur as a result of normal timing related to the delivery of capital projects.

<sup>2</sup> Represents spending for the EXCEL program which occurs directly from bond proceeds held by public authorities.

billion Department of Transportation (DOT) Capital Plan. The DOT Capital Plan leverages Federal funding commitments made in the Infrastructure Investment and Jobs Act to support the final phases of major infrastructure projects, including the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also supports new large-scale projects, including: modernizing the Livingston Avenue Bridge in Albany; reconnecting neighborhoods across the Kensington Expressway in Buffalo; converting Route 17 to I-86 in Orange and Sullivan Counties; and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County. The DOT Capital Plan also includes an additional \$1 billion for the “Bridge NY” program and \$1 billion for the Pave Our Potholes (POP) program, and continues funding commitments to local highway and bridge programs at planned levels.

**Five-Year Housing Plan.** The Executive Budget continues a \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes as part of the State’s plan to electrify 1 million homes and make another 1 million electrification-ready. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies. Additionally, the FY 2025 Executive Budget establishes a \$500 million fund to support infrastructure upgrades on State sites and properties that could be repurposed to create up to 15,000 units of housing.

**Mental Health Capital Investments.** The Executive Budget continues to build on the Governor’s investments in expanding capacity to care for people with mental illness by funding an additional 200 new psychiatric inpatient beds. The funding covers 125 State-operated inpatient beds, including 15 for children and adolescents, 85 for adults, and 25 forensic; and 75 Transition to Home beds.

**Empire AI Consortium.** The FY 2025 Executive Budget includes \$250 million to create the Empire AI Consortium, a partnership of New York’s public-

and private-research institutions, that will establish a state-of-the-art artificial intelligence computing center to promote research and development. In addition to capital grant funding proposed in the Executive Budget, Empire AI will be supported with \$125 million from private partners and \$25 million from the State University of New York (SUNY).

**High-Technology Research and Development.** The Executive Budget supports continued investment in high-tech semiconductor manufacturing and innovation, including:

- \$1 billion in new and existing resources to construct a new 50,000 sq. ft. facility to support the High Numerical Aperture (NA) Extreme Ultraviolet (EUV) Lithography Center and procure a High NA EUV tool. This initiative partners with leaders in the semiconductor industry to establish a next-generation research and development center at NY CREATES’ Albany NanoTech Complex.
- \$110 million to create One Network for Regional Advanced Manufacturing Partnerships (ON-RAMP), an initiative that will construct new workforce development centers in upstate New York and provide training opportunities related to advanced manufacturing.
- \$100 million to continue investing in shovel-ready sites to attract high-tech manufacturing to New York.

**Create Access to Swimming.** The Executive Budget proposes \$150 million to create the New York Statewide Investment in More Swimming (NY SWIMS), an initiative that will support equitable and widespread access to safe swimming opportunities. NY SWIMS includes \$60 million to build 10 new swimming pools in underserved communities, \$60 million to develop and install floating pools in natural waterways, and \$30 million for pop-up swimming pools that can be deployed to communities that would otherwise not have access to outdoor pools.

**Climate and Flood Resiliency.** The Executive Budget includes funding for investments to mitigate damage from major flooding events, including: \$250 million

from the 2022 Clean Water, Clean Air and Green Jobs Environmental Bond Act to promote voluntary home buyouts in communities most vulnerable to flooding; \$130 million for Green Resiliency Grants to support flood control infrastructure projects; and \$40 million to launch the Resilient and Ready program, which will support low and moderate income homeowners with resiliency improvements and assist with repairs in the event of a catastrophic event.

**Clean Water Infrastructure.** The Executive Budget adds \$500 million over two years to support clean water infrastructure, raising the State's total investment to \$5.5 billion. This funding will support local construction projects to improve municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure.

**Clean Water, Clean Air, and Green Jobs Bond Act.** In November 2022, voters approved a \$4.2 billion bond act that will support: capital improvements and enhancements in flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure. The Environmental Bond Act supports various initiatives within the FY 2025 Executive Budget, including resiliency and land improvement efforts. In September 2023, Governor Hochul released a roadmap for P-12 schools to transition bus fleets to zero-emission vehicles funded, in part, with \$500 million from the Environmental Bond Act.

**Local Capital Grants.** In addition to traditional capital grant programs, the Executive Budget proposes \$135 million for new County Partnership Grants to support public safety and infrastructure investments. Additionally, the Budget includes \$14.7 million for grants to local Boards of Election to replace and upgrade electronic polling equipment, as well as \$15 million for municipalities to purchase equipment needed to respond to emergency weather events, including regional flooding.

**Public Safety Investments.** The Executive Budget proposes an additional \$35 million for the Securing Communities Against Hate Crimes program, \$10 million for Securing Reproductive Health Centers capital grants, and \$50 million of funding for communities most impacted by gun violence.

**Economic and Community Development.** The Executive Budget provides \$880 million in new economic and community development funding across a number of programs, including \$150 million for the Regional Economic Development Council (REDC) program; \$200 million for the Downtown Revitalization Initiative, including NY Forward funding to increase support for rural communities; \$400 million for the New York Works Economic Development Fund; \$50 million for the Restore-NY Communities program; and \$82.5 million for the Olympic Regional Development Authority (ORDA).

**State Parks.** The Executive Budget allocates \$300 million in capital funding to the Office of Parks, Recreation and Historic Preservation, including investments in public swimming facilities that support the State's initiative to provide expanded access to safe swimming opportunities. Additionally, the Executive Budget funds the installation of security equipment in all State Parks.

**Agriculture.** The Executive Budget proposes new investments to support New York's agriculture industry, including \$55 million in capital grants for on-farm milk storage technologies and processing infrastructure, \$5 million to reinvigorate New York's aquaculture industry through the Blue Food Transformation, and \$5 million to grow New York's bioeconomy. The Executive Budget also continues a multi-year \$50 million investment to support kitchen facilities that prepare meals for K-12 schools from New York State farm products.

**Higher Education.** The Executive Budget proposes \$1.2 billion in new capital funding for SUNY and CUNY, including \$1.05 billion to maintain and preserve campus facilities and make strategic investments, and \$154 million for community colleges.

**Arts and Education.** The Executive Budget supports investments in cultural arts and education, including \$34 million for library construction grants, \$50 million for capital grants administered by the New York State Council on the Arts (NYSCA), and \$28 million for State-owned schools.

## COMMITTED TO DEBT AFFORDABILITY

Governor Hochul is using a disciplined approach to control and target new borrowing to keep debt affordable and within the State's debt limit. The Capital Plan includes \$9 billion of cash resources for pay-as-you-go capital spending, which is being used in place of higher cost taxable debt issuances. This proactive management of the State's debt costs will enable the affordable delivery of infrastructure investments.

State debt will continue to remain affordable as evidenced by the following debt metrics:


- Over the past decade the State has been disciplined in its use of debt, while making significant investments in the State's infrastructure. From FY 2015 to FY 2024, debt outstanding has increased from \$54.2 billion to \$55.9 billion (projected), or an average of 0.3 percent annually. By comparison, in the prior 10 year period, debt grew by 1.6 percent annually.
- State-supported debt is projected to remain within the statutory debt caps throughout the Five-Year Capital Plan as a result of the strategic cash contribution of \$9 billion over multiple years to reduce debt issuances.
- State-related debt outstanding as a percentage of personal income is expected to remain below historical levels across the Five-Year Capital Plan and is projected at 4.8 percent in FY 2029.
- Debt service costs are estimated at \$6.4 billion in FY 2025, after adjusting for debt service prepayments, which is an increase of 7 percent from FY 2024.







# REVENUE ACTIONS



The FY 2025 Executive Budget continues to build on the accomplishments of the FY 2024 Budget by:

- Repealing the Cannabis Potency Tax and replacing it with a wholesale excise tax to ease tax compliance for distributors.
- Giving the Tax Department new tools and extending longstanding provisions that bolster tax compliance.
- Supporting local governments by creating tax parity between hotels and the vacation rental industry.
- Addressing the Supreme Court ruling on local property tax foreclosures to ensure Counties can continue to take action on property tax delinquencies in an appropriate manner.

## ECONOMIC BACKGROUND AND OUTLOOK

At the onset of 2023, the economic outlook was pessimistic. Elevated inflation, rising interest rates, weak industrial production growth, and consumer and business expectations pointed to a recession in 2023. Despite the warning signs, U.S. economic growth has been strong, continuing to create new jobs and expand incomes. The downturn expected by many has been avoided and economic forecasts have been revised to reflect a likely “soft landing.” There are still challenges ahead. While far below its peaks in 2022, inflation is persistent and the impacts of the restrictive monetary policy designed to address it are being felt in financial markets, the real estate sector (residential and commercial), and the overall economy. High interest rates are likely to curb spending, investment, and employment in the near term.

| BRIEFING BOOK REVENUE ACTIONS<br>(millions of dollars)   |              |            |           |            |
|--|--------------|------------|-----------|------------|
|  | General Fund |            | All Funds |            |
|  | FY 2025      | FY 2026    | FY 2025   | FY 2026    |
| <b>Reform, Simplification, and Other Actions</b>   | 3            | 214        | 3         | 214        |
| Establish the Commercial Security Tax Credit   | -            | (5)        | -         | (5)        |
| Permanently Extend Authorization to Manage Delinquent Sales Tax Vendors                        | -            | -          | -         | -          |
| Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act for Three Years    | -            | -          | -         | -          |
| Extend the Sales Tax Vending Machine Exemption for One Year                                    | (8)          | (2)        | (8)       | (2)        |
| Modernize Tax Law to Include the Vacation Rental Industry                                      | 8            | 16         | 8         | 16         |
| Repeal and Replace the Cannabis Potency Tax  | -            | -          | -         | -          |
| Provide for the Filing of Amended Sales Tax Returns  | 3            | 10         | 3         | 10         |
| Permanently Extend the Itemized Deduction Limit on High Income Filers                          | -            | 175        | -         | 175        |
| Close the Amended Return Loophole for Personal Income and Corporation Franchise Taxes          | -            | 20         | -         | 20         |
| Make Technical Corrections to the Metropolitan Commuter Transportation Mobility Tax            | -            | -          | -         | -          |
| Return Tax Foreclosure Surplus to Property Owner   | -            | -          | -         | -          |
| Clarify Taxable Status of Telecommunications Property  | -            | -          | -         | -          |
| Permanently Extend the Mandatory Electronic Filing and Payment Requirements                    | -            | -          | -         | -          |
| Permanently Extend the Tax Shelter Provisions  | -            | -          | -         | -          |
| <b>Gaming Initiatives</b>  | -            | -          | -         | -          |
| Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year                             | -            | -          | -         | -          |
| Extend Authorized Use of Capital Funds by a Certain Off-Track Betting Corporation for One Year | -            | -          | -         | -          |
| <b>TOTAL REVENUE ACTIONS</b>   | <b>3</b>     | <b>214</b> | <b>3</b>  | <b>214</b> |

U.S. real Gross Domestic Product (GDP) growth is expected to slow from an average pace of 2.4 percent in 2023 to 1.3 percent in 2024. The U.S. economy should be able to weather the forces inhibiting growth in the short term and avoid a contraction. Currently the New York State Division of the Budget does not foresee a sustained downturn in the levels of employment, industrial production, retail and wholesale trade, and personal income, but this year's growth rate points to an economy growing below its long-term potential. In such an economic environment, an unforeseen economic shock or a policy mistake could still spur an economic downturn in the first half of 2024. If that happens, the recession is likely to be relatively short-lived and mild compared to previous recessions in 2001 and 2008-09.

New York State's economy is still on a recovery path from the impact of the COVID-19 pandemic. As of November 2023, the State employment was 98.9 percent of its pre-pandemic level, though the nation as a whole had regained all its job losses by June 2022. The State's labor market recovery slowed in 2023 due to labor shortages, high interest rates, and slowing global growth. On average, the State only gained 6,100 jobs per month in the first eleven months of 2023, compared to 26,200 average monthly job gains in 2022. State employment growth is projected to decelerate from an estimated growth of 1.8 percent in 2023 to only 0.1 percent in 2024 due to the expected slowdown of the national economy and the continued decline of the State population.

New York State's total wage growth is expected to decelerate from 5.1 percent for FY 2023 to 3.2 percent growth for FY 2024 due to the slowdown of the national economy, softening labor markets, and the continued decline in bonus growth. Total State wage growth is projected to be 3.8 percent for FY 2025 as the outlook for bonus growth improves. State personal income is estimated to grow by 3.5 percent in FY 2024 due to an anticipated 3.6 percent decline in total bonuses. New York State personal income growth should pick up somewhat to 4 percent in FY 2025 due to the projected improvement of bonuses later in the year despite slowing employment growth.

## PROVIDING TAX RELIEF TO NEW YORK: REFORM, SIMPLIFICATION AND OTHER ACTIONS

**Establish the Commercial Security Tax Credit.** To help business owners offset the costs of retail theft prevention measures, the Executive Budget proposes to create a \$3,000 tax credit for small businesses that spend more than \$12,000 on such measures and join an anti-prevention partnership. The program is capped at \$5 million annually and is available for 2024 and 2025.

**Permanently Extend Authorization to Manage Delinquent Sales Tax Vendors.** The Executive Budget makes permanent certain provisions concerning the segregated sales tax account program. In effect since 2011, these provisions have improved vendor compliance and reduced the need to pursue costly collection actions when sales tax collected by vendors is not remitted in a timely manner to the Department.

**Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act for Three Years.** The Dodd-Frank Wall Street Reform and Consumer Protection Act required certain financial institutions to create subsidiaries and then transfer property or services to those subsidiaries. In order to continue to address the unintended consequences of the Federal Act as it pertains to "separate legal entities," the Executive Budget extends for three years the tax exemption, first provided in 2015, that excludes these required transfers from taxable sales.

**Extend the Sales Tax Vending Machine Exemption for One Year.** The Executive Budget continues to incentivize an industry shift to cashless vending machines that can collect sales tax at the point of sale by extending for one year, the existing sales tax exemption for certain food and drink purchased from vending machines (\$1.50 or less for items purchased from vending machines that only accept coin or currency and \$2.00 or less from vending machines that can accept cashless payments). The current exemption is scheduled to expire May 31, 2024.

**Modernize Tax Law to Include the Vacation Rental Industry.** In order to create a level playing field between the growing vacation rental sector and traditional hospitality industry participants such as hotels or motels, the Executive Budget subjects all vacation rentals to State and local sales taxes, as well as the daily NYC Convention Center hotel fee of \$1.50 per unit. Under these new provisions, any vacation rental marketplace provider that facilitates the occupancy of a vacation rental will be responsible for collecting and remitting the State and local sales taxes, in addition to the NYC hotel unit fee.

**Repeal and Replace the Cannabis Potency Tax.** To promote and support the expansion of the legal adult-use cannabis market, the Executive Budget simplifies, streamlines, and reduces the tax collection obligations and burden for cultivators, processors, and distributors by repealing the wholesale THC potency tax, and replacing it with a wholesale excise tax of 9 percent, while maintaining the State retail excise tax rate of 9 percent and the local retail excise tax rate of 4 percent. For vertically-integrated entities such as the Registered Organizations and microbusinesses where an arm's length transaction between the distributor and the retailer is non-existent, the new wholesale excise tax will accrue on the final retail sale to consumers and be imposed on 75 percent of the final retail sales price.

**Provide for the Filing of Amended Sales Tax Returns.** Amended sales tax returns are not contemplated in Sales Tax Law, so there are no clear rules regarding the process or timeline for filing amended returns. The Executive Budget addresses this by clarifying that amended sales tax returns are subject to similar limitations as other tax filings and creating clear process standards.

**Permanently Extend the Itemized Deduction Limit on High Income Filers.** Since 2010, itemized deductions for taxpayers with New York adjusted gross income of more than \$10 million have been limited to 25 percent of the allowed Federal charitable contribution deduction. The Executive Budget permanently extends this long-standing limit.

**Make Technical Corrections to the Metropolitan Commuter Transportation Mobility Tax.** Legislation enacted as part of the FY 2024 Enacted Budget inadvertently repealed the Metropolitan Commuter Transportation Mobility Tax for self-employed individuals within suburban Metropolitan Commuter Transportation District counties. The Executive Budget corrects this erroneous repeal.

**Return Tax Foreclosure Surplus to Property Owner.** When a delinquent property taxpayer experiences a loss of their property through a foreclosure proceeding, any equity that has been accumulated during their ownership has been forfeited in the past. However, on May 25, 2023, the Supreme Court unanimously ruled that it is unconstitutional for localities to unilaterally retain the surplus monies from a foreclosure. To implement the Supreme Court's holding, the Executive Budget provides that when a tax delinquent property is foreclosed upon by the county and sold, any money the county receives that exceeds the liability amount (e.g., overdue taxes, penalties, interest, mortgage liens, etc.) will be returned to the property owner, or lienors, as appropriate.

**Clarify Taxable Status of Telecommunications Property.** Under current statute, telecommunications property is not taxable if it is "used in the transmission of news or entertainment radio, television or cable television signals for immediate, delayed or ultimate exhibition to the public." The Executive Budget would clarify that properties are excluded from the definition of real property, and therefore not taxable, only if the property is primarily or exclusively used in the transmission of radio, television, or cable signals.

**Permanently Extend the Tax Shelter Provisions.** The Executive Budget permanently extends various tax shelter provisions that were originally established in 2005. These include various PIT and Corporate Tax penalties that promote abusive tax shelters and the failure to disclose certain transactions, and the substantial understatement of tax liability.


**Close the Amended Return Loophole for Personal Income and Corporation Franchise Taxes.** By changing the limitation on petitions filed to the Division of Tax Appeals, this proposal would allow the Department of Taxation and Finance to act on amended returns that are filed during or after the appeals process and aid in their enforcement of withholding filing and billing processes.

## **GAMING INITIATIVES**


**Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year.** To maintain the current pari-mutuel wagering structure in the State, the Executive Budget extends various expiring Racing, Pari-Mutuel Wagering, and Breeding Law provisions for an additional year, as was done in the FY 2024 Enacted Budget.

**Extend Authorized Use of Capital Funds by a Certain Off-Track Betting Corporation for One Year.** To provide financial flexibility, the Executive Budget extends Capital Off-Track Betting Corporation's ability to use up to \$1 million of its capital acquisition fund for operational expenses for an additional year, provided certain conditions are met, as was proposed in the FY 2024 Executive Budget.





# FEDERAL AID & RECEIPTS



Governor Hochul’s FY 2025 Executive Budget continues the State’s commitment to responsibly administering Federal funds and is integral to managing the complex fiscal relationship between the State and the Federal government. The Executive Budget seeks to ensure Federal funds meant to support the most vulnerable New Yorkers are effectively utilized and recent Federal investments in energy, infrastructure, and advanced manufacturing are leveraged to meet State goals.

## OVERVIEW

Federal funds account for nearly 40 percent of the New York State budget in FY 2024 and are expected to fall to about 38 percent in FY 2025. This decrease in the share of Federal funds expended illustrates the expiration of one-time Federal COVID relief funds.

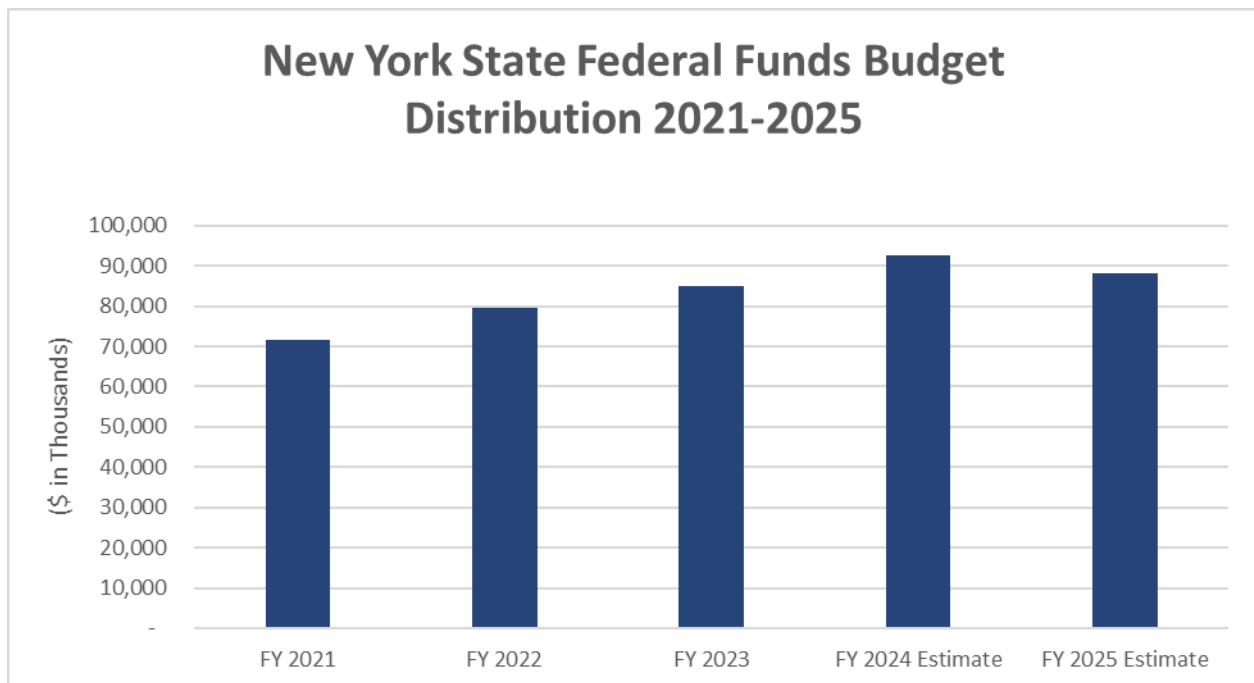
The Department of Health is the largest recipient of Federal funds, primarily due to Medicaid. In addition to health care, Federal resources are utilized to fund transportation, education, public protection, human services, and a number of other services.

## 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), 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.

The Federal resources expected to be utilized in FY 2025 include:

- Medicaid (\$52 billion).** Federal Medicaid dollars help support health care for more than 9 million New Yorkers, including more than 2 million children. Medicaid is the single largest category of Federal funding, representing 59 percent of Federal resources anticipated in the FY 2025 Executive Budget.
- Other Health and Human Services Programs (\$20.7 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 Enforcement, Foster Care, and the Unemployment Insurance Program.
- **Education (\$8.6 billion).** K-12 education, special education, and higher education receive Federal support. Similar to Medicaid and other human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools, those with disabilities, and college students with exceptional need.
- **Transportation (\$2.8 billion).** Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.
- **Public Protection (\$2.8 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 local and regional public safety programs.
- **All Other Funding (\$1.2 billion).** Several other programs in the economic development, mental hygiene, parks and environmental conservation, and general government program areas are also supported by Federal resources.

| Federal Disbursements by Program Area (Millions of Dollars) |               |               |               |                  |                  |
|---|---------------|---------------|---------------|------------------|------------------|
| Category  | FY 2021       | FY 2022       | FY 2023       | FY 2024 Estimate | FY 2025 Estimate |
| <b>Medicaid</b>   | 45,054        | 48,103        | 53,166        | 54,946           | 52,027           |
| <b>Health &amp; Social Welfare</b>                          | 16,390        | 17,203        | 16,328        | 19,069           | 20,724           |
| <b>Education</b>  | 3,688         | 7,518         | 9,307         | 9,362            | 8,616            |
| <b>Transportation</b>                                       | 1,633         | 2,027         | 1,851         | 2,645            | 2,847            |
| <b>Public Protection</b>                                    | 4,735         | 3,575         | 3,337         | 4,651            | 2,820            |
| <b>All Other</b>  | 186           | 1,057         | 919           | 2,087            | 1,204            |
| <b>Total</b>  | <b>71,686</b> | <b>79,483</b> | <b>84,908</b> | <b>92,760</b>    | <b>88,238</b>    |

## CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

In 2021, New York State and its localities were allocated \$23.5 billion through the State and Local Fiscal Recovery Funds (SLFRF) implemented by the U.S. Department of Treasury (U.S. Treasury) under the American Rescue Plan Act (ARP). Of the total funding, New York State received \$12.7 billion in aid, and nearly \$800 million in additional aid to distribute to localities in the State that did not receive aid directly from the U.S. Treasury.

To date, the State has utilized \$6.85 billion of its award and completed the distribution of the nearly \$800 million to qualifying localities across FYs 2021 and 2022. The State is scheduled to expend the remainder of its \$12.7 billion award by FY 2025 in accordance with the table below.

This Federal funding plays a critical role in maintaining the State’s fiscal position as New York continues to recover from the COVID-19 pandemic.

The funds have been used to provide essential government services and support the individuals, businesses, and communities that suffered during the COVID-19 pandemic. Pandemic-recovery programs that utilized SLFRF in FY23 include Restaurant Resiliency (\$750 thousand), Small Business Recovery Grants (\$221 million), Pandemic Rental Assistance Grants (\$149 million) and the Substantially Dedicated Public Health and Safety Workforce (\$1.375 billion). Additionally, \$604 million was used to continue the provision of critical government services. Through these efforts, SLFRF assisted 9,944 small and micro businesses, 14,671 low-income or minority households, 22,390 full-time public health and safety workers, and helped to distribute 1 million meals to those in need across the State.

In FY 2024, New York State will utilize \$2.25 billion to continue critical government services central to supporting the State’s recovery from the COVID-19 pandemic.

In addition to the SLFRF, New York continues to centrally manage FEMA reimbursement for COVID-19 related expenses for State agencies, departments, and public authorities and maintains strong internal controls and processes to mitigate the risk of inappropriately claimed expenses and audit disallowances.

## RECENT FEDERAL ACTIONS

### Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL) was signed into law on November 15, 2021. Nationwide, the BIL/IIJA provides \$550 billion in Federal funding for infrastructure projects and is expected to fund an estimated two million jobs per year. Across the United States, BIL/IIJA is providing increased funding for infrastructure in cities and villages. New York State’s local governments will use this funding to support overdue infrastructure projects – including transportation networks, water systems and broadband capabilities.

New York expects to receive more than \$13.5 billion for Federal-aid highway apportioned programs and bridge replacement and repairs, \$9.8 billion over five years for improvements to public transportation, \$175 million to build a network of electric vehicle charging stations (EV chargers), and \$2.6 billion to improve water infrastructure to ensure clean, safe drinking water is available in all communities, among other fundamental infrastructure projects.

| State and Local Fiscal Recovery Funds<br>New York State Utilization<br>(millions of dollars) |         |         |         |
|--|---------|---------|---------|
| FY 2022  | FY 2023 | FY 2024 | FY 2025 |
| 4,500  | 2,350   | 2,250   | 3,645   |

## Inflation Reduction Act

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022, providing funding to address the climate crisis, lower utility costs, and develop solutions to help New York and other states achieve lower emissions. IRA funding is expected to be used for domestic manufacturing of clean energy technologies, providing more affordable and cleaner energy. IRA funding is helping New York State tackle climate change for future generations through lower energy costs for households and businesses across New York communities.

To lower energy costs, the IRA includes rebates on installing new appliances and making household improvements, tax credits for installing solar panels, and solar grants to help state and local governments adopt the latest building energy codes.

## CHIPS and Science Act

The Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act was signed into law on August 9, 2022, providing over \$50 billion in Federal investment, as well as additional tax credits for semiconductor manufacturing, research, and development.

The Executive Budget continues the State's successful investments in the semiconductor industry across Upstate New York and leverages CHIPS and Science Act investments to further develop the industry. For example, \$40 million was recently awarded by the U.S. Department of Defense to an Albany Nanotech led consortium to create the Northeast Regional Defense Technology Hub through the Microelectronics Commons program.

## NEW YORK'S BALANCE OF PAYMENTS WITH THE FEDERAL GOVERNMENT

Each year, the Rockefeller Institute of Government (RIG) completes a Balance of Payments report that measures the difference in total value between each state's contributions to and expenditures from the Federal budget. Initial estimates from RIG indicate that

New York State had a negative balance of payments in Federal Fiscal Year (FFY) 2022, contrasting the prior two-years' net-positive balance of payments. The COVID-19 pandemic and resulting Federal spending was the key driver of the State's positive balance of payments in prior years. However, Federal spending in response to the COVID-19 pandemic dropped in FFY 2022 and the State appears likely to resume its pre-COVID role as a perennial net-donor state.

## Federal Funds Management

New York State maintains robust controls on spending, and these extend to the receipt and expenditure of Federal funds. End-to-end Federal funds management allows the State to monitor the Federal landscape, advocate for necessary aid, and centrally manage risk.

New York State regularly monitors key Federal activities to identify and mitigate risks to the State and its Financial Plan. Federal action in a wide array of policy areas can have significant implications for the State, its economy, and the Financial Plan. Notable near-term risks to the Financial Plan include:

- **Final FFY 2024 appropriations and the return of discretionary spending limits.** Despite being more than three months into FFY 2024, Congress has yet to finalize appropriations for the Fiscal Year. Cuts to significant programs on which the State relies could force the State to make corresponding cuts to such programs.
- **Expiration of the temporary suspension of the Federal debt limit on January 1, 2025.** The Federal debt limit and the potential for a Federal Government default are a recurring risk to the Financial Plan due to the potential implications for the national economy and the municipal bond market.
- **Expiration of short-term extensions to the Farm bill and FAA authorizations.** The Executive Budget continues the State's investments in airport infrastructure, agriculture, and food security. Long term reauthorizations without cuts to programs will provide certainty for the State to continue its investments going forward.

- **Impending cuts to the Medicaid Disproportionate Share Hospital (DSH) program.** Cuts to Medicaid DSH would have a significant impact on New York’s safety net hospitals. These cuts are already in law and require legislative action to be repealed or delayed.
- **Asylum seeker and migration response.** New York is actively working to address the current humanitarian crisis by providing temporary housing and expanding access to employment authorization for eligible migrants and asylum seekers. The State will continue to partner with the Federal government to secure the resources necessary to appropriately respond to the situation.







# ECONOMIC DEVELOPMENT



The FY 2025 Executive Budget will continue to invest in New York’s economic recovery, the promotion of job creation, job retention, workforce development, and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally-balanced economic development strategies.

Governor Hochul’s economic development vision will focus on industries where innovation is the key to success leading to the advancement of regional economic priorities through strategic investments in communities across the State.

## OFFICES AND RESPONSIBILITIES

Together, the **Empire State Development Corporation (ESDC)** and the **Department of Economic Development (DED)** finance key economic development projects and provide policy direction to strengthen New York businesses and industries, and overall economic growth throughout the state. This also includes the newly-created **Office of Workforce Development** which leads Governor Hochul’s comprehensive effort to strengthen the skills and talents of New York’s workforce. Other State agencies and public authorities also oversee programs and investments that support economic development throughout the State.

## CREATING JOBS AND GROWING THE ECONOMY

A key component of the State’s strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

The State also utilizes performance-based programs, such as the Excelsior Jobs program, to attract businesses to New York State that require them to achieve specific employment and investment goals before they benefit from tax credits and other incentives.

## PROPOSED FY 2025 ECONOMIC DEVELOPMENT BUDGET ACTIONS

**Regional Economic Development Councils.** The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth. The Executive Budget includes a wide spectrum of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core REDC funding through \$150 million in new capital grants and \$75 million in new Excelsior tax credits through ESDC to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes downtown and community revitalization initiatives that will be coordinated with REDC-driven economic development strategies where appropriate.

**Downtown Revitalization.** Governor Hochul is committed to supporting New York State’s downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative (DRI), which has been 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 10 REDCs based on the downtown’s potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key projects that advance the community’s vision for revitalization.

**New York Forward.** To support New York’s rural communities, the State will continue its investment in the NY Forward program, designed to advance the



renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes \$100 million for rural and smaller communities. Like the DRI program, NY Forward communities are selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness and improve the future trajectory of New York State's small communities and larger urban centers.

**Continued Investment in Tourism.** Tourism is New York's third largest employment sector. To support this important industry, the Budget continues to make significant investments by providing \$58.5 million for the State's robust tourism and advertising campaigns, which attract visitors from around the world. These investments include an additional round of \$15 million in competitive funding through the Market NY Program to support tourism marketing plans and other projects that best demonstrate regional collaboration among counties to promote regional attractions, as well as matching grants to assist counties and municipalities in local tourism efforts, the I Love NY marketing campaign, and other targeted investments.

**NY CREATES.** The FY 2025 budget includes \$500 million in capital resources to support the State's \$1 billion commitment to expand Albany's NY CREATES NanoTech Complex through the procurement of a High NA Extreme Ultraviolet lithography tool and the construction of a cutting-edge High NA Extreme Ultraviolet Lithography Center that will support the research and development of the world's most complex and powerful semiconductors. The State's investment will leverage at least \$9 billion in private spending and investment, and establish significant commitments to support and build talent development pipelines, including through partnerships with the State University of New York. This public-private

alliance with companies such as IBM, Micron, Applied Materials and others, will make New York State home to the nation's most advanced, publicly owned semiconductor research and development infrastructure, support the long-term growth of New York's tech economy, and create and retain thousands of direct, indirect, and union construction jobs.

**Empire AI.** The State will invest \$275 million in capital grants and other funding, complemented by more than \$125 million from private partners, for the Empire AI initiative. This investment will accelerate pioneering developments in AI, positioning New York at the forefront of national efforts of research, innovation, and economic development in AI.

**One Network for Regional Advanced Manufacturing Partnerships.** To meet the increasing demand for high-skilled workers, the Budget will provide \$200 million in new and existing capital and other resources to support the launch of the One Network for Regional Advanced Manufacturing Partnerships (ON-RAMP) program. ON-RAMP will establish four new workforce development centers in strategic, high-impact locations along the I-90 corridor, with a flagship facility in Syracuse. Through the ON-RAMP initiative, workforce development centers will offer credentials and training related to advanced manufacturing with a focus on providing opportunities for disadvantaged populations.

**Redevelopment of Underutilized Sites for Housing.** The FY 2025 Executive Budget includes \$250 million in capital funding for the implementation of the Redevelopment of Underutilized Sites for Housing Initiative (NY RUSH). NY RUSH will provide \$500 million over two years to assist State agencies in the repurposing of existing State sites and properties for use as housing.

**Restore New York Communities Program.** Established in 2006-07, the Restore New York Communities program supported municipal efforts to demolish, deconstruct, rehabilitate, or reconstruct vacant, abandoned, condemned, or surplus properties. The Executive Budget includes \$50 million for the program, which has been successful in jumpstarting local economies and investing in the future of New York State's communities. Under

Governor Hochul's leadership, this program has been expanded to target disadvantaged communities and address not only urban but also rural areas.

**FAST NY Shovel-Ready Grant Program.** Supported by a \$100 million FY 2025 Budget appropriation, Empire State Development will provide up to \$100 million in grants to prepare and develop sites statewide to increase its attractiveness to large employers, including high-tech manufacturing, particularly semiconductor manufacturing, interstate distribution, and logistics businesses. The program will help diversify New York State's economy while propelling new investments in businesses, communities, and job creation.

**New County Partnership Grants Program.** The Budget advances \$135 million in capital resources that will support grants to counties outside of New York City for public safety communication infrastructure upgrades and enhancements (\$85 million), and site development and related costs for county infrastructure projects (\$50 million).

**Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$82.5 million in new capital funding for ORDA to support continued maintenance and enhancements to Olympic and other ORDA-owned facilities. Additional investments in these assets located in the North Country, Mid-Hudson, and Capital Region will continue to make New York State a competitive destination for winter recreation and travel, attracting large sporting events and International Championships, and ultimately driving year-round business and economic sustainability to the surrounding areas.







EDUCATION



The Executive Budget reflects Governor Hochul’s commitment to education, supporting students, teachers, and schools with essential resources for a bright future. Following historic increases in School Aid over the last three years, the Executive Budget maintains the State’s key investments in education and increases annual School Aid by \$825 million (2.4 percent), for a record total of \$35.3 billion. Additionally, the Executive Budget includes the Governor’s “Back to Basics” reading plan to ensure that school districts statewide utilize evidence-based best practices in their reading instruction.

## ABOUT NEW YORK STATE SCHOOLS

- New York State’s 673 major school districts currently educate approximately 2.2 million children in kindergarten through 12th grade.
- Public education in New York State represents a significant commitment of State and local resources. With total State, local, and Federal spending levels exceeding \$82 billion in the 2021-22 school year (SY 2022), education is both the largest area of State spending and the largest component of local property taxes.
- New York State has ranked first nationally in school district spending per pupil for 17 straight years, a reflection of the State’s longstanding commitment to provide all students with the opportunity to excel as learners, workers, and citizens.
- With this Executive Budget, School Aid increases will total approximately \$13 billion over 10 years – a 57 percent increase over that period. On a per pupil basis, School Aid will have increased by 5.7 percent per year on average.
- Foundation Aid alone will have increased by \$6.1 billion, or 33 percent, since the State’s 2021 commitment to fully fund the formula by SY 2024 – an increase of 7.4 percent per year on average.

## BUILDING A STRONG FOUNDATION BY GOING BACK TO BASICS

**Ensuring Evidence-Based Best Practices in Reading Instruction.** Governor Hochul’s “Back to Basics” reading plan takes statewide action to ensure that every school district utilizes instructional best practices grounded in the science of reading. The Executive Budget requires the State Education Department (SED) to promulgate instructional best practices in reading instruction. By September 2025, districts must certify to SED that their reading curriculum and instructional strategies align with these best practices. This proposal maintains districts’ autonomy to update their curriculums while ensuring that students receive effective reading instruction. To promote adoption of these best practices, the Executive Budget invests \$10 million to support training through the New York State United Teachers (NYSUT) Education and Learning Trust for 20,000 elementary school teachers and teaching assistants across the State.

| EXECUTIVE BUDGET SCHOOL AID                |                 |                 |              |             |
|--|-----------------|-----------------|--------------|-------------|
| SCHOOL YEAR BASIS (\$ IN MILLIONS)         | 2023-24         | 2024-25         | \$ CHANGE    | % CHANGE    |
| FOUNDATION AID                             | \$23,999        | \$24,506        | \$507        | 2.1%        |
| EXPENSE-BASED AIDS                         | \$9,928         | \$10,245        | \$318        | 3.2%        |
| <b>FORMULA-BASED AIDS (AID ON THE RUN)</b> | <b>\$33,927</b> | <b>\$34,751</b> | <b>\$825</b> | <b>2.4%</b> |
| CATEGORICAL AIDS                           | \$309           | \$309           | \$0          | 0.1%        |
| COMPETITIVE GRANTS                         | \$196           | \$196           | \$0          | 0.0%        |
| SUFPK EXPANSION (FY 2024)                  | \$50            | \$50            | \$0          | N/A         |
| <b>TOTAL SCHOOL AID</b>                    | <b>\$34,481</b> | <b>\$35,306</b> | <b>\$825</b> | <b>2.4%</b> |

## PROPOSED FY 2025 EXECUTIVE BUDGET ACTIONS

**Overall School Aid Increase.** The Executive Budget provides \$35.3 billion in total School Aid for SY 2025, the highest level of State aid in history. This investment represents an \$825 million (2.4 percent) year-to-year increase, including a \$507 million Foundation Aid increase and a \$318 million increase in all other School Aid programs, including expense-based aids, categorical aids, and competitive grants.

**Foundation Aid.** Foundation Aid is the State’s main education operating aid formula. It is focused on allocating State funds equitably to all school districts, especially high-need districts, based on student need, community wealth, and regional cost differences. Following three years of historic growth to fully phase in the formula, the Executive Budget provides a \$507 million (2.1 percent) increase in Foundation Aid for SY 2025. This increase is driven largely by the formula’s inflation factor, which the Executive Budget sets at 2.4 percent, representing the average annual change in the Consumer Price Index (CPI) over the last 10 calendar years (2014-2023), excluding the highest and lowest years. Through a wealth-based “Transition Adjustment,” the Executive Budget also allows districts to retain \$207 million of Foundation Aid in SY 2025 in excess of their respective full funding targets under the formula, moderating the impact of enrollment declines. Every school district receives at least as much Foundation Aid as its full funding target as calculated under the Executive proposal.

**Expense-Based Aids.** The Executive Budget fully funds the current statutory formulas that reimburse a portion of certain school district expenses, such as school construction, pupil transportation, shared services through boards of cooperative educational services (BOCES), prekindergarten programs, and the educational costs of certain students with disabilities. In total, these aid categories are projected to increase by \$318 million (3.2 percent).

## OTHER P-12 EDUCATION

The Executive Budget provides funding for new and recurring initiatives outside of traditional School Aid to bolster the school system in New York State.

**Nonpublic School Programs.** Approximately 370,000 students attend roughly 1,700 nonpublic schools statewide. The Executive Budget provides over \$239 million in aid to reimburse nonpublic schools’ costs for State-mandated activities, a \$44 million (23 percent) year-to-year increase, to fully fund estimated aid payable in SY 2025 and address actual and anticipated funding shortfalls for SY 2023 and SY 2024 aid. The Budget also continues \$73 million in annual funding for science, technology, engineering, and math (STEM) instruction and \$45 million for health and safety capital projects, including critical repair and maintenance of nonpublic schools’ facilities.

**Charter Schools.** Approximately 182,000 students attend 343 charter schools in New York State. Charter schools receive tuition payments made by school districts, funded through State and local sources;

these tuition rates are established for each district based on the average annual growth in the district's spending. Charter school students are included in the pupil counts used to calculate each district's School Aid. The State also provides additional aid to districts with charter school students through the supplemental tuition and facilities aid reimbursement programs. The Executive Budget continues this additional State support, providing a total of \$185 million for charter school supplemental tuition and \$120 million for charter school facilities aid.

**Preschool and Summer School Special Education Programs.** Approximately 80,000 preschool-age children with disabilities receive special education services year-round and 50,000 school-age students with disabilities receive summer services. Services are delivered by private providers and special act school districts, as well as BOCES and school districts (primarily for summer programs). Counties and school districts pay for the cost of services in the first instance and are partially reimbursed by the State. The Executive Budget fully funds the State share of costs for both programs, continuing \$1.0 billion to reimburse counties for the cost of preschool special education services and providing \$404 million, a \$36.5 million (10 percent) year-to-year increase, to reimburse school districts for the cost of summer school services.

**Special Education Tuition Rate-Setting Reform.** Funding for preschool and school-age special education providers is determined through a rate-setting methodology administered by SED. These providers serve approximately 80,000 preschool children year-round, 50,000 school-age students during the summer, and 14,000 school-age students during the school year. As requested by SED, the Executive Budget provides an additional \$1.4 million for SED to study and design a new special education tuition rate-setting methodology in order to streamline and improve the timeliness of tuition rates for providers, bringing total available project funding to \$3.9 million. The Executive Budget also extends the deadline for SED to present its recommendations from July 1, 2025 to July 1, 2027.

**School Food Programs.** Approximately 5,000 New York State schools currently participate in the national

school lunch and breakfast programs, serving approximately 2.8 million public and nonpublic school students statewide. The Executive Budget provides over \$200 million in State funding for these programs, an \$11 million (5.8 percent) year-to-year increase. The Budget continues the FY 2024 State-funded initiative to incentivize qualifying public and nonpublic schools with significant proportions of low-income students to participate in the Federal Community Eligibility Provision program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families' income. This initiative will enable up to 90 percent of New York State's students to eat for free.

## OTHER BUDGET ACTIONS

**Supplemental Assistance Grants.** The Executive Budget includes \$100 million of Supplemental Assistance Grants to provide additional aid to school districts for SY 2025.

**New York City School Governance.** The Executive Budget provides a four-year extension of the current system of governance of New York City public schools, which is currently scheduled to expire on June 30, 2024.

**Support for Libraries.** The Executive Budget supports public libraries by providing \$102.1 million of Library Aid, a \$2.5 million increase over FY 2024 Enacted Budget levels, and \$34 million for Library Construction to fund various capital projects. In addition, the Executive Budget appropriates \$3 million to ensure continued access to the New York Online Virtual Electronic Library (NOVELny), a free online library of magazines, newspapers, maps, charts, research, and reference books available to all New Yorkers.

**Capital Investments in State-Owned Schools.** The Executive Budget provides \$27.6 million for capital improvements to the five State-owned schools. This includes \$20.1 million for the three State-owned schools on Native American reservations (the Onondaga School, the St. Regis Mohawk School, and the Tuscarora School), as well as \$4.5 million for the School for the Blind at Batavia and \$3 million



for the State School for the Deaf at Rome. This capital funding will modernize classrooms and HVAC systems, among other school facility upgrades. With this funding, Governor Hochul will have invested a total of \$95.9 million in these five schools' facilities over three years.

## SCHOOL AID DEFINITIONS

The terms commonly used to discuss School Aid are presented below. Their estimated values in SY 2025 under the Executive Budget are provided in parentheses.

- **Competitive Grants (\$196 million):** Additional support for schools, generally awarded through competitive RFPs.
  - **School Aid (\$35.3 billion):** The sum of formula-based aids, categorical aids, and competitive grants.
- **Formula-Based Aids (\$34.8 billion):** The categories of General Support for Public Schools (GSPS) that appear on the School Aid run published by SED along with the Executive Budget and Enacted Budget, including the following:
    - **Foundation Aid (\$24.5 billion):** The State's main formula for unrestricted operating aid to school districts, intended mainly to support districts' instructional costs. It is the largest aid category within School Aid.
    - **Expense-Based Aids (\$10.2 billion):** All categories of GSPS that appear on the School Aid run other than Foundation Aid. These aids largely reimburse a certain percentage of districts' costs in the prior school year. The main expense-based aids are Building Aid (\$3.3 billion), Transportation Aid (\$2.5 billion), BOCES Aid (\$1.3 billion), and Universal Prekindergarten/Statewide Universal Full-Day Prekindergarten (\$1.2 billion).
  - **Categorical Aids (\$309 million):** All categories of GSPS that do not appear on the School Aid run. The main categorical aids are Employment Preparation Education (\$96 million), Native American Education (\$69 million), and Education of Students in OMH/OPWDD Facilities (\$49 million).





# ENVIRONMENT, ENERGY, & AGRICULTURE



## OFFICES AND RESPONSIBILITIES

New York State's environmental, energy and agriculture agencies are on the front lines of the on-going fight against climate change; are tasked with conserving and protecting precious natural resources; promoting New York State as a natural destination for tourism and recreation; ensuring the integrity of freshwater resources; and supporting the kind of agricultural development that is critical to New York State's robust farming industry.

The **Department of Environmental Conservation's (DEC)** mission is to conserve, improve, and protect New York's natural resources and environment while enhancing the health, safety, and well-being of New York State's citizens.

The **Office of Parks, Recreation and Historic Preservation (OPRHP)** provides safe, enjoyable recreational and educational opportunities for New York State residents and visitors, and functions as a steward of New York State's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of over 250 parks, historic sites, recreational trails, golf courses, boat launches, and more. In 2022, the system welcomed more than 78 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 (AGM)** has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and operation of the Great New York State Fair.

The **Department of Public Service (DPS)** functions as the staff arm of the **Public Service Commission (PSC)**, which regulates the rates and services of public utilities – an industry with an estimated \$33 billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service.

The **New York State Energy Research and Development Authority's (NYSERDA)** advances innovative energy solutions in ways that improve New York's economy and environment. NYSERDA is the primary state entity tasked with energy market research and development and oversees a variety of energy programs including the electric vehicle rebate program and NY-Sun, designed to make solar energy more accessible.

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 lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.

## LEADING THE NATION

From the beginning of her administration, Governor Hochul has made it clear that combating climate change remains a top priority for New York State. Acknowledging that the cost of inaction greatly outweighs the cost of any actions we can take together, New York will continue to pursue an aggressive agenda that will lead the nation in transitioning to a sustainable green energy economy, in a way that is both environmentally effective and economically affordable for all New Yorkers.

In the FY 2025 Executive Budget, Governor Hochul is proposing the Renewable Action Through Project Interconnection and Deployment (RAPID) Act. The RAPID Act will create a one stop-shop for the environmental review and permitting of major renewable energy and transmission facilities within the Office of Renewable Energy Siting (ORES) at DPS. This will build on the on-going success of both ORES and the existing transmission permitting process at DPS. The state's transmission permitting process will now feed into a clear statutory framework that balances transparency and environmental protection with the need for fast decision-making.

In furtherance of our climate goals, Governor Hochul is also advancing the Affordable Gas Transition Act, which supports responsible, equitable, and

effective gas system transition planning, including the elimination of the so-called “100-foot” rule and other provisions of law that restrict the Public Service Commission from protecting consumers and ensuring an effective transition to clean energy. This legislation will protect utility customers from bearing the cost of unwarranted investment in fossil fuel infrastructure, establish new rules and guidelines applying to the extension of gas service in alignment with the Climate Leadership and Community Protection Act, and will not impact the safe and reliable delivery of service to existing customers.

## PROPOSED FY 25 BUDGET ACTIONS

In addition to announcing critical new programs and advancing new investments on the climate front, Governor Hochul’s proposed budget will provide the funding New York needs to preserve, protect, and enhance our natural resources, expand our outdoor recreation opportunities, and drive economic growth through sustainable agriculture and eco-tourism. Highlights of the FY 2025 Executive Budget include:

**Clean Water Infrastructure Funding.** An additional \$500 million in clean water infrastructure funding, over two years, is advanced to bring the State’s total clean water investment to \$5.5 billion since 2017. This continued investment in our State’s infrastructure will ensure New Yorkers have access to clean drinking water and will allow municipalities to invest in efficient and effective wastewater treatment strategies.

**Environmental Protection Fund.** \$400 million for the Environmental Protection Fund (EPF) is again provided to support critical projects that work to mitigate the effects of climate change, improve agricultural resources, protect our water sources, advance conservation efforts, and provide recreational opportunities.

**Sustaining our Environmental Resources.** \$95 million for DEC to address a variety of capital needs to facilitate access to state lands, ensure the safety and durability of our state’s dams, rehabilitate campgrounds, and upgrade a variety of widely used recreational facilities. This funding will also provide critical repairs to other public property, including wetlands, trails, waterfronts, and fish hatcheries.

**Make New York Greener.** To advance the State’s net-zero carbon emissions goals under the Climate Act, \$47 million is committed to facilitate the planting of 25 million trees by 2033. Capital investments in the Saratoga Tree Nursery and multi-year annual grants to municipalities to plant trees in support of resilient reforestation and urban forests, are key components of this initiative.

**Investing in Our State Park System.** \$200 million for OPRHP to invest in enhancing and improving state parks. This substantial level of funding will aid the ongoing transformation of New York’s flagship parks and support critical infrastructure projects throughout the park system.

**Celebrating Our State Parks’ Centennial.** \$100 million for projects to celebrate 100 years of New York State Parks and particularly to support OPRHP’s plans to transform the Jones Beach East Bathhouse.

**New York Statewide Investment in More Swimming (NY SWIMS).** \$150 million for OPRHP and partner agencies to invest in various grant programs that will enhance and expand municipal swimming opportunities throughout the State through installation of innovative floating pools, renovation and construction of municipal inground pools, and the provision of pop-up pools.

**Energy Affordability Guarantee.** \$50 million to ensure that customers who fully electrify their homes through the NYSERDA EmPower+ Program do not spend more than six percent of their income on their electric bill.

**Canal Infrastructure Investments.** \$50 million is being provided for the improvement of the Canal System. These funds will be used for dam and lock repair, flood mitigation, infrastructure improvements, canal system resiliency, and other projects that will improve the overall canal system.

**Bolster New York’s Dairy Industry.** \$34 million is provided over two years to expand dairy processing capacity through grants for on-farm milk storage technologies and processing infrastructure to mitigate transportation issues during periods of intense winter weather and road closures; improving dairy supply chain efficiency and avoiding raw milk dumping related to emergency events.





# GENERAL GOVERNMENT



## OFFICES AND RESPONSIBILITIES

Among the agencies responsible for ensuring that New York State government is operating effectively are:

The **Office of General Services (OGS)** is responsible for a wide array of State support services including managing and leasing properties, designing, building, and maintaining State facilities, and establishing contracts for goods, services, and technology. \$1.4 billion in funding is included in the Executive Budget.

The **Department of Civil Service (DCS)** is responsible for providing human resource management services to the State and local governments, assisting State agencies with workforce recruitment, administering exams, overseeing job classifications, and administering employee benefits. \$99.8 million in funding is included in the Executive Budget.

The **Division of Alcoholic Beverage Control (ABC)** operates under the direction of the **State Liquor Authority (SLA)**. ABC/SLA is responsible for regulating and issuing licenses for the manufacture, sale, and distribution of alcoholic beverages within the State. \$16.5 million in funding is included in the Executive Budget.

The **Office of Cannabis Management (OCM)** is responsible for developing a comprehensive regulatory structure to monitor and control the cultivation, processing, manufacturing, distribution, transportation, and sale of cannabis in New York State. \$68.1 million in funding is included in the Executive Budget.

The **State Board of Elections (SBOE)** is responsible for executing and enforcing all laws related to elections, overseeing the conduct of elections and the disclosure of campaign finance activities. SBOE is also responsible for reviewing the practices of all local boards of elections, facilitating ballots for State offices, approving the voting systems, maintaining the Statewide voter registration database, and implementing various federal programs. \$158.4 million in funding is included in the Executive Budget.

## PROPOSED EXECUTIVE BUDGET ACTIONS

### Resiliency & Sustainability Consultants

As part of the Leading by Example initiative set forth in Executive Order 22, New York State is currently engaged in efforts to reduce Greenhouse Gas (GHG) emissions and develop new sustainable and resilient policies and practices that meet the high standards of the State. The Office of General Services (OGS) has been tasked with developing a methodology and process for collecting relevant data to build a comprehensive GHG report for agencies' assets and reporting.

To accomplish these goals, it is crucial that State agencies are able to build the capacity to develop effective policies and reporting. The State will create effective communication materials related to sustainability to develop guidance for both public and private entities. Last year, OGS engaged consultants and will invest \$450,000 to retain these services. The consultants provide expert level staff augmentation to assist with the development of GHG metrics, reporting, and communication materials. This continues to be a large undertaking for the State and involves complex issues that require specific knowledge and expertise to create effective reports, policies, and more.

### Language Access Interpreters

Over 5 million New Yorkers speak a language other than English at home and New York's language access law requires agencies to provide oral interpretation and document translation in an individual's primary language. The Office of General Services (OGS) will create a Language Access Certification program, which will offer oral and written language assessments and training for State employees who speak a language other than English. This program would improve the quality and availability of translation resources and make State services more available.



### **Increase Maximum Short-Term Disability Benefits to Provide Equity in Benefits**

To ensure New Yorkers have adequate access to leave for their own medical needs, the Executive Budget increases the maximum amount for short-term disability benefits. Last updated in 1989, the current maximum of \$170 will be amended and tied to the Statewide Average Weekly Wage (SAWW) to keep pace with wage growth. Strengthening medical leave will not only support women and birthing persons, but also the nearly 1 in 5 New Yorkers with a disability, who often need leave from work to manage disability-related health needs.

### **Expanding Access to Prenatal Visits through Paid Leave**

Pregnant New Yorkers have limited paid options for leave to pursue prenatal appointments. New York led the nation with the roll out of Paid Family Leave (PFL) and can continue to do so by providing additional leave in Workers' Compensation Law for prenatal care. The Executive Budget amends PFL to permit up to 40 hours of leave for eligible employees to attend prenatal appointments, without impacting the twelve weeks of PFL.

### **Justice Infrastructure Initiative and Civil Legal Services Grants Increase**

The Executive Budget includes \$500,000 to pursue a Justice Infrastructure initiative and a \$10 million increase in grants to non-profits from the Interest on Lawyer Account (IOLA) Fund. The Justice Infrastructure initiative aims to create more coordination among disparate providers of civil legal services in New York, ensuring that when New Yorkers have legal needs, they know whom to contact and the steps to take. The one-time grants increase grows the \$50 million in expected grants in FY 2025 to \$60 million, increasing funding to non-profits that provide civil legal services to lower income New Yorkers.

### **Rightsizing Anti-Discrimination Investigations Division Funding**

The Executive Budget provides the Office of Employee Relations approximately \$3.3 million to fund the agency's Affirmative Action Administrator (AAA) staff. Since AAA positions were consolidated into OER in 2018, the agency has experienced higher than expected demand for discrimination investigations. This \$3.3 million will give the agency the necessary funding to staff Affirmative Action Administrators allowing OER to better meet the need for these services.

### **Enhance New York's Diversity, Equity, and Inclusion Work**

To establish a more inclusive workforce that reflects the diversity of New York, the Executive Budget provides the Office of Employee Relations \$200,000 in funding to create a diversity, equity, and inclusion (DEI) course and \$591,000 to the Department of Civil Service for developing and administering an anti-racism training program for State employees.

### **Combat Unlicensed Sale of Cannabis**

The Executive Budget includes legislation to strengthen the Cannabis Law to better enable the Office of Cannabis Management (OCM), as well as local government agencies, to seal or padlock an unlicensed cannabis business. The Budget also provides additional staff resources to the Department of Taxation and Finance to assist these expanded enforcement efforts.

### **Public Campaign Finance**

The Public Campaign Finance (PCF) program effective November 9, 2022, establishes public financing to encourage candidates for public office to focus campaign efforts toward soliciting small donations from individual constituents rather than corporate interest groups. As such, the State will provide matching funds on the first \$250 of any qualifying donation. The Executive Budget includes \$100 million for the State's matching portion.





HEALTHCARE



The FY 2025 Executive Budget reflects Governor Hochul’s continued commitment to improving the health and well-being of every New Yorker by increasing health care affordability and access, while building on the historic healthcare investments made over the last two years. Through a series of cost-effective and innovative initiatives, the Budget seeks to continue modernization of the healthcare industry, address the challenges facing our health system, and reform how we approach whole person care.

## OFFICES AND RESPONSIBILITIES

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 protects public health, funds and supervises community public health activities and critical social supports, regulates healthcare facilities statewide, and operates healthcare facilities including Helen Hayes Hospital, four nursing homes specifically for veterans and their families, and the Wadsworth Center for Laboratories and Research. DOH also manages comprehensive healthcare and long-term care coverage for low- and middle-income individuals and families through Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined, these programs provide affordable health insurance coverage for nearly 9 million New Yorkers.

The **Office of the Medicaid Inspector General (OMIG)** promotes 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 regional Area Agencies on Aging (AAA) and local providers.

**New York State’s Medicaid program** is the State’s largest payer of healthcare and long-term care services and supports. Over 7.6 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 37 fully and partially capitated managed

care plans. Total Federal, State, and local Medicaid spending is expected to be \$96.4 billion in FY 2025. This includes \$52 billion in Federal spending and \$35.5 billion in State spending. In 2012, the State first implemented the Medicaid Global Cap, setting the annual growth rate to an industry-based metric in statute. The FY 2025 Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012, as updated, and recommends funding consistent with last year’s update to the allowable growth calculation. The Global Cap spending limit is set by the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services. Consistent with the index, the FY 2025 Executive Budget reflects \$15.6 billion in additional Medicaid spending growth between FY 2024 and 2028 as compared to the prior Global Cap growth metric.

The **Essential Plan** offers comprehensive health coverage to more than 1.2 million New Yorkers with incomes below 200 percent of the Federal poverty level (FPL) (\$29,000 for a single individual), and the State has requested Federal authorization to expand this program to include individuals with incomes up to 250 percent of FPL.

The **Child Health Plus** program provides free or low-cost health insurance to over 446,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

## CREATING A STRONGER HEALTHCARE SYSTEM

With more than \$300 billion in spending across all payers, New York’s healthcare system is one of the largest and most complex in the nation, comprising the full spectrum of medical services that New Yorkers need – primary care, specialty care, emergency care and hospital visits, long-term care, pharmacy benefits, mental health and substance abuse treatment, and more. Over the last two years, Governor Hochul has made multi-billion-dollar investments in safety-net hospitals, passed the largest Medicaid rate increases in more than a decade, and announced \$2.6 billion in capital funding to help transform and modernize

New York's healthcare facilities. Last year, Governor Hochul announced New York's Future of Healthcare Commission, a group of leading healthcare experts who will play a critical role in developing a long-term vision for New York's healthcare system.

Despite these efforts, New York's healthcare delivery system still faces significant challenges. The state trails the nation on key access, quality, and safety measures, which disproportionately impact vulnerable populations. New York ranks 46th in the nation in emergency department wait times. Hospital quality and safety ratings rank similarly low – 45th and 40th in the nation, respectively. Health outcomes are worse for New York's communities of color. Black New Yorkers' rates of maternal mortality are five times higher, and rates of diabetes-related deaths are two times higher, when compared to those of white New Yorkers. Additionally, low-income New Yorkers rely heavily on access to the state's critical safety-net hospitals, which continue to experience worsening financial instability despite subsidy funding that has tripled since 2021. New York's long term care system, which already spends nearly twice as much per capita as the national average, faces mounting pressure from an aging population where nearly a quarter of the state will be over 60 by 2025. And while New York proudly remains at the forefront of health technology and innovation, cyberattacks targeting healthcare facilities in recent years have exposed new vulnerabilities that threaten patient safety, security, and privacy.

Building on the investments of the last two years, this year's Executive Budget addresses the significant challenges facing New York's delivery system through multiple targeted and transformational changes, designed to ensure long-term solvency and sustainability. The Budget:

- Includes \$7.5 billion in funding over the next three years through an amendment to New York's Medicaid Section 1115 Demonstration program to support a comprehensive series of actions to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state.
- Makes available capital support and provides regulatory flexibilities to help transform safety net hospitals to achieve sustainability.
- Invests \$42.2 million to increase reimbursement for services provided in DOH-licensed facilities and private practices treating mental health conditions.
- Invests \$74 million in Patient-Centered Medical Home enhancements for adults and children.
- Invests \$10.4 million to increase reimbursement rates for healthcare providers serving individuals with physical, intellectual, or developmental disabilities.
- Invests \$1 million to expand coverage for Adverse Childhood Experiences Screenings to all adults enrolled in Medicaid.
- Includes \$13.9 million in funding to support a 5 percent Early Intervention reimbursement rate increase, and a 4 percent Early Intervention rate modifier targeted to support rural & underserved areas.
- Invest a recurring \$14.8 million to eliminate Hepatitis C by 2030 (\$3 million), include HIV testing in routine blood work to help initiate treatment sooner (\$3.5 million), increased distribution of PrEp (\$4 million), increased distribution of harm reduction materials (\$3 million), allow pharmacists to administer vaccines (\$1.2 million), screen for diseases and dispense medication including PrEP and Mpox vaccinations, and allow registered nurses to screen for HBV (\$100 thousand).
- Invests \$20 million in capital funding and \$5 million in operating funds targeted towards catalyzing innovation in research and treatment for ALS and other rare diseases.
- Permits health care providers in emergency rooms to dispense up to a three-day supply of buprenorphine and \$2 million to support DOH data innovations to address the opioid crisis.
- Advance a comprehensive plan to further increase access to quality care during the pre- and post-natal period, including issuing a standing order to increase access to doula services, adding doula coverage to the Essential Plan, establishing new oversight mechanisms to avoid unnecessary c-sections, and eliminating cost sharing for most pre-natal and postpartum pregnancy-related care in both the Essential Plan and Qualified Health Plans.
- Invests \$315 million per year to provide health

insurance subsidies on the Exchange for individuals up to 350% Federal Poverty Level (FPL).

These changes are intended to help transform the healthcare system while preserving access and sustainability and improve the overall health of New Yorkers.

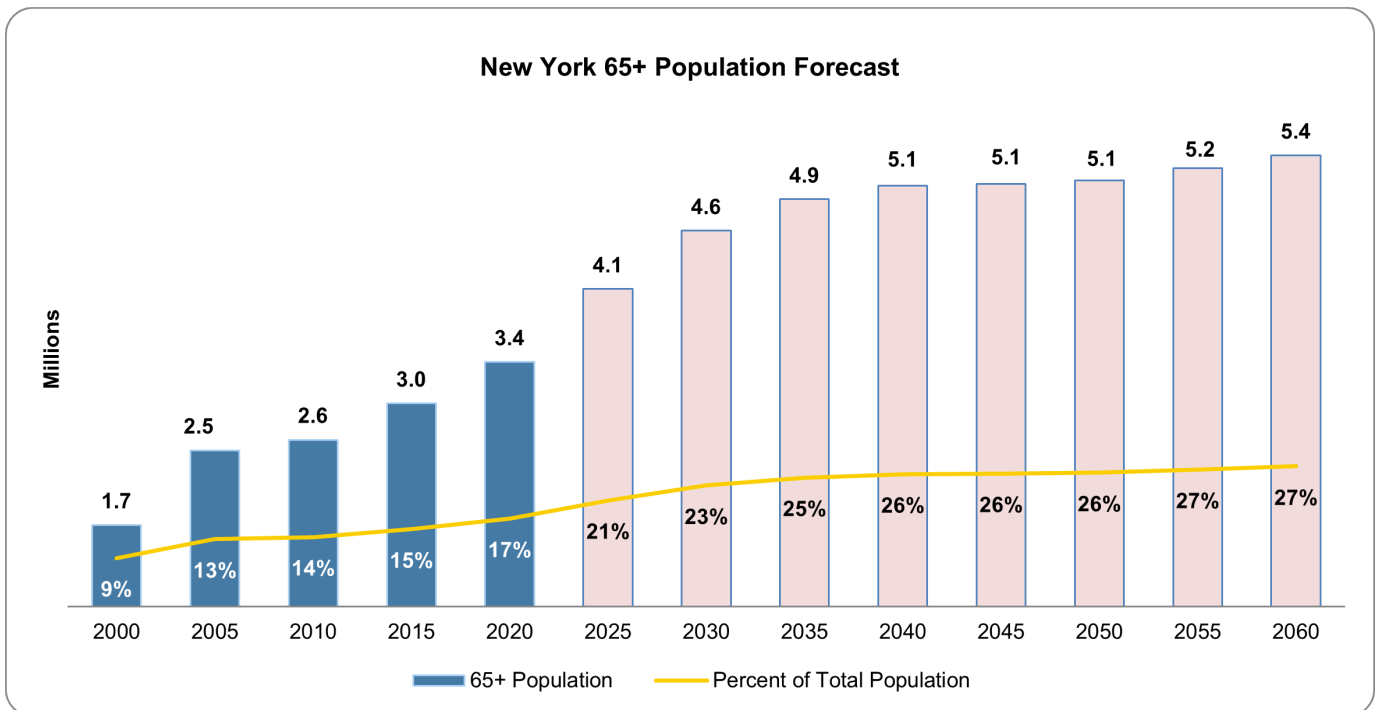
### New York State Medicaid

In FY 2025, the State-funded portion of the Medicaid program will total \$35.5 billion; more than double the FY 2011 value - as will the average cost per member per year of over \$10,047 - and total enrollment in the program - 6.8 million enrollees by March 2025. While this growth reflects the State’s commitment to support it neediest residents, it also continues to put pressure on the State’s finances. New York currently has the second largest program in the country (7.6 million in Medicaid enrollees) and is in the middle of a 14 month federally required eligibility redetermination of over 9 million people on the State’s various public health insurance programs. This process began in May 2023 and will be completed by June 2024. The uncertainty around the outcome of these redeterminations and

their effects on future Medicaid enrollment puts risk on Medicaid spending in future fiscal years.

These are not the only challenges facing the NYS Medicaid program. The State’s population is aging and driving significant growth in the Medicaid program, as costs for those who need long term care are ten times that of a typical Medicaid enrollee. Base Medicaid growth trends continue to outpace the allowable growth index, attributable to increased Managed Long-Term Care (MLTC) enrollment and price growth as well as increased home and personal care utilization and costs. Additionally, public health insurance coverage for asylum seekers and other migrants may result in additional costs to the State, as well as the impacts of inflation and increased labor costs.

With these challenges in mind, the Executive Budget proposes several targeted and transformational changes to ensure the long-term solvency and sustainability of the Medicaid program, while also stabilizing our healthcare system. The Budget reflects the nation’s largest investment in health-related social care needs (HRSN), which includes a historic Federal investment of \$5.8 billion over 3.5 years.



These changes are intended to help transform the healthcare system, while preserving access and sustainability, and to improve the overall health of all New Yorkers.

## PROPOSED FY 2025 HEALTHCARE BUDGET ACTIONS

**Implement the Groundbreaking Medicaid 1115 Waiver Amendment.** The Executive Budget implements the recently approved amendment to New York's Medicaid Section 1115 Demonstration, which allows New York to make investments in Medicaid initiatives that will improve health equity and strengthen New York's continuing efforts to build a healthcare system that benefits all New Yorkers.

The demonstration bundles a comprehensive series of actions to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state, and will be supported through \$7.5 billion in funding over the next three years.

- CMS' approval allows New York to make large investments across a series of wide-ranging Medicaid initiatives, including establishing Social Care Networks to integrate health, behavioral, and social care services that connect high-need members to critical nutritional and housing support services; enhancing access to coordinated and comprehensive treatment for substance use disorders; investing in primary care and making long-term, sustainable investments in the state's health care workforce.
- The demonstration amendment also includes funding to support the implementation of a Medicaid Hospital Global Budget Initiative for a subset of financially distressed safety net hospitals looking to transition to reimbursement system that rewards value rather than volume of care provided. This initiative will support essential safety net hospitals that help serve the most vulnerable populations and have significantly more adverse health risk factors and poorer health outcomes.

- The demonstration will address significant health care workforce shortages in safety net settings through innovative career pathways training programs for front-line health and social care professionals that will increase access to culturally appropriate services. These career pathways training programs will train and educate for the purpose of creating a reliable healthcare workforce pipeline to address workforce shortages, as well as increasing opportunities for employment and career advancement.
- The workforce initiatives also include a loan repayment program for certain healthcare workforce professionals who commit to working in community-based practices in underserved areas, including dentists, psychiatrists, and clinical nurse specialists.
- New York will also submit a new 1115 waiver amendment to allow children to remain continuously enrolled in Medicaid and Child Health Plus up to age six, with the goal of preventing gaps in coverage during important developmental years and improving outcomes for long-term health and well-being.

**Improve Essential Plan Coverage.** To make healthcare coverage more affordable, accessible, and equitable, the Executive Budget includes several changes to improve the Essential Plan, including:

- Utilizing 1332 pass through funds to offer supplemental insurance subsidies to qualified health plan (QHP) eligible individuals up to 350% of the FPL.
- Eliminating cost-sharing for care and treatment related to certain chronic conditions.
- Increasing funding for substance use disorder treatment.
- Expanding coverage for services related to mitigating the health risks of climate change for persons with asthma.
- Eliminating all cost-sharing for pregnancy-related benefits and adding coverage of for doula services.
- Eliminating all premiums for Essential Plan enrollees.

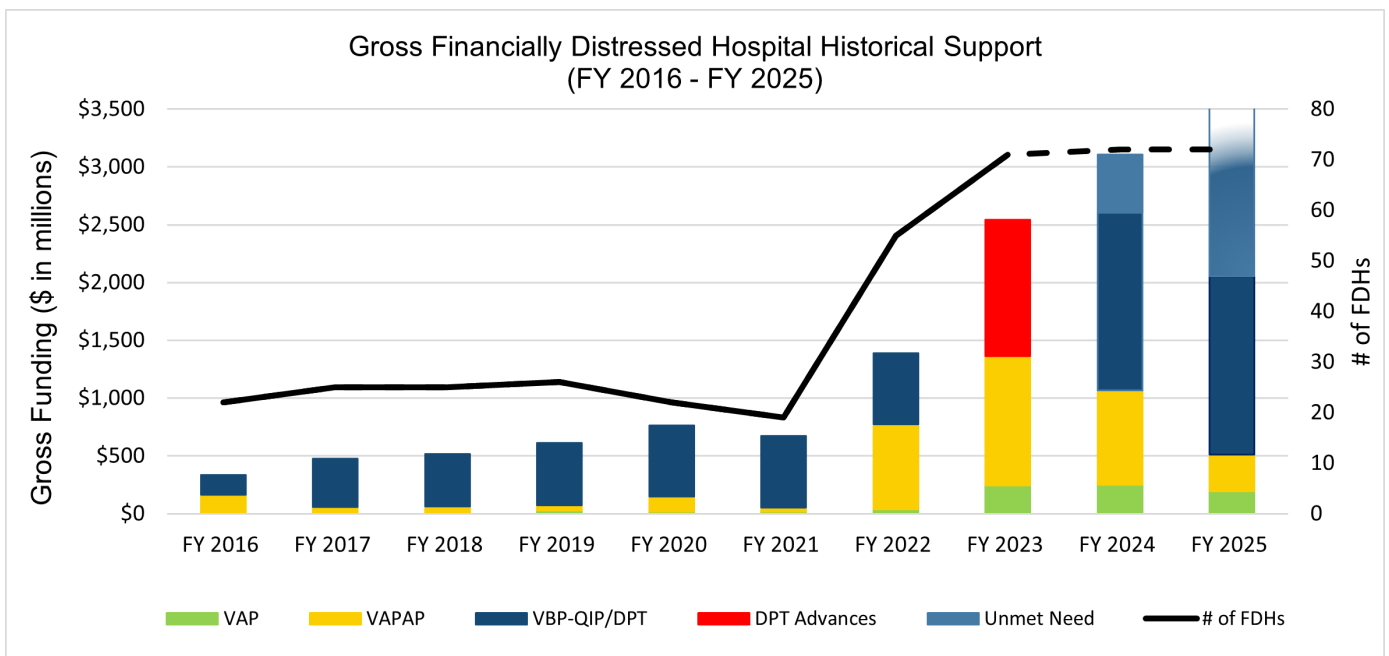
**Medicaid.** The Budget makes critical investments to address the needs of vulnerable New Yorkers, including stabilization of the health care delivery system and driving improved health outcomes. The Medicaid program continues to grow beyond indexed growth, further challenged by Medicaid enrollment that is no longer assumed to return to pre-pandemic levels. Over the life of the Financial Plan, the Budget reflects over \$1.6 billion in new costs associated with Medicaid enrollment estimates above prior projections. There is a great deal of uncertainty with regard to Medicaid enrollment and the State will continue to test and refine the Medicaid enrollment projections as new data becomes available. In FY 2025, the Medicaid program is balanced within the Medicaid Global Cap, supported by critical savings and targeted investments. In the long term, actions will be required to bring in line Medicaid spending with sustainable growth levels, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2025 Budget includes:

**Long Term Care Sector.** Managed long term care enrollment is projected to increase by 10 percent in FY 2025, and spending is expected to increase by

20 percent. Both of these trends are unsustainable and this spending growth would singularly exceed the allowable Global Cap Metric. In response, the Budget includes a proposal to discontinue Wage Parity for CDPAP producing State share savings of \$200 million in FY 2025. In addition, the State will maximize the use of available resources while working with long term care stakeholders to identify at least \$200 million in recurring State share savings across New York’s many long term care programs, while ensuring services are available for the most vulnerable populations.

**Hospital Sector.** Currently, 75 of 261, or 29 percent, of New York’s hospitals, are financially distressed, and overall distressed hospital spending has increased by over 400 percent since FY 2017. While the 1115 Waiver will help support some of these facilities, this need has continued to grow at unsustainable levels.

**Unallocated Reduction.** In lieu of more specific cuts, the Executive Budget includes a \$200 million unallocated State share reduction outside of community-based long term care services, that will be achieved through one or more savings proposals





developed in the consultation with the health care industry and other stakeholders.

**Safety Net Hospital Transformation Program.** The Budget makes available financial resources and regulatory flexibilities to encourage partnerships that improve the resilience of and preserve long-term access to safety-net institutions.

**Reduce Infant, Child and Maternal Mortality.** The Budget will take several actions to reduce infant and maternal mortality in the State, including:

- Requiring managed care plans to report on prenatal and postpartum care, filling in information gaps that can be used to develop targeted interventions.
- Convening regional stakeholder groups to develop recommendations for reducing infant mortality.
- Providing new Medicaid financial incentives for hospitals to reduce unnecessary C-sections.
- Allowing access to doula services without the need for a physician referral.

**Improve Maternal Mental Health.** The Budget will focus on mental health and substance abuse issues during pregnancy, some of the leading causes of poor birth outcomes, by increasing access to comprehensive mental health screening tools in pregnancy and postpartum.

**Ease Access to Gender-Affirming Care.** The Budget takes several actions to ensure access to gender-affirming care for adult transgender and nonbinary members in the Medicaid program, such as removing or reducing barriers to accessing gender affirming surgery.

**Improve Access to Primary Care.** The Budget builds upon the historic primary care investments in the FY 2024 Budget, continuing to invest in access to preventive care. The Budget:

- Increases funding for adult and pediatric enhancements for Patient-Centered Medical Homes (PCMH).
- Expands coverage for Adverse Childhood Experiences (ACES) screening to all adults in Medicaid.
- Increases rates for providers serving Medicaid

members with intellectual, developmental, or physical disabilities.

- Increases reimbursement rates for adult and children’s mental health services provided in a hospital setting or private physician practice.

**Expand Access to Quality Dental Care.** The Executive Budget takes several steps to increase access to oral health services. First, New York will support the dentistry workforce by expanding their scope of practice and launching a new loan repayment program, supported by a federal waiver, for dentists who make a four-year commitment to serve the Medicaid population in New York. The Budget also increases access to high quality dental care by expanding access to dental care in school-based health centers, increasing quality oversight of dental care within Medicaid – and implementing a provider education campaign.

**Streamline and Modernize New York’s Healthcare Approval Process.** The Budget makes a series of investments to strengthen and stabilize the State’s healthcare delivery system. These include:

- Streamlining the certificate of need (CON) process.
- Strengthening hospital cybersecurity through support from a newly created NY Hospital Cybersecurity Roundtable.
- Creation of five “Emergency Medical Service (EMS) zones” across the state, overseen by the newly established EMS statewide Task Force to augment the EMS workforce.
- Establishing a Paramedic Telemedicine Urgent Care program, to expand care in rural areas and reduce preventable emergency department visits.
- Allowing general hospitals to provide care in a patient’s home and allowing emergency medical technicians (EMTs) to provide non-emergent care in the community.
- Establishing quality reporting and accreditation requirements for assisted living residences, which will be published by DOH.
- Making the Special Needs Assisted Living Residence (SNALR) program permanent.

**Allow Healthcare Providers to Do More.** The Budget includes legislation to allow New York to join the Interstate Licensure Compact and the Nurse

Licensure Compact, which will make it easier for physicians and nurses licensed in other states to practice in New York, either physically or virtually, and make it easier for New York providers to offer virtual care to their patients who travel to other states. Additionally, the Budget expands the scope of practice of dentists, dental hygienists, certified medication aides, physician assistants, and medical assistants—allowing more licensed and credential health care workers to provide critical care where patients need it most.

**Continue the State Takeover of Local Medicaid Costs.** In FY 2025, the State will assume nearly \$7.4 billion in costs that would have otherwise been incurred by localities. This is an annual multibillion-dollar relief package to the localities that continues to grow by billions of dollars, annually. Since 2015, the counties have saved \$45.1 billion due to the local takeover.

### **Supporting the NY State of Health**

**The Exchange** – NY State of Health, [nystateofhealth.ny.gov](https://nystateofhealth.ny.gov), serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan through public programs and subsidized and unsubsidized commercial coverage.

The health plans offered through NYSOH are significantly less expensive than those available in 2013, prior to the creation of the marketplace. NY State of Health is the only place where consumers can qualify to get help paying for coverage through premium tax credits.

Currently, over 6.7 million, or over one in three New Yorkers, are enrolled in coverage through the marketplace. Commensurate with increased enrollment in NY State of Health, the number of uninsured New Yorkers has declined by over 1.3 million since 2010, and as of 2022, the share of uninsured in New York fell below 5 percent for the first time ever.

New York has been among the top five states in keeping families and children enrolled in Medicaid during the Public Health Emergency unwind,

according to a report released by the Centers for Medicare & Medicaid Services.

The Executive Budget includes \$612 million in funding for the operation of the NY State of Health.

**Increase Marketplace Affordability.** The Budget proposes several measures to increase the affordability of qualified health plans (QHPs) obtained on the marketplace exchange, including enhanced premium subsidies, eliminating cost-sharing for care related to type II diabetes, and establishing a workgroup to augment network adequacy standards.

**Eliminate Cost-Sharing for Pregnancies.** The Budget eliminates cost-sharing for most pregnancy-related benefits.

### **Strengthening Public Health and Aging Programs, Improving Health Outcomes**

New York State continues its efforts to return to normal operations after the height of the COVID-19 pandemic, and ensure the State has robust capacity to respond to new public health threats.

The Budget makes a series of investments to support a healthier New York, with better care outcomes and improved health equity.

**Alleviate Data Privacy Concerns for Abortion Providers.** The Budget will direct the Department of Health to modernize technology for the electronic reporting of induced abortions, eliminating the need for paper records, and better providing safeguards of sensitive health information.

**Expand the American Indian Health Program (AIHP).** The Budget makes critical investment in AIHP to address inequities in access, with a heightened focus on access to quality dental care. The AIHP program will also begin a process to update its pharmaceutical management program to reduce costs.

**Increase Funding for School-Based Health Centers.** The Budget further invests in access to primary care by increasing funding for school-based health centers to provide increased services, including dental services.

**Increase Rates in Early Intervention.** The Budget recognizes the importance of the Early Intervention Program by providing for a 5 percent rate increase for in-person services, as well as a 4 percent rate modifier for rural areas and underserved communities.

**Modify Early Intervention Billing.** The Budget makes various administrative changes to align billing requirements with federal regulations resulting in savings.

**Excess Medical Malpractice Reform.** The Budget includes a change to reconfigure the timing of payments under the program, splitting payments over two years.

**Invest into New York's Aging Population.** The Budget will invest an additional annualized \$3.4 million to provide a 1.5 percent Cost-of-Living Adjustment for SOFA programming. The Budget also invests \$1.0 million to strengthen New York's Enhanced Multidisciplinary Teams to enable them to better address cases of elder abuse and exploitation.

**Modernize Vital Records.** The Budget will support efforts by the Department of Health to digitize records that are not yet electronic and implement intelligent document software, with the goal of creating a searchable system that automatically extracts information.

**Mobile Prostate and Breast Cancer Screening Services.** The Budget will invest \$4.0 million in the Roswell Park Cancer Institute (RPCI) to finance new mobile breast and prostate cancer screening vans and expanded cancer screening activities.

**Appoint Director of Patient Advocacy.** The Budget supports the appointment of a Director of Patient Advocacy (DPA) to work across programs advocating for patient issues, such as billing and financial assistance, and uphold the NY Hospital Patient Bill of Rights.

**End Preventable Epidemics.** The Budget includes a series of proposals to end preventable epidemics by:

- Requiring labs to report all negative HIV, syphilis, Hepatitis B and C (HBV/HCV) testing results to inform targeted intervention and address gaps in testing.
- Making testing for HIV part of a routine annual exam.
- Allowing pharmacists to administer vaccines, screen, and dispense medication for Mpox and PrEP.
- Expanding the role of registered nurses to facilitate HBV testing without a patient-specific standing order.
- Promoting and increasing access to PrEP.
- Investing in Hepatitis C prevention.

**Increase Investment into Hepatitis C Prevention.** The Budget will invest an additional \$2 million into Hepatitis C Prevention and an annualized \$3 million thereafter to assist in the integration of Hepatitis C prevention in opioid prevention services, provide funding to local health departments to support disease surveillance, and invest in innovative Hepatitis C care models to support people who inject drugs.

**Investment for Sexuality-Related Programs and the LGBTQ+ Community.** The Budget continues the prior year action of a \$12 million annual investment in sexuality-related programs, which includes \$2 million dollars of funding to support the programs of the Lorena Borjas Trans Wellness and Equity Fund, while including an additional \$1 million in the fund for workforce development for Transgender, Gender Non-Conforming, Non-Binary, & Intersex individuals.

**Establish an Elder Justice Coordinating Council.** Last year, Governor Hochul expanded access and increased services for the aging community. Building on that progress, the Budget creates an interagency Elder Justice Coordinating Council tasked with developing strategies to defend elders from abuse.





# HIGHER EDUCATION



The Executive Budget continues to implement Governor Hochul's vision to transform the State's public higher education system to become the best and most equitable statewide system of higher education in the country, with actions to expand enrollment and access to colleges across the State and strengthen the **State University of New York (SUNY)** and **City University of New York (CUNY)** systems.

## OFFICES AND PROGRAMS

- New York State's higher education system educates over 1.1 million students, according to reported Fall 2021 enrollment. This includes 47 four-year colleges and graduate schools administered by SUNY and CUNY that provide 371,000 full- and part-time students with an array of undergraduate, graduate, and professional degrees; 37 local and regional community colleges supported by SUNY and CUNY serving over 234,000 students; and nearly 200 private colleges and universities educating 534,000 students across the State.
- The **State University Construction Fund (SUCF)**, the **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 public university systems across New York State.
- The **Higher Education Services Corporation (HESC)**, New York State's student financial aid agency, is a national leader in helping make college affordable for students. HESC oversees numerous State-funded financial aid programs, including the **Excelsior Scholarship**, the **Tuition Assistance Program (TAP)**, and 26 other scholarship and loan forgiveness programs. Together, these programs provided financial aid to approximately 300,000 students during the 2022-23 academic year (AY 2023). HESC also partners with the Office of the State Comptroller to administer the **College Choice Tuition Savings program**.

The **State Education Department (SED)** also contributes funding for higher education, including opportunity programs that help support the success of disadvantaged students.

## EXTENDING OPPORTUNITY TO OUR STUDENTS

In 2022, in her first State of the State Address, Governor Hochul outlined a vision to transform SUNY and secure its status as the best and most equitable statewide system of higher education in the country. Specifically, the Governor outlined goals related to increasing enrollment and completion rates, preparing students for in-demand jobs, ensuring a world-class student experience, recruiting top faculty, providing a wide range of degrees and credentials, and doubling sponsored research, startups, and patents. In the FY 2023 Budget, the Governor provided SUNY and CUNY with significant increases in operating aid and capital funding, expanded TAP for part-time students, increased support for opportunity programs, and announced that Stony Brook University and the University at Buffalo would become SUNY's flagship institutions.

Governor Hochul took additional steps to transform the State's higher education system in the FY 2024 Budget, investing \$2.4 billion in new funding for capital projects and \$381 million in operating support for SUNY and CUNY, creating a \$500 million State matching fund for contributions to the endowments of SUNY's four university centers, and allowing flexibility for both systems to increase graduate and non-resident tuition rates to generate additional campus operating revenue.

## ABOUT NEW YORK'S INVESTMENT IN HIGHER EDUCATION

- In the two budgets enacted under Governor Hochul, State operating funding for higher education has increased by a total of \$1.07 billion (17 percent), growing from \$6.15 billion to \$7.22 billion.
- State and local funding per student for public colleges in New York was \$12,428 in AY 2022 – \$3,660 (36 percent) more than the national average and higher than 44 other states.

- More than two-thirds (69 percent) of New York State's public colleges' total revenue comes from State and local support – 11 percentage points higher than the national average and more than 40 other states.
- The average tuition and fees at the State's four-year public institutions was \$8,579 in AY 2024 – \$2,681 (24 percent) less than the national average and lower than 43 other states.
- New York's generous investment in student financial aid, including TAP and Excelsior Scholarships, helped over 176,000 New York State residents – 58 percent of full-time resident undergraduate students – attend SUNY and CUNY tuition-free in AY 2023, including 52 percent at SUNY State-operated campuses and 67 percent at CUNY senior colleges.
- \$2 million for micro-credential programs that educate teachers in the science of reading (\$1 million SUNY, \$1 million CUNY); and
- \$1.5 million for the State Weather Risk Communication Center at the University at Albany, providing real-time weather information for public-sector stakeholders.

## PROPOSED FY 2025 BUDGET ACTIONS

As implementation of Governor Hochul's vision continues in 2024, the Governor will take additional action in the FY 2025 Executive Budget to strengthen and transform our State's higher education system:

- **Providing \$207 Million in New State Support for SUNY and CUNY Campuses.** The Executive Budget provides \$207 million in new, recurring State support for SUNY State-operated campuses (\$100 million) and CUNY senior colleges (\$107 million). This funding includes:
  - \$106 million in increased funding for university employee fringe benefits (\$36 million SUNY, \$70 million CUNY);
  - \$90 million in recurring general operating support (\$54 million SUNY, \$36 million CUNY);
  - \$2.75 million for the SUNY Empire State Service Corps, offering students community service work opportunities;
  - \$2.5 million for the operating costs of SUNY's participation in the Empire AI consortium to spur artificial intelligence research and innovation;
  - \$2 million for SUNY's role in the larger Statewide Investment in More Swimming (NY SWIMS) initiative;
- **Advancing Additional State Support to Help Cover SUNY Collective Bargaining Costs.** The Executive Budget will provide SUNY with \$103 million in June 2024 to cover the lump-sum payments from the general salary increases of 2 percent effective in 2022 and 3 percent in 2023 under the recently ratified United University Professions contract, representing an advance on funding SUNY would otherwise receive in the following academic year.
- **Maintaining the Community College Funding Floor.** The Executive Budget will maintain a funding floor for community colleges at 100 percent of prior year funding. Without a funding floor, community colleges would face a \$143 million (23 percent) loss in formula aid due to enrollment declines.
- **Providing \$1.2 Billion for New Capital Projects at SUNY and CUNY Campuses.** The Executive Budget provides \$1.2 billion in new funding for capital projects to help maintain SUNY and CUNY campus facilities in a state of good repair and make strategic investments in new facilities. This includes: \$650 million for SUNY State-operated campuses, \$384 million for CUNY senior colleges, and \$154 million for community colleges (\$138 million SUNY, \$16 million CUNY). In addition, the Executive Budget also includes \$70 million for capital program administration (\$29 million SUCF, \$18 million CUCF, \$23 million DASNY).

- **Making FAFSA Completion Universal.** The Executive Budget requires school districts to ensure that every high school senior completes the Free Application for Federal Student Aid (FAFSA) or the New York State Dream Act application (or in the alternative, signs a waiver form indicating that they are aware of, but choose not to fill out, the FAFSA). All individual students will still be able to graduate regardless of whether they complete the FAFSA.
- **Limiting Bundy Aid. Beginning in AY 2025.** the Executive Budget limits eligibility for Unrestricted Aid to Independent Colleges and Universities, also known as Bundy Aid, to institutions with endowment assets less than \$750 million. Aid to such institutions is funded at the same \$15.8 million level as in AY 2024.



| <b>Higher Education General Fund Spending</b> |  |  |  |                           |
|---|--|--|--|---------------------------|
| <b>CATEGORY</b>                               | <b>FY 2024</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>FY 2025</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>DOLLAR CHANGE</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>PERCENT CHANGE (%)</b> |
| SUNY State-Operated Campuses                  | 3,600  | 3,619  | 19   | 0.5                       |
| CUNY Senior Colleges                          | 1,795  | 1,844  | 48   | 2.7                       |
| HESC Financial Aid Programs                   | 966  | 963  | (4)  | (0.4)                     |
| Community Colleges                            | 691  | 689  | (2)  | (0.3)                     |
| SED Programs                                  | 164  | 144  | (20)   | (12)                      |
| <b>GENERAL FUND TOTAL</b>                     | <b>7,218</b>                                   | <b>7,259</b>                                   | <b>42</b>  | <b>0.6</b>                |

**Data Notes:**

- The \$19 million net increase for SUNY State-operated campuses includes \$100 million of new, recurring State support, offset by \$81 million in FY 2024 funding for transformational initiatives and other nonrecurring investments.
- The \$48 million increase for CUNY senior colleges includes \$107 million in new, recurring State support, offset by \$58 million in FY 2024 funding for transformational initiatives and other nonrecurring investments.
- The year-to-year decreases in funding for community colleges and HESC financial aid programs are attributable to one-time funding provided by the FY 2024 Budget.
- The decrease in funding for SED programs is largely attributable to the Executive Budget proposal to limit Bundy Aid eligibility to independent colleges and universities with endowment assets less than \$750 million beginning in AY 2025.
- In addition to the \$7.3 billion in State support cited in the chart, the State is estimated to pay \$939 million in FY 2025 for debt service on bond-financed capital projects at SUNY and CUNY.
- In addition, the FY 2024 Budget appropriated \$500 million as a State match to contributions to the endowments of the four SUNY university centers.





# HUMAN SERVICES



The Executive Budget refocuses the effort to make New York more affordable and livable for people across the income spectrum by encouraging housing growth and continues support of the expansion of child care availability and access. The Budget takes further action to address the asylum seeker crisis by providing resources, support, and humanitarian aid, and it enhances programs that are a lifeline for vulnerable New Yorkers, bolstering social and economic justice, and opening doors to opportunity.

## NEW YORK'S HUMAN SERVICES

New York's human services agencies provide holistic support across a variety of program areas designed to ensure the safety and well-being of the State's most vulnerable residents, advance housing stability, connect families to child care, provide Unemployment Insurance benefits, safeguard workers' rights, and support New York's veterans and their families.

## OFFICES AND PROGRAMS

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 for public assistance recipients to prepare for and secure employment; child support enforcement; child care assistance to assist low-income working families; protective services for children and adults; and services for at-risk youth in communities, local detention centers, and State operated facilities.

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

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

The **Department of Veterans' Services (DVS)** connects veterans, members of the armed forces, and their families to the economic, medical, and social benefits and services they've earned through active-duty military service.

## EXPANDING HOUSING AND CHILD CARE AFFORDABILITY

### Housing Affordability

Governor Hochul has shone a much-needed and long overdue spotlight on the oversized impact the housing crisis is having in New York. In communities across the State, there are families and individuals at all income levels, all ages and phases of life, struggling to find or remain in a stable, affordable home.

Seventy-three percent of New Yorkers Statewide report that housing affordability is a major problem in their communities. An analysis by the Regional Planning Association found that since 1990 the share of homeowners and tenants that are cost burdened by mortgages and rents has increased by approximately 68 percent and 29 percent, respectively. These statistics reflect that housing has become the single largest expense category for most New Yorkers, and its high cost profoundly impacts the State's livability.

The fundamental cause of the housing crisis is lack of supply – there are more people that wish to live in New York than there are homes. New York's dynamic economy has created more than 1.2 million jobs in the past decade, but for every three jobs created only one housing unit has been added. The single most important thing New York can do to alleviate the housing crisis is to create more homes.

Governor Hochul has taken bold steps to encourage housing growth. The \$25 billion, five-year Housing Plan is on track to create and preserve 100,000 affordable homes by the end of FY 2027, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes. Funding includes \$5.7 billion in capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion

to support the operation of shelters and supportive housing units and to provide rental subsidies. This investment represents the largest, broadest housing plan in New York State history.

Innovative plans have also been launched that will turn hotels, commercial buildings, and unused State-owned facilities into housing. Reflecting the State's geographic and demographic diversity, the State is investing in mobile and manufactured homes, small rental buildings, accessory dwelling units, and other varied forms of housing. The Governor has taken action through Executive Orders to spur housing growth, including through the Pro-Housing Communities Program which provides priority consideration for up to \$650 million in State discretionary funds to localities committed to housing growth.

These creative solutions and historic investments are making an impact, but they alone cannot solve the crisis. Understanding this, Governor Hochul has worked tirelessly to advance the conversation about the root causes of our housing shortage and the steps communities must take to reverse restrictive land use policies and remove entrenched barriers to housing production.

The FY 2025 Executive Budget takes the next step to address the crisis by making new tools and incentives available to local governments as they work to increase housing supply, and by encouraging housing development on State-owned land.

### **Child Care Affordability**

New York State has taken sweeping measures the last two years to expand access to child care and improve affordability for young families, investing over \$7 billion over four years.

Eligibility for the Child Care Assistance Program has increased from 200 percent of the Federal Poverty Level – \$60,000 for a family of four – to the Federal maximum, 85 percent of the state median income – \$99,250 for a family of four. More than half of young children in New York are now eligible for child care assistance, based on income. Co-pays for families receiving child care assistance were also capped at

one percent of family income above the poverty level. Previously, co-pays could be as high as 30 percent.

Families now have improved access to child care – the maximum subsidy amount increased to cover the cost of child care at 80 percent of providers, up from 69 percent of providers prior to recent actions. Families also have greater stability, as a new requirement ensures subsidies are available for a minimum of twelve months.

To support the child care industry, expedite its recovery from the pandemic, and position it for growth, child care providers were provided more than \$1.4 billion for stabilization and workforce retention since 2021.

To leverage private sector support for child care, the FY 2024 Budget established the New York State Employer-Supported Child Care (ESCC) pilot program. In the ESCC pilot, employers will contribute a third of the cost of care for families between 85 percent and 100 percent of median income, and the State will match it, reducing out-of-pocket costs for these families and generating millions of dollars in new financial support for child care.

The FY 2024 Budget also established the Business Navigator program in each of the 10 Regional Economic Development Council regions to help interested businesses identify options to support employees' child care needs.

Together, these record investments are making child care fairer, more accessible, and more affordable across New York State. Throughout FY 2025 and beyond, more and more families will benefit from the Child Care Assistance Program, more providers will be on solid financial footing, and more employers will take steps to support their employees' child care needs.

### **Addressing The Asylum Seeker Crisis**

Since asylum-seekers first began arriving in New York in numbers, Governor Hochul has taken significant action to provide resources, support, and humanitarian aid.

The State has devoted substantial resources to helping New York City manage the brunt of and navigate this potentially crippling crisis. The FY 2024 Financial Plan included \$1.9 billion to support the migrant crisis, including the cost of shelter, social services, and resettlement.

In May, the Governor issued an Executive Order declaring a State of Emergency in New York, allowing the State to expedite resources to address this urgent crisis.

The State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at Floyd Bennett Field and has also made multiple State-owned sites available for use as shelters, such as the former Lincoln Correctional Facility in Manhattan, JFK Building 197, and the Creedmoor Psychiatric Center parking area.

The State has staffed personnel at City emergency response centers and deployed hundreds of National Guard members to aid in the crisis response and provide logistical support. The State's operational teams continue to have frequent contact with their counterparts in the City, with a level of cooperation that has led to multiple improvements in response efforts.

The State is conducting infectious disease testing, providing vaccines, and extending Medicaid services where qualified.

The Migrant Relocation and Assistance Program (MRAP) encourages voluntary relocation of migrants throughout the State to participating counties, at the State's expense. Through MRAP, the State subsidizes rent for asylum applicants who have voluntarily relocated outside of New York City.

The State is providing case management services to migrants and asylum seekers trying to attain legal work status so they can begin living independently as generations of immigrants have done throughout New York's history.

Governor Hochul has also been clear that New York cannot do this alone. She has and will continue to advocate for the people of New York to the White

House and Congress, and call upon the Federal government to provide assistance, resources, and solutions to this distinctly Federal problem.

As the migrant crisis continues, the FY 2025 Executive Budget extends an additional \$2.4 billion to continue to support efforts in New York City and elsewhere in the State to safely manage the influx with the appropriate humanitarian response.

## PROPOSED FY 2025 BUDGET ACTIONS

**Increase the Housing Supply.** The FY 2025 Executive Budget takes the next steps to add housing, remove barriers to development, and encourage local governments to pursue smart, sustainable growth strategies. By focusing on the fundamental cause of the housing crisis – lack of supply – the Budget will make housing more affordable for New Yorkers across the income spectrum.

- **Develop Housing on State Property.** The State of New York and its public authorities own properties that are no longer necessary for the purpose for which they were acquired. Pursuant to Governor Hochul's Executive Order No. 30, Empire State Development (ESD), the Office of General Services, and HCR have worked together with the help of other State agencies to identify opportunities to repurpose such properties for housing development. Some sites, such as former correctional facilities and the Creedmoor Psychiatric Center, are already on a path to redevelopment. At other sites, advance work must be accomplished to unlock development potential, such as demolition, remediation, or infrastructure improvements. The FY 2025 Executive Budget makes available \$250 million as the first installment of \$500 million dedicated capital under the management of ESD to support such improvements, and legislation to authorize the repurposing of certain sites.
- **Prioritize State Funding to Pro-Housing Certified Communities.** To incentivize local governments to be active partners in the State's efforts to ameliorate the housing crisis, Governor Hochul's Executive Order No. 30 directed State agencies and authorities to

prioritize communities who have taken steps to be pro-housing for certain discretionary funding that cumulatively represents \$650 million in competitive programming. The Executive Budget further encourages participation by making the pro-housing designation a requirement to receive such discretionary funding, including through the Downtown Revitalization Initiative (DRI), the NY Forward program, the Regional Council Capital Fund, capital projects from the Market New York program, the New York Main Street program, the Long Island Investment Fund (LIIF), and the Public Transportation Modernization Enhancement Program (MEP). To be considered, communities must become certified under the State's Pro-Housing Communities Program overseen by HCR.

- **Provide New York City with Tools to Increase Housing.** The City of New York shares the goal of adding new housing supply and has asked for targeted State legislation that will assist in the achievement of that goal. In partnership, the FY 2025 Executive Budget puts forth legislation specific to New York City to reverse an antiquated State law that restricts maximum density of residential floor area, bolster local tax incentives to allow for affordable housing in office-to-residential conversions, and authorize the City of New York to create a pathway to legalize basement apartments. The Budget also authorizes a new residential construction tax incentive in New York City and extends the completion deadline for the expired 421-a program to ensure the City does not lose out on tens of thousands of units of housing under projects that are currently vested in that program.

**Stand Up for Tenants and Homeowners.** The Division of Human Rights will strengthen efforts to enforce State law prohibiting a housing provider or a real estate professional from discriminating against an individual seeking housing because of their use of a Section 8 Housing Choice Voucher. Legislation submitted with the Budget will also prohibit insurance companies from refusing to cover affordable housing and ensure safeguarding against deed theft and other real property fraud.

**Strengthen Storm Resiliency.** The Budget dedicates \$40 million for the Resilient and Ready Fund to anticipate and respond to emergencies through rapid home repairs and permanent retrofits. This will allow the State to respond more quickly in the wake of disasters and to help a wider spectrum of homeowners and victims. The Budget also advances the Blue Buffers Buyout Program to encourage voluntary home buyouts in areas most prone to flooding.

**Bolster Child Care Affordability and Access.** Continuing the State's more than \$7 billion four-year plan to expand access to child care and improve affordability for young families, the FY 2025 Budget provides nearly \$1.8 billion in resources towards child care assistance – more than double the \$832 million provided in the FY 2022 budget. This funding supports the recent expansion of family eligibility, which is now at the Federal maximum, 85 percent of the state median income, or \$99,250 for a family of four. It also supports the new cap on co-pays for families receiving subsidy at one percent of family income above the poverty level. Funding included in the Budget bolsters recent improvements to child care as follows:

- **Reimburse Child Care Providers for Quality Improvements.** To support more child care providers in efforts to increase program quality, OCFS will create an increased differential payment rate for high-quality providers that are accredited by a nationally recognized child care organization, participate in New York's Quality Rating & Improvement system, or have completed training and are an active participant in the OCFS Non-Patient Epinephrine Auto-Injector Initiative.
- **Pilot Family Child Care Networks.** The State will pilot staffed Family Child Care Networks (FCCNs) in regions around the State, with a focus on supporting and growing the capacity of family and group family child care providers. These types of providers operate small programs out of their homes for children and care for a large portion of children in families participating in the Child Care Assistance Program (CCAP). FCCNs will expand business and operational support for these types of providers. The Budget provides \$5 million for this purpose.

- **Expand Early Childhood Mental Health Consultations.** The Budget increases funding to double the amount of early childhood mental health consultations across the State. Currently, there are Infant Toddler Mental Health Consultants (ITMHCs) located at seven regional infant and toddler resource centers. The additional funding will go to these resource centers to expand mental health consultants to providers across the State. The Budget provides \$1.7 million for this purpose.

**Provide Support for Migrant Services and Assistance.** As the State faces the ongoing crisis precipitated by the arrival of thousands of migrants and asylum seekers, the Budget continues to devote substantial resources to helping New York City navigate the situation. The FY 2024 Financial Plan included \$1.9 billion to support the migrant crisis, including the cost of shelter, social services, and resettlement.

The FY 2025 Executive Budget provides an additional \$2.4 billion to provide shelter and basic services to migrants and asylum seekers and assist with resettlement. This funding will support:

- Humanitarian aid for the City of New York, including short term shelter services for migrant individuals and families.
- Costs associated with operating humanitarian emergency response and relief centers (HERRCs) at Creedmoor Psychiatric Center, Randall’s Island, and Floyd Bennett Field.
- Legal and case management services to help asylum seekers file paperwork to receive work authorization.
- Programs to provide communicable disease testing, immunizations, and other health services.
- Programs to assist in relocation of migrant individuals and families.
- Expenses related to the deployment of the National Guard and other facets of the State's response.

**Provide More Intensive Support to Families in Need.** Local departments of social services play an important role in connecting New York families to public benefits for which they are eligible. To offer greater support to families as a unit and help address any larger challenges to their well-being or their ability to attain financial stability beyond access to benefits, the Executive Budget invests more than \$17 million to provide wrap-around services and case management in local departments of social services.

**Support Anti-Poverty Efforts in Rochester, Syracuse, and Buffalo.** Nine of the top ten New York State zip codes with the highest child poverty rates are in Upstate cities. More than half of children in these zip codes are in families living below the federal poverty line, and these cities rank among those with the highest child poverty rates nationwide. To support efforts to address the immediate needs of these children and families, the Executive Budget invests a total of \$50 million in one-time Federal TANF resources in locally driven anti-poverty initiatives in Rochester, Syracuse, and Buffalo, where this poverty is most concentrated.

**Reduce The Risk of Sudden Unexpected Infant Deaths (SUID).** Safe sleep environments are crucial for reducing the risk of sleep-related deaths among infants. The Budget provides \$2 million for the distribution of portable cribs for under-resourced New Yorkers at no cost.

**Improve Afterschool Programming.** To consolidate and bolster afterschool programming and to reduce administrative burdens for providers, the FY 2025 Executive Budget combines the Advantage and Empire State After-school programs into a single program. The Budget includes a \$17.7 million increase to overall afterschool funding to standardize funding and eligibility, bringing the total to over \$100 million.

**Continue Investments in Youth Employment Programs.** Continuing the efforts included in the FY 2024 Enacted Budget, the FY 2025 Executive Budget invests an additional \$4.7 million to provide year-round employment opportunities for at-risk youth through the Summer Youth Employment Program (totaling \$50 million) and the Youth Opportunities Program (totaling \$38.8 million). This additional



funding will ensure that State-supported youth employment opportunities are maintained at existing levels.

**Provide Summer Food Benefits to Students.** During the COVID-19 pandemic, Congress provided 100 percent Federal funding for States to operate a summer food benefit program called Pandemic EBT (P-EBT) for low-income students who had been unable to receive free school meals while schools had been closed. The Federal government has since made this program permanent and now requires a 50 percent State match to administer. The FY 2025 Executive Budget invests approximately \$13 million to support the administration of the program that is estimated to provide over \$200 million in benefits to over 2 million children.

**Expand the Office of Just Transition.** The Executive Budget bolsters the Office of Just Transition by \$25 million to support legislation enacted in the FY 2024 Budget targeting workforce training and retraining to prepare workers for employment in the renewable energy field.

**Ensure Paid Breaks for Breast Milk Expression in the Workplace.** The Budget advances legislation to require all break time up to 20 minutes for breast milk expression be paid.

**Expand Recovery Tools for Stolen Wages.** The Budget proposes legislation to enable DOL to exercise additional enforcement powers if an employer has violated wage payment provisions. Seizure of assets could be used to satisfy debt owed to employees.

**Implement Mandatory Federal Child Support Changes.** Legislation submitted with the Budget will ensure New York maintains compliance with Federal rules and regulations regarding child support as changes take effect.

**Limit Liquidated Damages in Certain Frequency of Pay Violations.** Legislation submitted with the Budget limits plaintiffs' recovery of liquidated damages for violations of the frequency of payment provisions in the Labor Law where employees were paid regularly on at least a semi-monthly basis.

### **Sunset the State's COVID-19 Sick Leave Law.**

Legislation submitted with the Budget sunsets the law which required employers to provide sick leave and other benefits for employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19 law because its applicability to new employers is unclear and quarantine requirements have changed.

**Direct More Federal Funds to Child Welfare.** Local districts currently must use 40 percent of their combined \$964 million in TANF Flexible Fund for Family Services (FFFS) on child welfare activities. The Executive Budget permanently increases the amount local districts must spend on child welfare by \$75 million, yielding \$46.5 million in savings for the State and \$28.5 million in savings for local districts on child welfare costs. This requirement diminishes Federal funds available to local districts for other purposes by \$46.5 million, but the impact is offset in FY 2025 by a \$50 million increase to TANF/FFFS funds.

**Extend and Make Permanent the Current Structure of Financing Committee on Special Education Placements.** The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts and school districts. There is no State share for New York City placements, and the former 18.42 percent State share for placements outside of New York City was eliminated in the FY 2021, FY 2022, FY 2023, and FY 2024 Enacted Budgets. For statewide consistency, the Executive Budget makes the current funding structures permanent, thereby aligning the fiscal responsibility with the school district responsible for the placement.

| <b>SUMMARY OF ALL FUNDS SPENDING</b> |  |  |  |                           |
|--------------------------------------|--|--|--|---------------------------|
| <b>CATEGORY</b>                      | <b>FY 2024</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>FY 2025</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>Dollar Change</b><br><i>(MILLIONS OF DOLLARS)</i> | <b>PERCENT CHANGE (%)</b> |
| OTDA                                 | 7,113  | 7,674  | 561  | 7.9%                      |
| OCFS                                 | 4,050  | 4,737  | 687  | 17.0%                     |
| DOL*                                 | 812  | 779  | -33  | -4.1%                     |
| HCR                                  | 1,419  | 1,679  | 260  | 18.3%                     |
| DVS                                  | 27   | 21   | -6   | -22.2%                    |
| NCS                                  | 18   | 18   | 0  | 0.0%                      |
| DHR                                  | 21   | 25   | 4  | 19.0%                     |
| <b>TOTAL</b>                         | <b>13,460</b>                                  | <b>14,933</b>                                  | <b>1,473</b>   | <b>10.9%</b>              |

\*Does not include benefit payments under DOL's Unemployment Insurance program







# LOCAL GOVERNMENT



## SUPPORT FOR LOCAL GOVERNMENT

The Executive Budget continues to deliver core local government aid, including Aid and Incentives to Municipalities (AIM), and restructuring and efficiency-based funding that seeks to maintain the solid financial footing that local governments have predominantly been experiencing.

The State provides broad support for local governments, including through general purpose aid and a variety of local government restructuring and efficiency grants designed to help municipalities work together, capture efficiencies, save money, and protect programs and services.

The **Aid and Incentives to Municipalities (AIM) program** provides general-purpose aid to New York State’s cities, towns, and villages. Other programs providing aid to local governments include small government assistance, miscellaneous financial assistance and support for municipalities with video lottery gaming facilities.

**Competitive Local Government Efficiency Grants** help cover costs associated with consolidation, shared services, or other efficiency initiatives.

**Citizens Reorganization Empowerment Grants** are available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.

For cities, towns, or villages that consolidate or dissolve, **Citizen Empowerment Tax Credits** provide an annual aid bonus to bolster the newly combined local government and provide direct relief to property taxpayers.

In addition, 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.

| SUMMARY OF ALL FUNDS LOCAL GOVERNMENT STATE SPENDING |                                  |                                  |  |                    |
|--|----------------------------------|----------------------------------|--|--------------------|
| CATEGORY   | FY 2024<br>(MILLIONS OF DOLLARS) | FY 2025<br>(MILLIONS OF DOLLARS) | DOLLAR CHANGE<br>(MILLIONS OF DOLLARS) | PERCENT CHANGE (%) |
| Aid and Incentives to Municipalities                 | 714.7                            | 714.7                            | 0                                      | 0                  |
| County-Wide Shared Services Initiative               | 7                                | 9                                | 2                                      | 28.5               |
| Citizens Empowerment Tax Credits and Grants          | 5.6                              | 6.4                              | 0.8                                    | 13.5               |
| Local Government Efficiency Grants                   | 3.1                              | 5.1                              | 2                                      | 29.9               |
| Local Government Performance and Efficiency Program  | 5                                | 10                               | 5                                      | 50                 |
| VLT Impact Aid                                       | 28.9                             | 30.1                             | 0.2                                    | 4.3                |
| Miscellaneous Financial Assistance                   | 23.9                             | 18.8                             | -5.1                                   | -21.5              |
| Small Government Assistance                          | 0.2                              | 0.2                              | 0                                      | 0                  |

## SUPPORTING THE CONTINUED FISCAL HEALTH OF LOCAL GOVERNMENTS TO BENEFIT RESIDENTS AND TAXPAYERS

An unprecedented number of local governments in New York State stand on strong financial footing. Municipalities are propelling the economy and serving New Yorkers by paving roads, improving water and sewer infrastructure, and redoubling efforts to keep communities safe. These endeavors continue to be supported both by local and State resources, but also by Federal funding from the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act.

Also helping local budgets, local sales tax collections through November 2023 were 4.4 percent higher than in 2022, on a Statewide basis. New York City collections were 6.1 percent higher, and collections in Rest of State were up in all regions, reaching as high as 5.7 percent growth in the Mohawk Valley.

While these robust sales tax results are largely due to stronger consumer purchasing and higher prices of goods and services, they also reflect the State's continued focus on enforcement and compliance with respect to internet sales tax collection. As a result of these efforts, from State Fiscal Year 2020 through the first half of the State's 2024 Fiscal Year, counties and local governments have benefitted from an additional \$1.87 billion in local revenue, cumulatively, and New York City benefitted from an additional \$1.13 billion.

With the infusion of extraordinary Federal aid and increased sales tax revenues, combined with the State's longstanding efforts to provide mandate relief, encourage shared services, and promote efficiencies, the vast majority of local governments are on exceptionally strong financial footing.

The number of local governments experiencing fiscal stress, as identified by the Office of the State Comptroller's Fiscal Stress Monitoring System for 2023, is at a new record low of 14 municipalities out of nearly 1,600 counties, cities, towns, and villages. For the second year in a row, the system did not identify any of the State's 57 counties as experiencing fiscal stress.

Only two municipalities were designated as experiencing "significant fiscal stress," and seven municipalities were designated as experiencing "moderate stress." For comparison, the 2020 data designated nine municipalities as being in "significant fiscal stress" and five municipalities being in "moderate stress". The 2023 data represents a significant decrease from the high of 69 municipalities in 2014, with a consistent downward trend since.

Among the main beneficiaries of the strong financial position of local governments are New York's taxpayers. Property taxes, the most important revenue for local governments, remained stable throughout the economic fallout of the pandemic and the subsequent recovery. Through the twelfth year of the Property Tax Cap, taxpayers have saved over \$111 billion, comparing growth rates under the cap to the ten-year period preceding it. For the typical taxpayer, this equates to cumulative savings of \$15,000. Taxpayers have also enjoyed significant predictability, with average increases of just 1.87 percent per year – which is roughly one-third of the average annual growth from 2000 to 2010. Moreover, many counties, cities, towns, and villages are reducing property tax rates and levies in their adopted budgets for 2024.

The ultimate beneficiaries of the strong fiscal health of local governments are New York State residents, who depend on local governments for everything from drinking water to drivable roads to a litany of vital local services. The firm financial footing of local governments position them to address emerging and pressing needs and to focus on things that further improve their community's quality of life.

### Impact of the FY 2025 Executive Budget on Local Fiscal Year 2025

The overall impact of the Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2025 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total nearly \$57.6 billion in FY 2025 under the Executive Budget. This represents an increase of \$3.5 billion over the prior year, predominantly due to increases in School Aid, Medicaid, and support for New York City migrant services.

The second way of measuring the impact of the FY 2025 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of nearly \$2.1 billion for municipalities and school districts for their fiscal years ending in 2025.

**Support for County Governments.** Total State spending on behalf of counties outside of New York City through major local aid programs is expected to total over \$7.4 billion in FY 2025 under the Executive Budget. This includes over \$3.3 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net positive impact of \$267 million in County Fiscal Year 2025, most of which is due to significant investments in partnerships with counties, including:

- \$85 million for a new partnership with counties on public safety communications systems,
- \$50 million for a new partnership with counties on infrastructure grants,
- \$50 million in new resources to support anti-poverty initiatives in Rochester, Syracuse, and Buffalo,
- \$30 million in funding for district attorney offices and GIVE jurisdictions to prevent domestic violence,
- \$3.8 million for grants to counties to improve flood resiliency (\$15 million over two years),
- \$3.7 million in the upcoming local fiscal year (\$14.7 million over two years) to provide new e-poll books and \$3.7 million increase annually to provide postage to boards of election, and

- \$10 million annually for dedicated retail theft teams in district attorney offices, with a separate \$5 million annually for local law enforcement agencies to combat retail theft.

Other actions with a positive local fiscal impact for counties include \$16.5 million to increase human services case management and wrap-around services, \$15.2 million in administrative efficiencies in the Early Intervention Program, as well as several revenue actions including repealing and replacing the cannabis potency tax and modernizing Tax Law to include the vacation rental industry.

These positive impacts are partially offset by an increased TANF FFFS child welfare threshold (\$14.6 million impact) as well as a five percent in-person Early Intervention rate increase (\$2.4 million) and a four percent Early Intervention rate modification in rural counties (\$0.2 million).

**Support for Cities, Towns and Villages.** The Executive Budget provides over \$1.2 billion in support for towns, villages, and cities other than the City of New York. Traditional local impacts result in a net positive impact of \$7.9 million due to several revenue actions, including repealing and replacing the cannabis potency tax (\$6.5 million) and modernizing the Tax Law to include the vacation rental industry (\$1.1 million).

**Support for New York City.** Total State spending on behalf of New York City through major local aid programs is expected to total over \$24.5 billion in FY 2025 under the Executive Budget. This includes \$4.0 billion attributable to the State takeover of local Medicaid growth and over \$13.3 billion in School Aid. Total support for New York City is higher than FY 2024 by \$2.1 billion, in large measure due to significant support for the City's response to the migrants crisis. In all, The Executive Budget provides an additional \$2.4 billion to address migrants and asylum seekers. With the \$1.9 billion already included in the FY 2024 Financial Plan, the State is providing a total of \$4.3 billion. The funding in the Budget will support:

- Humanitarian aid for the City of New York, including short term shelter services for migrant individuals and families.



- Costs associated with operating humanitarian emergency response and relief centers (HERRCs) at Creedmoor Psychiatric Center, Randall’s Island, and Floyd Bennett Field.
- Legal and case management services to help asylum seekers file paperwork to receive work authorization.
- Programs to provide communicable disease testing, immunizations, and other health services.
- Programs to assist in relocation of migrant individuals and families.
- Expenses related to the deployment of the National Guard and other facets of the State's response.

The \$4.3 billion in the State's Financial Plan supports both State and City programs and services, but nearly \$3.4 billion is estimated to directly reimburse City costs for migrants.

As these funds flow to the City of New York, they result in a net positive traditional local impact of over \$1.2 billion for the 2025 New York City Fiscal Year. This is primarily due to \$530 million in direct State support for City migrant costs in City Fiscal Year 2025 alone (the Executive Budget also includes a new \$530 million for City Fiscal Year 2024), as well as \$350 million in State reimbursement for 100 percent of the costs of shelters at Creedmoor Psychiatric Center, Randall’s Island, and Floyd Bennett Field (the Executive Budget also includes \$288 million in City Fiscal Year 2024).

In addition, New York City will receive a year-to-year Foundation Aid increase of \$222.3 million in the 2025 School Year, as well as a \$119.7 million increase in school expense-based aid and categorical aid programs.

Several revenue actions will increase City revenue by \$38.9 million, most notably by permanently extending the itemized deduction limit on high income filers (\$20 million) and modernizing the Tax Law to include the vacation rental industry (\$10 million).

Partially offsetting these investments is the extension of an intercept of sales tax in New York City in order to provide funding for distressed hospitals that would otherwise sunset March 31, 2025 (\$37.5 million in

new impact in City Fiscal Year 2025; \$150 million annualized going forward), as well as several smaller negative impacts, including an increased TANF FFFS child welfare threshold (\$5.1 million).

**Support for School Districts.** For SY 2025, the Executive Budget increases Foundation Aid for school districts outside New York City by \$284.8 million and expense-based and categorical aids by \$198.2 million. Partially offsetting this impact, the Budget continues the current State share of CSE placements leading to a negative impact of \$28.6 million.

## PROPOSED FY 2025 BUDGET ACTIONS

### Expand and Improve the Local Government

**Efficiency Grant Program.** The Local Government Efficiency Program provides technical assistance and grants for intermunicipal projects targeting shared opportunities, cost savings, and delivery of efficient, quality services. To expand the reach of this successful program, the FY 2025 Executive Budget increases the number of awards possible each year and the maximum award amounts. Currently, planning grants may be up to a maximum of \$12,500 per municipality and \$100,000 total per grant. Beginning in FY 2025, the new maximum would be \$20,000 per municipality and \$120,000 total per grant. Implementation grant maximums would increase from \$200,000 per municipality and \$1 million total per grant to \$250,000 per municipality and \$1.25 million total per grant.

Total annual funding to support planning and efficiency grants will double from \$4 million to \$8 million. This larger pot for the annual procurement, combined with the increased grant maximums, will encourage and support more local governments to work together and tackle larger shared services opportunities.

### Support Local Government Reorganization

**Programs.** The FY 2025 Budget continues support for local government restructuring and efficiency grants. Citizens Reorganization Empowerment Grants provide funding of up to \$100,000 to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions. Citizen Empowerment Tax Credits support cities, towns,

or villages that consolidate or dissolve through tax credits that 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 as direct relief to property taxpayers.

**Sunset State Matching Funds for the County-Wide Shared Services Initiative.** The FY 2018 Budget enacted the County-Wide Shared Services Initiative (CWSSI) to provide a process whereby each county could develop, approve, and submit to the State a plan for new shared services that, once implemented, achieves demonstrable taxpayer savings. The Executive Budget ensures that matching fund applications for projects already implemented will be supported. After that, the ability to provide matching funds will sunset, while counties would still have the option to convene shared services panels to generate future savings for taxpayers.

**Create the County Partnership Grants Program.** The FY 2025 Executive Budget creates a \$250 million grants program to fund shared expenses and promote collaboration between the State and Counties. The Program will consist of \$135 million of new funding, including \$85 million to help counties purchase public safety equipment, and \$50 million for site development preparation grants.

**Increase New York City's Transitional Finance Authority (TFA) Bond Limit.** Since 2009, the limit on New York City's TFA bonds outstanding has been \$13.5 billion. Recognizing that this limit has not been adjusted in almost 15 years, combined with the sharp rise in the cost of construction in the City since the pandemic, legislation submitted with the Budget increases this limit to \$19.5 billion on July 1, 2024, and to \$25.5 billion, on July 1, 2025.

**Continue the State Cap and Takeover of Local Medicaid Costs.** The FY 2025 Executive Budget shoulders \$7.3 billion in Medicaid cost increases on behalf of local governments as part of the State cap and takeover of local Medicaid growth. In FY 2024 alone, New York City will save \$3.9 billion and counties across the State will save an additional \$3.3 billion by the State's assumption of costs. From FY 2007 when the State cap of Medicaid growth began, through FY 2023, the State has assumed nearly \$39 billion in Medicaid costs that counties and New York City would have otherwise had to bear.

| Local Savings from the State Medicaid Cost Takeover |   |                                  |                                 |                                   |
|---|---|----------------------------------|---------------------------------|-----------------------------------|
|   | Cumulative Local Savings SFYs 2007 - 2023 | SFY 2024 Estimated Local Savings | SFY 2025 Proposed Local Savings | Proposed Cumulative Local Savings |
| <b>Statewide Total</b>                              | \$38,954,432,908                          | \$6,370,364,196                  | \$7,252,618,546                 | \$52,577,415,649                  |
| <b>New York City</b>                                | \$18,226,431,527                          | \$3,394,017,325                  | \$3,946,655,823                 | \$25,567,104,675                  |
| <b>ROS Total</b>                                    | \$20,728,001,381                          | \$2,976,346,871                  | \$3,305,962,723                 | \$27,010,310,975                  |
| Albany  | \$401,787,007                             | \$63,393,559                     | \$71,492,023                    | \$536,672,590                     |
| Allegany  | \$67,649,564                              | \$10,038,153                     | \$11,315,483                    | \$89,003,200                      |
| Broome  | \$462,159,096                             | \$61,284,310                     | \$67,641,541                    | \$591,084,947                     |
| Cattaraugus   | \$142,679,628                             | \$21,372,610                     | \$23,813,462                    | \$187,865,701                     |
| Cayuga  | \$148,723,278                             | \$21,377,557                     | \$23,652,613                    | \$193,753,449                     |
| Chautauqua  | \$289,625,060                             | \$42,608,173                     | \$47,330,109                    | \$379,563,341                     |
| Chemung   | \$159,132,880                             | \$23,638,085                     | \$26,434,433                    | \$209,205,398                     |
| Chenango  | \$86,881,639                              | \$12,267,214                     | \$13,683,827                    | \$112,832,680                     |
| Clinton   | \$126,954,410                             | \$19,086,356                     | \$21,418,882                    | \$167,459,648                     |
| Columbia  | \$130,135,717                             | \$17,496,942                     | \$19,318,662                    | \$166,951,320                     |
| Cortland  | \$90,215,598                              | \$12,484,563                     | \$13,923,488                    | \$116,623,649                     |
| Delaware  | \$85,348,966                              | \$12,323,798                     | \$13,663,768                    | \$111,336,532                     |
| Dutchess  | \$573,272,004                             | \$75,645,085                     | \$83,167,005                    | \$732,084,094                     |
| Erie  | \$1,623,408,985                           | \$253,006,663                    | \$282,538,873                   | \$2,158,954,521                   |
| Essex   | \$53,979,536                              | \$8,036,542                      | \$8,979,893                     | \$70,995,971                      |
| Franklin  | \$87,784,591                              | \$12,218,499                     | \$13,638,663                    | \$113,641,753                     |
| Fulton  | \$105,375,237                             | \$15,448,335                     | \$17,315,825                    | \$138,139,397                     |
| Genesee   | \$81,460,203                              | \$12,654,883                     | \$14,074,598                    | \$108,189,684                     |
| Greene  | \$98,198,989                              | \$13,324,108                     | \$14,797,483                    | \$126,320,581                     |
| Hamilton  | \$6,090,079                               | \$946,353                        | \$1,047,790                     | \$8,084,222                       |
| Herkimer  | \$123,122,531                             | \$17,286,307                     | \$19,256,012                    | \$159,664,849                     |
| Jefferson   | \$164,778,826                             | \$25,744,322                     | \$28,661,686                    | \$219,184,835                     |
| Lewis   | \$35,956,536                              | \$6,057,355                      | \$6,766,805                     | \$48,780,696                      |
| Livingston  | \$93,113,494                              | \$13,208,960                     | \$14,642,093                    | \$120,964,547                     |
| Madison   | \$106,036,566                             | \$14,852,114                     | \$16,510,783                    | \$137,399,464                     |
| Monroe  | \$1,385,430,123                           | \$228,936,496                    | \$255,004,237                   | \$1,869,370,855                   |
| Montgomery  | \$134,777,950                             | \$18,196,006                     | \$20,117,700                    | \$173,091,655                     |
| Nassau  | \$2,295,254,810                           | \$328,130,466                    | \$363,973,965                   | \$2,987,359,241                   |
| Niagara   | \$376,919,860                             | \$56,079,731                     | \$62,565,716                    | \$495,565,307                     |
| Oneida  | \$477,189,694                             | \$70,710,527                     | \$78,777,646                    | \$626,677,867                     |
| Onondaga  | \$953,455,976                             | \$140,629,970                    | \$156,143,347                   | \$1,250,229,292                   |
| Ontario   | \$157,201,374                             | \$22,619,608                     | \$25,099,031                    | \$204,920,014                     |
| Orange  | \$940,387,647                             | \$121,891,325                    | \$134,217,208                   | \$1,196,496,179                   |
| Orleans   | \$75,587,209                              | \$11,270,015                     | \$12,518,212                    | \$99,375,435                      |
| Oswego  | \$249,389,191                             | \$35,337,486                     | \$39,177,433                    | \$323,904,110                     |
| Otsego  | \$81,553,996                              | \$12,251,078                     | \$13,703,997                    | \$107,509,071                     |
| Putnam  | \$107,631,551                             | \$15,498,345                     | \$17,098,815                    | \$140,228,711                     |
| Rensselaer  | \$233,285,640                             | \$35,942,270                     | \$40,401,194                    | \$309,629,104                     |
| Rockland  | \$902,826,751                             | \$113,068,656                    | \$124,508,531                   | \$1,140,403,938                   |
| St. Lawrence  | \$199,491,975                             | \$26,409,642                     | \$29,620,023                    | \$255,521,639                     |
| Saratoga  | \$260,138,400                             | \$36,980,577                     | \$40,910,316                    | \$338,029,294                     |
| Schenectady   | \$370,483,483                             | \$51,356,290                     | \$56,795,366                    | \$478,635,140                     |
| Schoharie   | \$45,826,587                              | \$7,291,319                      | \$8,122,612                     | \$61,240,518                      |
| Schuyler  | \$26,276,469                              | \$4,358,312                      | \$4,876,399                     | \$35,511,180                      |
| Seneca  | \$51,292,064                              | \$7,879,726                      | \$8,763,770                     | \$67,935,560                      |
| Steuben   | \$158,209,134                             | \$24,430,125                     | \$27,234,096                    | \$209,873,355                     |
| Suffolk   | \$2,868,474,305                           | \$388,063,738                    | \$428,648,223                   | \$3,685,186,266                   |
| Sullivan  | \$220,839,568                             | \$30,304,465                     | \$33,530,195                    | \$284,674,227                     |
| Tioga   | \$61,018,437                              | \$9,120,470                      | \$10,221,950                    | \$80,360,858                      |
| Tompkins  | \$110,952,441                             | \$15,597,662                     | \$17,355,083                    | \$143,905,186                     |
| Ulster  | \$416,825,298                             | \$56,815,985                     | \$62,749,459                    | \$536,390,743                     |
| Warren  | \$90,275,427                              | \$14,264,794                     | \$15,956,742                    | \$120,496,963                     |
| Washington  | \$115,350,141                             | \$16,460,890                     | \$18,229,273                    | \$150,040,304                     |
| Wayne   | \$191,573,635                             | \$25,248,589                     | \$27,754,943                    | \$244,577,168                     |
| Westchester   | \$1,740,447,086                           | \$252,448,781                    | \$282,404,259                   | \$2,275,300,126                   |
| Wyoming   | \$51,124,408                              | \$7,661,605                      | \$8,496,115                     | \$67,282,128                      |
| Yates   | \$34,640,328                              | \$5,291,077                      | \$5,901,067                     | \$45,832,473                      |





# MENTAL HYGIENE



## OVERVIEW

The mental hygiene agencies and associated community-based programs provide services to individuals living with developmental disabilities, mental illness, and addictions. These agencies include the **Office for People With Developmental Disabilities (OPWDD)**, the **Office of Mental Health (OMH)**, the **Office of Addiction Services And Supports (OASAS)**, the **State Council on Developmental Disabilities (CDD)**, and the **Justice Center for the Protection of People with Special Needs (Justice Center)**. The mental hygiene agencies support services for more than 1 million individuals, including approximately 900,000 people with mental illness, 731,000 individuals in substance use disorder or problem gambling programs, and nearly 135,000 people with developmental disabilities.

## CARING FOR NEW YORK'S VULNERABLE CITIZENS

The State's Mental Hygiene system provides or oversees care and services for individuals in State-operated and voluntary-operated programs that help individuals live in the most integrated setting possible and lead full and productive lives. These services include prevention, harm reduction, residential, outpatient, clinic, habilitative, treatment, and recovery programs, and institutional and research facilities.

The Executive Budget reflects the Governor's priority to expand available services, improve access to care, and protect vulnerable individuals. Proposed actions for the Mental Hygiene agencies build on prior investments in mental health, targeted efforts to address the opioid crisis, and continued support for community-based services including residential programs. The Executive Budget proposals result in

| <b>Summary of All Funds Mental Hygiene Spending</b> |  |  |  |                               |
|---|--|--|--|-------------------------------|
| <b>CATEGORY</b>                                     | <b>FY 2024<br/>(MILLIONS<br/>OF<br/>DOLLARS)</b> | <b>FY 2025<br/>(MILLIONS<br/>OF<br/>DOLLARS)</b> | <b>DOLLAR<br/>CHANGE<br/>(MILLIONS<br/>OF<br/>DOLLARS)</b> | <b>PERCENT<br/>CHANGE (%)</b> |
| OPWDD   | 4,811.65   | 5,050.81   | 239.16   | 5.0                           |
| OMH   | 4,254.07   | 4,823.91   | 569.84   | 13.4                          |
| OASAS   | 997.68   | 1,005.42   | 7.74   | 0.8                           |
| Justice<br>Center*                                  | 52.01  | 49.38  | (2.63)   | (5.1)                         |
| CDD   | 4.20   | 4.20   | 0.00   | 0.0                           |
| <b>SUBTOTAL</b>                                     | <b>10,119.61</b>                                 | <b>10,933.72</b>                                 | <b>814.11</b>  | <b>8.0</b>                    |
| Adjustments -<br>OPWDD**                            | 2,091.20   | (1,855.45)                                       | (3,946.65)   | (188.7)                       |
| <b>TOTAL</b>  | <b>12,210.81</b>                                 | <b>9,078.27</b>                                  | <b>(3,132.54)</b>  | <b>-25.7</b>                  |

\*Justice Center spending decrease reflects a decrease in projected federal reimbursement.

\*\*OPWDD Adjustments reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources. This shift has no impact on OPWDD service delivery or operations.

Mental Hygiene system spending of \$10.9 billion in FY 2025, reflecting annual spending growth of \$814 million (8.0 percent).

## PROPOSED FY 2025 BUDGET ACTIONS

The Executive Budget continues to expand mental health services; combat the overdose epidemic through investments in prevention, treatment, harm reduction, and recovery programs; and fund initiatives to promote access to care and supportive services. The Executive Budget expands community-based care and continues investments in the direct care and clinical workforce to ensure that individuals receiving mental hygiene services are in the most integrated, appropriate, and cost-effective setting possible.

### Supporting People With Developmental Disabilities And Their Families

Governor Hochul's commitment to improving the overall quality, availability, and cost-effectiveness of community-based, person-centered services for individuals with developmental disabilities is demonstrated by targeted investments in OPWDD to address critical needs and support important policy reforms.

The Executive Budget honors the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings. Specifically, the Executive Budget will:

**Support Access to Employment.** The Executive Budget will include a \$6.7 million investment to support New York's commitment to becoming an Employment First state as it pertains to people with disabilities. This effort will offer New Yorkers with disabilities employment opportunities first before recommending alternative supports and services, through a multi-agency collaboration led by OPWDD.

**Support Access to More Independent Living Settings.** The Executive Budget includes legislation that would allow greater flexibility for the performance of certain nursing tasks by unlicensed employees of providers certified by OPWDD in non-certified community-based settings, such as a person's private home or apartment. This would allow more people

with developmental disabilities to remain in or transition to more independent settings, decreasing the reliance on certified residential settings, like group homes or intermediate care facilities (ICFs).

**Commit an Additional \$15 Million to Develop Housing.** The FY 2025 Executive Budget continues to expand independent living opportunities for individuals with intellectual and developmental disabilities. Since FY 2016, the State has invested \$125 million in capital resources to develop safe and accessible residential opportunities, and the Executive Budget raises this investment to a total of \$140 million. These funds are distinct from, and in addition to, resources that are available from the five-year, \$25 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with intellectual and developmental disabilities.

**Invest in New Service Opportunities.** The Executive Budget invests new State resources (\$30 million in FY 2025, \$60 million annualized) to fund OPWDD priority program reforms and new service opportunities that enable individuals to receive the support they need. This includes individuals who are entering the OPWDD service system for the first time and individuals already receiving services, but whose needs have changed. These State funds leverage Federal resources for a gross increase of \$120 million annually.

**Expand Special Olympics NY (SONY).** The Executive Budget includes a \$1 million annual funding increase to SONY in FY 2025. SONY not only provides inclusive sports training, skill building, and competition, it also offers free health screenings and health education to individuals with intellectual disabilities.

### Promoting Mental Health

The Executive Budget demonstrates Governor Hochul's commitment to enhancing and expanding access to mental health services to ensure people receive the support they need in the most appropriate and effective setting. OMH has continued to strengthen its service offerings in recent years by expanding supported housing units throughout the

State, providing additional peer support services, and developing new services such as mobile crisis teams. Since FY 2015, the expansion in community-based services has resulted in more than 143,000 previously unserved individuals receiving services. The Budget advances efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

**Increase Support for Existing Residential Programs.**

The FY 2025 Executive Budget includes \$43 million to increase stipends for over 17,000 OMH Supported Housing units to keep pace with rising property costs. This is consistent with the legislation enacted in the FY 2024 budget that extended property pass through provisions to include OMH’s non-licensed residential programs.

**Ensure Access to Care through Workforce Initiatives.**

The FY 2025 Budget includes five new initiatives to address recruitment and retention in the mental health workforce. These initiatives aim to expand the mental health workforce through job marketing, the creation of a job bank, and the creation of a Behavioral Health Fellowship Program. The initiatives will meet the unique needs of rural communities by providing rural governments with funding to develop targeted workforce investments. OMH also will develop new avenues for credentialing mental health paraprofessionals to bolster recruitment and retention for the voluntary mental health workforce.

**Strengthen the 988 Crisis Hotline through Maternal Mental Health Training.**

The 988 Crisis Hotline, which was established in FY 2023 to connect individuals in crisis to a variety of community-based crisis intervention programs, will be increased by an additional \$100,000 to create a specialized maternal mental health training program for providers. This investment will connect pregnant and postpartum New Yorkers to counselors properly trained to help navigate maternal mental health challenges.

**Expand Maternal Mental Health Training.** The FY 2025 Executive Budget includes \$1.5 million annually to expand Project TEACH (Training and Education for the Advancement of Children’s Health) through specialized support for mental health and substance

use treatment for individuals during pregnancy and postpartum. This funding will enhance provider education, consultation, and awareness of mental health and substance use resources for: therapists; lactation consultants; Women, Infant and Children (WIC) staff; home visiting nurses; and other frontline practitioners working directly with the perinatal population.

**Establish Loan Forgiveness Program for Mental Health Clinicians Serving Children.** Similar to the successful OMH loan forgiveness program, established by Governor Hochul in FY 2023, the FY 2025 Budget provides \$4 million specifically for licensed mental health clinicians serving children and families in OMH and Office of Children and Family Services licensed settings.

**Youth ACT Teams.** The FY 2025 Executive Budget includes \$9.6 million to create 12 new youth Assertive Community Treatment (ACT) teams. ACT is an evidenced-based practice that offers treatment, rehabilitation, and support services, using a recovery-based approach, to individuals that have been diagnosed with serious mental illness. By FY 2027, the statewide total will increase from 30 to 42 specialized teams for children and youth. These additional youth teams will help address the needs of children who are at risk of needing, or returning home from, high end services.

**Peer-to-Peer Youth Programs.** The FY 2025 Executive Budget continues the State’s commitment to peer-driven recovery models by expanding the reach of youth-driven and youth-centered programs. An annual investment of \$2 million will expand peer-to-peer supports, including Teen Mental Health First Aid and safe spaces outside of the home and school where youth can meet with peers, provide support to each other, and utilize established connections to professionals and trained adults to better address mental health and wellness challenges.

**Partial Hospitalization Program (PHP).** The Executive Budget will expand access to high-intensity services through \$2.8 million invested annually to enhance PHP children’s services rates by 25 percent and develop several new PHP programs.



**Specialized Children’s Community Residence**

**Programming.** The FY 2025 Executive Budget bolsters mental health services for children and families by investing \$1 million annually to increase training and specialized programs focusing on children with welfare system involvement. Funding will support two programs in Children’s Community Residences in each OMH region to support reunification with families and build networks to mental health services.

**Provide Social Media Resources for Youth and**

**Caregivers.** The Office of Mental Health will develop materials to educate caregivers on the impacts of social media on youths and methods to monitor social media usage to reduce negative effects. This will help ensure a culture of digital safety in schools.

**Improve Mental Health Admission and Discharge Decisions by Hospitals.**

The FY 2025 Executive Budget includes \$7 million in funding to expand surveillance and regulatory compliance activities within OMH licensed and unlicensed program settings, including hospital inpatient programs and Comprehensive Psychiatric Emergency Programs (CPEPs). OMH and DOH will also finalize regulations to codify the hospitals’ admission and discharge requirements for patients with behavioral health conditions.

**Expand Inpatient Bed Capacity.** The FY 2025 Executive Budget includes funding to open another 125 State-operated inpatient psychiatric beds, including 15 for children and adolescents, 85 for adults, and 25 forensic; and 75 Transition to Home Unit (THU) beds in one State-operated and two community-based facilities. This additional capacity will help meet the increased need for mental health services across the State.

**Support Individuals with Mental Illness and Involved in the Criminal Justice System.**

The Executive Budget provides several additional supports for people with mental illness who are involved in the criminal justice system, including establishing a team within OMH that will work with mental health courts and providers to ensure individuals are connected to the services they need. The budget also includes \$6.2 million to provide mental health specialists

and peers in mental health courts, \$2.8 million to provide housing and supports to individuals with mental illness experiencing homelessness and/or involved in the criminal justice system, and \$9.6 million to enhance and expand specialized Forensic Assertive Community Treatment (FACT) teams to support individuals with serious mental illness in the community.

**Crisis Intervention Team (CIT) Training.** The FY 2025 Executive Budget includes \$187,000 in funding to expand CIT Training. This will promote better outcomes when law enforcement responds to individuals with acute mental health needs, including decreasing the number of arrests and increasing connections to appropriate mental health services.

**Addressing Overdose Epidemic**

Under Governor Hochul’s leadership, OASAS is taking significant steps to address the overdose epidemic by improving access to addiction services, removing barriers to treatment, developing new and innovative treatment models, and incorporating life-saving harm reduction principles throughout New York State’s network of community-based providers.

The Executive Budget continues the historic investments made in FY 2023, which included significant increases in operating and capital support for addiction prevention, treatment, harm reduction, and recovery programs which serve people with addiction throughout the State, their families, and their communities.

The Executive Budget sustains New York State’s commitment to critical initiatives, including:

**Addressing the Overdose Epidemic Using a Patient Centered Approach.** OASAS will continue to oversee one of the nation’s largest substance use disorder systems of care with approximately 1,700 prevention, treatment, harm reduction, and recovery programs serving over 731,000 individuals per year. As the State’s opioid treatment authority, OASAS will continue to coordinate State-federal relations in addiction services and increase evidence-based practices proven to support individuals contemplating or new to recovery and prevent overdoses. At

Governor Hochul's direction, OASAS' Division of Harm Reduction has made access to life-saving medication and supplies simple and affordable.

**Opioid Settlement Fund Investments.** Since 2021, the State of New York has reached settlement agreements with and received payments from opioid manufacturers and distributors. Through these agreements, the State and local municipalities are expected to receive more than \$2 billion through 2040. Over \$480 million in payments related to those settlement agreements will have been deposited in the State's Opioid Settlement Fund through FY 2025. These funds are being used to support addiction programming and services throughout the State. OASAS, as the lead agency and administrator of the fund, is collaborating with other State agencies including DOH and OMH to develop strategies and initiatives to provide individuals the care and support they need. The State is being guided by the Opioid Settlement Fund Advisory Board, which is charged with making recommendations on the allocation of these funds. The Board issued its annual report on November 1, 2023.

**Opioid Stewardship Investments.** The FY 2023 Enacted Budget appropriated \$200 million to invest monies owed to the State retroactive to 2017 and 2018, after the Opioid Stewardship Act was upheld by the U.S. Supreme Court. The Executive Budget reappropriates these funds, which are reduced to reflect lower than anticipated receipts. During FY 2025, OASAS will continue using Opioid Stewardship Funds, in collaboration with DOH, to pursue a number of harm reduction initiatives, including medication and treatment affordability programs, a grant program supporting 15 community-based harm reduction programs throughout the State, and the development of a harm reduction training program for personnel from law enforcement agencies, correctional facilities, and the court system.

**Support Recovery Community Centers.** The FY 2025 Executive Budget provides \$5 million to support existing recovery community centers, which are currently funded by Federal grants expiring in October. These State resources will ensure that people have peer support from these programs that are proven effective in helping people start and sustain their recovery from addiction.

## Protecting Vulnerable People

To protect the health and safety of vulnerable people under the State's care or oversight, 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, OCFS, and the 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 approximately 3,500 facilities or service providers overseen by the six State agencies. The Budget honors the State's pledge to protect vulnerable populations. Specifically, the Executive Budget will fund:

**Investigations Expansion.** The Executive Budget includes an investment of \$1.3 million into the agency's Investigations Unit to support an additional 18 FTEs across six different titles. This expansion will address the anticipated need for investigative services driven by mental health investments, improve cycle time for investigations, and shorten the time staff accused of unsubstantiated charges are out of work. The costs of this expansion are supported by federal Medicaid reimbursement.

## Multi-Agency Budget Actions

**Cost-Of-Living Adjustment (COLA).** For the third consecutive year, Governor Hochul's Executive Budget provides a cost-of-living adjustment (COLA) to voluntary operated providers of services for OPWDD, OMH, OASAS, Office of Children and Family Services (OCFS), Office of Temporary and Disability Assistance (OTDA), and the State Office for the Aging (SOFA). While other programs are flat or decreasing to stay within the State's resources, these programs will receive 1.5 percent increases, which build on the 5.4 percent increase in FY 2023 and 4.0 percent increase in FY 2024, for a cumulative increase of more than \$1.4 billion. For the mental hygiene agencies, the new COLA provides an additional \$120.4 million (\$195.8 million including federal matching funds) for OPWDD, OMH and OASAS programs in FY 2025, and will provide fiscal relief to providers, enabling them to

offer more competitive wages to their staff to address workforce recruitment and retention issues and better support the individuals they serve.

**Minimum Wage.** The Executive Budget invests an additional \$57 million in State funds to support minimum wage increases, including indexing minimum wage to inflation, for staff at programs licensed, certified, or otherwise authorized by OPWDD, OMH, and OASAS.

**Enhance Support for the Interagency Coordinating Council for Services to Persons who are Deaf, Deafblind, or Hard of Hearing.** The FY 2025 Budget provides for an additional FTE to better support the Interagency Council for the Deaf, Deafblind, or Hard of Hearing within the Office of the Chief Disability Officer (CDO) and the deafblind community. This staff member will increase outreach and advocacy for deafblind individuals.

**Commercial Insurance Minimum Reimbursement Rates.** Despite laws requiring parity, many commercial insurance plans do not adequately compensate providers for the costs incurred to deliver services to patients. To correct this, Governor Hochul will pursue legislation to require commercial insurance companies to pay for State-licensed outpatient mental health and substance use services at least at the Medicaid rate.

**Olmstead Plan.** The FY 2025 Executive Budget includes \$250 thousand for New York's Most Integrated Setting Coordinating Council (MISCC) to issue an Olmstead Plan. This will ensure that people with disabilities receive services in the most integrated setting appropriate to their needs. Under the Office of the Chief Disability Officer and the new Olmstead Director, this plan will include people with physical, sensory, developmental, and/or intellectual, mental, and behavioral disabilities.





# PUBLIC SAFETY



## KEEPING NEW YORKERS SAFE

The Executive Budget includes targeted public safety investments to keep New Yorkers safe and improve quality of life. These investments are focused on specific categories of crime, including property theft and domestic violence. This comprehensive public safety funding plan builds on historic investments in proven gun violence prevention programs and the criminal justice system.

### Public Safety Agencies

New York State's Public Safety agencies assist local communities with crime prevention, supervise criminal offenders both in prison and in the community, patrol 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 to incarcerated individuals in safe and secure facilities, preparing incarcerated individuals for release, and ensuring those individuals 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 (DSP)** 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.

The **Office of Indigent Legal Services (ILS)** and the associated Indigent Legal Services Board are responsible for examining, overseeing, and ensuring

the quality of legal representation for residents who are unable to afford an attorney.

The **Division of Military and Naval Affairs (DMNA)** encompasses all of New York's reserve forces including the Army National Guard, Air National Guard, Naval Militia and New York Guard; providing land, air, and naval military forces and facilities capable of executing global missions across unified operations in support of our communities, State, and Nation.

The **Office of Victim Services (OVS)** provides compensation to victims of crime, funds direct services to crime victims via a network of community-based programs, and advocates for the rights and benefits of all innocent victims of crime.

## PUBLIC SAFETY SPENDING

The Executive Budget makes targeted investments in initiatives that will strengthen efforts to keep New Yorkers safe. Spending for New York State's public safety agencies is projected at \$8.5 billion for FY 2025.

### Proposed FY 2025 Budget Actions

**Combat the Rise in Hate Crime.** The Executive Budget includes an increase of \$10 million for the next round of the Securing Communities Against Hate Crimes (SCAHC) program, for a total of \$35 million. These grants provide funding to boost safety and security for certain organizations at risk of hate crimes or attacks because of their ideology, beliefs, or mission. The Executive Budget also includes legislation to expand the list of crimes eligible for prosecution as a hate crime.

**Stopping Organized Retail Theft.** The Executive Budget includes \$40.2 million to tackle property crime and bring relief to small businesses. This funding includes measures to:

- Deploy Dedicated Retail Theft State Police Teams. The Executive Budget includes \$25.2 million in new funding to deploy a dedicated State Police team to build cases against organized retail theft rings and create a new State Police enforcement unit dedicated to this purpose.

- **Deploy Dedicated Retail Theft Teams in District Attorney (DA) Offices.** The Executive Budget includes \$10 million in funding for DAs to prosecute property crime cases.
- **Fund Local Law Enforcement to Combat Retail Theft.** The Executive Budget includes \$5 million in additional State funding to build the capacity of local law enforcement efforts to combat retail theft.
- The Executive Budget includes legislation making it illegal to foster the sale of stolen goods online and increasing criminal penalties for assault of retail workers.

**Preventing and Prosecuting Domestic Violence.** The Executive Budget includes \$40.8 million to reduce assaults with a focus on domestic violence. These investments are designed to increase the prosecution of domestic violence cases among high-risk offenders and to help survivors recover and regain stability.

- **Domestic Violence Initiatives.** The Executive Budget provides \$35.8 million in support of this comprehensive Domestic Violence initiative. Funding will be provided to DAs to expand the Domestic Violence STAT Model, which is a best practice that supports collection of evidence-building and relationship building with a victim before an arrest is made. The Executive Budget also provides Gun Involved Violence Elimination (GIVE) jurisdictions funding for risk assessments, reporting, and increased focus on high-risk domestic violence offenders.
- **Support Survivors in Immediate Crisis.** The Executive Budget continues the \$5 million grant program to victims of domestic violence to be used to cover expenses in emergency situations.

**Victim Assistance Funding.** The Executive Budget includes \$120 million in State funding to ensure crime victim service providers are not impacted by potential Federal Victims of Crimes Act (VOCA) shortfalls. These victim services organizations provide support and financial assistance to survivors during their time of need, including shelter, food, safety, and security measures.

This funding is in addition to the \$43 million in State resources added by the Governor in the FY 2023 Budget to prevent adjustments to current victim services' contracts associated with Federal funding reductions.

**Actions to Reduce and Prevent Gun Violence.** The Executive Budget continues the historic investment of \$347 million in programs to prevent and reduce gun violence in our communities. Since this unprecedented funding level, shooting incidents have declined by 38 percent in New York City and 35 percent in Gun Involved Violence Elimination (GIVE) jurisdictions. This investment will continue to allow communities, law enforcement, and nonprofit groups to stem gun violence in New York State.

**Improve the Effectiveness of the Criminal Justice System.** The Executive Budget continues critical investments totaling \$290 million to restore the effectiveness of the continuum of the criminal justice system, including community investment, crime prevention, law enforcement, prosecution, and reentry services.

**Correctional Facility Efficiencies.** The Executive Budget includes legislation to allow the State to act expeditiously to right-size and eliminate excess capacity by allowing for the closure of up to five correctional facilities with 90 days' notice. This legislation will allow for an increase in the operational efficiency of the correctional system.

**Support Reentry and Reduce Recidivism.** The Executive Budget includes \$6.1 million in investments designed to improve reentry into the workforce, reduce recidivism, and increase community safety in New York.

- **Provide More Intensive Supervision of Individuals on Parole.** The Executive Budget provides an additional \$3 million in State funding to expand the Supervision Against Violent Engagement (SAVE) Program, which uses enhanced supervision, intelligence and data gathering, and local cooperation to prevent gun violence and violent crime among the most high-risk releases.

- **Expand Transitional Housing Opportunities.** The Executive Budget provides \$2 million in additional State funding to expand the existing program to incorporate housing vouchers and expand eligibility to include women.
- **Expand College Programming to All State Prisons.** The Executive Budget will expand college programs to all State correctional facilities and enhance existing programs to provide a wider variety of degree tracks and areas of concentration. Education is a critical rehabilitative tool that enhances personal development, career prospects, and reentry to the community.

Management to increase the State’s regional presence, increase local planning and training, provide additional tabletop exercises, and build out analytic and geospatial capabilities.

- **Flood Resiliency and Response Grant Program.** The Executive Budget provides \$15 million in funding to supply local and county governments with additional generators, high-flow pumps, flood barrier technology, and other equipment used in response to flooding and other weather emergencies.

**Reduce Fatal Fires.** The Executive Budget includes \$8.6 million to increase the State’s capacity to investigate fatal and near-fatal fires and provide resources to support local community risk reduction efforts. This funding includes measures to:

- **Launch Fire Action Teams and Expand State Fire Investigation Branch.** The Executive Budget provides \$5.3 million in State funding for the Division of Homeland Security and Emergency Services (DHSES) Office of Fire Prevention and Control (OFPC) to create teams focused on community risk assessment and reduction, increase evaluation of causes of fatal and near-fatal fires, and provide training to prevent deadly lithium-ion battery fires.
- **Establish Grants to Support Local Fire Investigation.** The Executive Budget provides \$3.3 million in State funding for a competitive grant program for local governments to maintain their assets and increase fire prevention efforts through community risk reduction efforts.

**Improving Emergency Response and Protect Our Communities.** The Executive Budget includes funding to support a comprehensive resiliency plan to protect New Yorkers from extreme weather. This funding includes measures to:

- **Strengthen the State’s Emergency Preparedness and Response.** The Executive Budget provides \$10.4 million in additional State funding to the DHSES Office of Emergency



| <b>SUMMARY OF ALL FUNDS SPENDING</b> |  |  |  |                               |
|--------------------------------------|--|--|--|-------------------------------|
| <b>CATEGORY</b>                      | <b>FY 2024<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>FY 2025<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>Dollar Change<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>PERCENT<br/>CHANGE (%)</b> |
| DOCCS                                | 3,167  | 3,086  | (81)   | (3)                           |
| DSP                                  | 1,064  | 1,117  | 53   | 5                             |
| DCJS                                 | 534  | 611  | 77   | 14                            |
| DHSES*                               | 4,628  | 2,812  | (1,816)  | (39)                          |
| All Other                            | 773  | 909  | 136  | 18                            |
| <b>TOTAL</b>                         | <b>10,166</b>                                | <b>8,536</b>                                 | <b>(1,630)</b>                                     | <b>(16%)</b>                  |

\*For DHSES, there is an anticipated decrease in FY 2025 Federal pass-through Federal Emergency Management Agency (FEMA) reimbursement for localities related to the COVID-19 emergency.





# STATE WORKFORCE



## STATE WORKFORCE

The State Workforce is growing steadily due to the concerted efforts of suspending a years-long hiring freeze, eliminating application fees for civil service exams, expanding opportunities for individuals with disabilities, and making it easier to onboard healthcare and public safety employees through the **Hiring for Emergency Limited Placement (HELP) program**.

The Executive Budget builds on this progress by expanding the **HELP** program, removing educational barriers to employment, incentivizing recruitment through elimination of pay deferrals, making workforce investments in several agencies and increasing the operational capacity of the State’s correctional system.

### BUILDING ON THE SUCCESS OF THE HELP PROGRAM

In 2023, the Department of Civil Service launched the HELP program to address the statewide workforce shortage in critical health and safety titles across state government. Since then, more than 6,000 have been hired into healthcare and public safety positions, helping to reduce the staffing shortages in these crucial roles.

The Executive Budget builds on this success by expanding HELP so that agencies can fill vacancies open to the public, from office assistants to engineers, on a permanent basis. This expanded program will enable State agencies to fill critical vacancies more effectively, while the Department continues to implement efforts to improve and transform the civil service hiring process by establishing new testing centers and recruitment offices across the State.

## REMOVING EDUCATIONAL BARRIERS TO EMPLOYMENT

The Executive Budget directs the Department of Civil Service to review college degree requirements for hundreds of civil service titles and consider equivalent experience where it is sensible to do so. This change could affect hundreds of titles across state government agencies.

By combining experience-based hiring with degree-based hiring, the state will expand opportunities for many New Yorkers without diluting the quality of the candidate pool. Many employers that have made a college degree optional report that non-graduates with experience perform nearly or equally well on key factors such as time to reach full productivity, time to promotion, and level of productivity.

### ELIMINATING THE LAG PAYROLL AND SALARY WITHHOLDING PROGRAM FOR NEWLY HIRED STATE EMPLOYEES

The Executive Budget advances legislation to eliminate the Lag Payroll and Salary Withholding Program for new State employees hired on or after July 1, 2024, pursuant to agreements with the labor unions representing Executive Branch State employees, and the election of the Judiciary and Legislature for employees under their purview.

The elimination of these decades-old, collectively negotiated measures is necessary to improve the State’s recruitment of new employees, particularly in entry-level jobs. The Lag Payroll requires employees to wait approximately one month before receiving their first paycheck, and the Salary Withholding

| STATE WORKFORCE CATEGORY            | YEAR-END ACTUAL 3/31/21 | YEAR-END ACTUAL 3/31/22 | YEAR-END ACTUAL 3/31/23 | CURRENT ACTUALS 12/27/2023 | YEAR-END ESTIMATE 3/31/24 | YEAR-END ESTIMATE 3/31/25 | YEAR-TO-YEAR CHANGE |
|-------------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|---------------------------|---------------------------|---------------------|
| Subject to Direct Executive Control | 111,230                 | 106,690                 | 108,080                 | 110,260                    | 121,653                   | 121,470                   | -183                |
| University Systems                  | 59,853                  | 58,256                  | 59,023                  | 60,756                     | 60,510                    | 60,510                    | 0                   |
| Independently Elected Agencies      | 4,476                   | 4,394                   | 4,319                   | 4,317                      | 4,790                     | 4,840                     | 50                  |
| <b>GRAND TOTAL</b>                  | <b>175,559</b>          | <b>169,340</b>          | <b>171,422</b>          | <b>175,333</b>             | <b>186,953</b>            | <b>186,820</b>            | <b>-133</b>         |

Program requires a 10 percent pay reduction over the first ten weeks of employment. The continuation of these measures is not feasible in today's ultra-competitive labor market considering the economic realities individuals are facing in providing for the necessities of life.

## STATE WORKFORCE INVESTMENTS & EFFICIENCIES

The Executive Budget will provide staffing investments to reinforce careers and public services in several agencies. The Budget also advances legislation to allow the State to close up to five prisons – following the provision of 90 days notice – to increase the operational efficiency of the correctional system.

Below is a list of selected agencies where the Executive Budget proposes additional workforce investments.

- **Office of Mental Health:** To support the recruitment and retention of the mental health workforce and additional inpatient beds.
- **Office for People with Developmental Disabilities:** To support the Intensive Treatment Opportunity (ITO) Expansion.
- **Department of Health:** To support creating and establishing the regional Emergency Medical Services districts.
- **Office of Information Technology Services:** To support project development, increased cybersecurity activity and maintenance of mission-critical systems.
- **Division of State Police:** To support the initiative to stop organized retail theft.
- **Division of Homeland Security and Emergency Services:** To support expanded emergency service capacity, the reduction of fatal fires and the prevention of domestic terrorism.
- **Office of Parks, Recreation and Historic Preservation:** To support the park police, public safety, the opening of the Sojourner Truth Park and the administration of federal grant funding.

Several agencies will also benefit from investments in the budget, including, but not limited to the Office of the Attorney General, the Department of Taxation and Finance, the State Education Department, the Justice Center and the Office of Temporary and Disability Assistance. There is also a proposal to transfer the Office of Renewable Energy Siting to the Department of Public Service to better align the State's energy siting and permitting efforts.

## COLLECTIVE BARGAINING

The State reached collective bargaining agreements with the Public Employees Federation and United University Professions in FY 2024, and is actively negotiating successor agreements with other unions representing State employees whose contracts are now expired.

The settled agreements provide annual 3% salary increases, a \$3,000 bonus payment, and changes to the health insurance program that will encourage in-network employee utilization to help control health insurance costs.

Coupled with the prior-year agreement with the Civil Service Employees Association, and the extension of provisions to unrepresented employees, the State has reached agreement with approximately 80% of its workforce through FY 2026.

## LOAN FORGIVENESS PROGRAM AWARENESS CAMPAIGN

To assist recruitment efforts for hard-to-fill positions, such as engineers and mental hygiene employees, the Executive Budget directs the Office of Employee Relations to commence an awareness campaign for the federal government's Public Service Loan Forgiveness (PSLF) Program. This campaign will seek to recruit and retain State employees by ensuring they are aware of this valuable program and its potential benefits.

The PSLF is a federal program that rewards and incentivizes public service work by cancelling a portion of borrowers' federal student loans. The program requires borrowers to be full-time employees of an eligible public service employer and make 120 qualifying payments towards their student loans, after which the remainder of their Federal student loan debt can be forgiven if proper documentation is submitted to the Federal government.

These efforts will build on legislation signed by the Governor in 2022 to make the program more accessible by setting a standard hourly threshold for full-time employment for PSLF purposes and clarifying key legal terms associated with the program.

## 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. Fixed costs include payment in lieu of taxes to the City of Albany for the Empire State Plaza and taxes on other state-owned land, as well as payments for judgments/settlements against the State under the Public Officers Law and in the Court of Claims.

All Governmental Funds spending is projected to decline as a result of the proposed prepayment of the FY 2025 Pension obligation in FY 2024, illustrated in the following table.

- **NYSHIP.** The increase in spending reflects medical inflation including the rising cost of prescription drugs and an anticipated increase in utilization of non-essential procedures postponed during the pandemic.
- **Pensions.** The decline in spending is a result of the proposed prepayment of the FY 2025 Pension obligation, of approximately \$1.9 billion in FY 2024. This proposal is estimated to result in approximately \$110 million in interest savings.
- **Social Security Payroll Tax.** The increase reflects general salary increases pursuant to the recent collective bargaining agreements and current spending trends.
- **All Other.** Workers' Compensation, other fringe benefits and fixed costs reflect wage and property tax increases, and current spending trends.

| SUMMARY OF ALL FUNDS FRINGE BENEFIT AND FIXED COST SPENDING |                                  |                                  |  |              |
|---|----------------------------------|----------------------------------|--|--------------|
| CATEGORY  | FY 2024<br>(MILLIONS OF DOLLARS) | FY 2025<br>(MILLIONS OF DOLLARS) | DOLLAR CHANGE<br>(MILLIONS OF DOLLARS) | PERCENT (%)  |
| NYSHIP  | 4,765                            | 5,467                            | 702                                    | 14.7%        |
| Pensions  | 3,812                            | 671                              | (3,141)                                | (82.4%)      |
| Social Security   | 1,177                            | 1,197                            | 20                                     | 1.7%         |
| Workers' Compensation                                       | 603                              | 648                              | 45                                     | 7.5%         |
| Other Fringe Benefits / Fixed Cost                          | 714                              | 762                              | 48                                     | 6.7%         |
| <b>Total</b>  | <b>11,071</b>                    | <b>8,745</b>                     | <b>(2,326)</b>                         | <b>(21%)</b> |

## PROPOSED EXECUTIVE BUDGET ACTIONS

### 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 relief for local governments and lower state taxpayer costs. 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 judgments is established at a fixed rate of as much as 9 percent annually. 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.

### Eliminate Subsidy for the Medicare Part B Income-Related Monthly Adjustment Amount

To limit costs to the Medicare program, the Federal government requires higher-income retirees to pay a greater share of Medicare Part B premium expenses. These additional expenses are known as the Income-Related Monthly Adjustment Amount (IRMAA). In 2024, these IRMAA expenses are imposed on retirees with an annual income of \$103,000 or higher (\$206,000 or higher for joint filers) and range from \$70 to \$419 per month. Currently, the State fully reimburses retirees for the value of Part B IRMAA expenses.

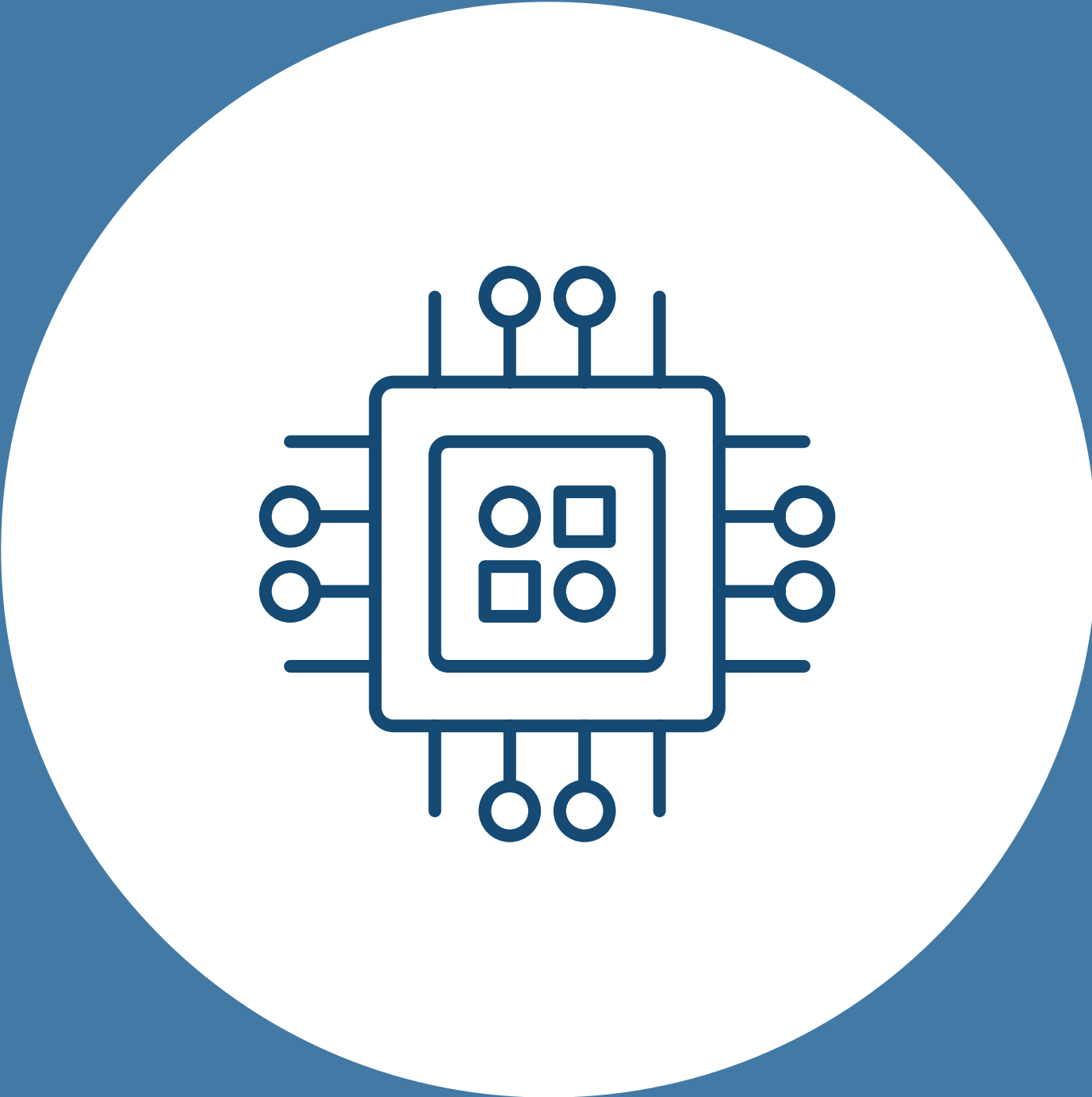
The Executive Budget proposes the State mirror the federal government's policy decision to have higher-income retirees pay a higher proportion of their health insurance costs by ceasing IRMAA reimbursement. Eliminating this reimbursement will save the State \$23.5 million annually (\$5.7 million in FY 2025 due to the lag in reimbursement).

### NYSHIP Interest and Intercept

Approximately 900 local governments, school districts, and other public employers participate in NYSHIP and are billed monthly premiums by the Department of Civil Service. Unlike other amounts

owed to the State, interest does not accrue on unpaid premiums by participating NYSHIP employers. This creates a moral hazard in which there are no financial consequences for employers that do not make timely payments. When this occurs, these costs must be absorbed by the State, NYSHIP enrollees, and other participating employers.

The Executive Budget proposes to allow the Department of Civil Service to assess interest on late premiums. It would further allow the Budget Director to intercept State payments to participating NYSHIP employers with outstanding premium amounts. Enactment of this legislation would lower State costs by \$20 million in FY 2025.







TECHNOLOGY

The Executive Budget will continue to fund New York State's investment in technology, through initiatives designed to improve online services available to residents, as well as secure state and local data.

The State's primary technology service provider, the **Office of Information Technology Services (ITS)**, provides statewide strategic direction, policy, and centralized products and services related to information technology (IT). ITS operates the statewide data center to support mission-critical applications for 53 agencies – including over 16 million resident accounts, 130,000 employee accounts, 100,000 telecommunications devices, 100,000 workstations/laptops, and 33 petabytes of data storage.

The Executive Budget includes a \$130.7 million ITS Capital Innovation Fund appropriation to fund enterprise technology projects and infrastructure upgrades, designed to increase efficiencies, improve automation, and expand the number of online services and transactions available to residents.

## CYBERSECURITY

Several State agencies have a specific role in cybersecurity oversight, including ITS, **Division of Homeland Security and Emergency Services (DHSES)**, **New York State Police (NYSP)** and several others. Nationwide, the volume and severity of cyber threats and attacks on State and Local governments has continued to increase despite expanding awareness and mitigation efforts. The Executive Budget will include \$32.9 million in increased funding appropriations to address the growth of the Cyber Risk Remediation Program, New York Security Office (NYSOC) and Shared Services program.

## TECHNOLOGY AND DIGITAL SERVICES

The State will continue to invest in opportunities to increase the availability of ways for New Yorkers to interact with agencies and perform transactions online – adding to convenience and safety for the public and making government more efficient and transparent.

The State will focus on improving resident experience through:

- Increased efficiencies to facilitate faster processing times, limit in-person interactions, and reduce the effort required to fill out and submit paper forms.
- Expansion of New York State's capacity to improve and expand digital services by growing the team of user experience researchers and designers within the Office of Information Technology Services and the Office of General Services Digital Team.







# TRANSPORTATION



The Executive Budget will continue to make historic investments in the State's transportation system, to improve our transit systems, increase mobility, and grow our economy. These investments are improving roads, bridges, airports, rail facilities, transit systems, and ports, as well as enhancing and expanding the **Metropolitan Transportation Authority (MTA)** network.

The State's transportation system is operated, maintained, and administered by a network of State and local agencies and public authorities. The **Department of Transportation (DOT)** is responsible for construction, reconstruction, maintenance, and removal of snow and ice for approximately 43,700 State highway miles and 7,700 State highway bridges. DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

DOT also provides coordination and funding for more than 130 public transportation operators including the MTA and four major Upstate regional transportation authorities, among other local transit systems. These systems provide bus, subway, and commuter/light rail services, as well as paratransit services to meet the needs of those with disabilities.

In 2023, the MTA provided transit and commuter services in the New York City region to over 1.7 billion passengers who rode subways, buses, Metro North Railroad (MNR) and Long Island Rail Road (LIRR). They also facilitated over 335 million bridge and tunnel crossings.

The **New York State Thruway Authority** operates the 570-mile highway system that extends across the State from Buffalo to the New York City line and includes 817 bridges, 134 interchanges, and 27 service areas. In 2023, motorists took over 376 million trips on the Thruway.

The State's transportation programs also include the **Department of Motor Vehicles (DMV)**, which operates 28 district and branch offices, and provides services via county clerk offices acting as DMV agents at 100 locations throughout the State. DMV issues licenses, nondriver identification cards, and vehicle registrations; conducts road tests, monitors driver training, and performs various enforcement activities.

In a typical year, DMV conducts more than 35 million customer transactions and collects over \$2 billion in revenue for the State and localities. New Yorkers rely on credentialing and identification documents issued by DMV to, among other things, conduct financial transactions, obtain employment, and board aircraft.

## INVESTING IN SAFE, RELIABLE TRANSPORTATION SYSTEMS

### Addressing the MTA's Financial Crisis

The pandemic caused severe declines in MTA ridership and traffic in 2020, and while rising steadily, ridership remains below pre-pandemic levels. Despite the challenges brought about by the coronavirus, the MTA has continued to provide reliable service while ensuring a safe public transportation system for all riders and fulfilling its essential role in supporting the region's recovery.

To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to COVID-19, the MTA received significant Federal operating aid from the CARES Act (\$4 billion), the CRRSA Act (\$4.1 billion) and the ARP (\$7 billion). Despite this additional federal funding, the MTA's Financial Plan showed a long-term structural imbalance.

To solve the MTA's fiscal crisis and avoid drastic cuts to service, the FY 2024 Enacted Budget included the following extraordinary package of additional funding, while ensuring continued progress in rider safety:

- Over \$400 million in MTA operating efficiencies to reduce expenses and improve service to customers.
- Increasing the top rate of the Payroll Mobility Tax for the largest businesses in New York City, generating an additional \$1.1 billion annually.
- Increasing New York City's share of funding for paratransit services for two years, generating nearly \$165 million each year.
- \$300 million in one-time State aid to address the extraordinary impact of the pandemic on MTA operating revenues.
- \$35 million in investment to improve subway

service on weekday middays, weekends and weeknights.

- \$65 million to reduce the proposed fare increase on the MTA from 5.5 percent to 4 percent.
- \$35 million in safety investments to protect riders.
- Dedicating \$1.5 billion in licensing fees if three downstate casino licenses are awarded, and a share of an estimated \$231 to \$413 million in incremental annual tax revenue from the casinos for MTA operations.
- \$15 million to fund a pilot program providing five fare-free bus routes in New York City and expand the Automated Bus Lane Enforcement program to increase bus speeds and decrease collisions.

### MTA's Capital Program

The MTA remains committed to its Capital Program. The MTA's \$52.1 billion Capital Program, executed from 2020-2024, represents the largest investment in MTA infrastructure in state history, almost 70 percent larger than the previous program. The program will revitalize the subway system and prioritize improving signal technology, increasing accessibility, ensuring investment in the Metro North (MNR) and Long Island Rail Roads (LIRR), upgrades to bus service, and advancing quality of life for those served.

The 2020-24 Capital Program will advance several major initiatives including:

**Central Business District Tolling Program.** The Central Business District (CBD) congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion in financing to support the Capital Plan.

**Accessibility.** This initiative will make an additional 70 subway stations ADA-accessible, making over 60 percent of passenger stations accessible.

**Second Avenue Subway Phase 2.** The project will provide three new fully accessible stations, extending service from 96th street to 125th street, and a providing a connection with Metro-North.

**Penn Station Access.** The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible Metro-

North commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.

**East Side Access.** The project will provide Long Island Rail Road riders with 40 miles of new tracks and a new terminal, called Grand Central Madison, which opened to the public in January 2023. This new service from Long Island to Grand Central Madison saves commuters up to 40 minutes of travel time per day.

**LIRR Third Track.** The project, which was completed in 2022, added 10 miles of mainline between Floral Park and Hicksville, improved capacity, and shortened service disruptions for 41 percent of LIRR ridership.

The FY 2025 Executive Budget includes funding to advance transformative projects to further expand the MTA's transit system, including:

**The Interborough Express.** The Executive Budget includes \$45 million in new funding to advance design and engineering for this project, which will connect neighborhoods along a 14-mile existing freight right-of-way from Bay Ridge, Brooklyn, to Jackson Heights, Queens. The Interborough Express planning and environmental linkages study recommended light rail as the preferred option for providing fast, frequent service, connecting the Interborough with up to 17 different subway lines and the Long Island Railroad.

### Second Avenue Subway—Expanding West.

With Phase 2 underway, the next major potential expansion of this project is extending the Q line west along 125th Street, with three new stops at Lenox Avenue, St. Nicholas Avenue, and Broadway. The Executive Budget includes \$16 million in funding to advance a feasibility study, environmental review, and preliminary engineering for this project.

## NEW YORK STATE ROADS AND BRIDGES

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 renewal and modernization of transportation infrastructure is fundamental to rejuvenating and enhancing the economic

competitiveness of the State’s communities. During FY 2023, the DOT replaced or rehabilitated more than 70 State bridges and completed over 5,000 corrective and preventive bridge treatments to slow deterioration. Additionally, approximately 2,000 lane miles of State highway were resurfaced or reconstructed.

Building on unprecedented DOT investments, the Executive Budget reflects the third year of a record \$32.9 billion, five-year DOT Capital Plan that ensures stronger State and local roads and bridges for years to come. This record level of investment provides DOT with resources necessary to continue to renew, modernize, and drive economic development in local communities.

- The five-year Capital Plan is aligned with Federal funding commitments made in the Infrastructure Investment and Jobs Act (IIJA). New York will receive an estimated \$13.5 billion in highway and bridge formula aid over five years from the IIJA (an increase of \$4.6 billion compared to the five-year Fixing America’s Surface Transportation (FAST) Act). The total includes a projected \$1.9 billion of formula funding for bridges.
- Major projects funded in this plan include phases of the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also advances priorities across the State including modernizing the Livingston Avenue Bridge in Albany, reconnecting neighborhoods across the Kensington Expressway in Buffalo, converting Route 17 to I-86 in Orange and Sullivan Counties, and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County.
- The DOT Capital Plan includes a \$1 billion program, Pave Our Potholes (POP), designed to improve state and local road conditions and prevent deterioration. The statewide “Bridge NY” program has also been increased by \$1 billion over five years, which will serve to rehabilitate or replace structures that are susceptible to recurring flooding or foundation scour.

The Thruway system is now a fully cashless system,

which provides customers with a seamless travel experience. The Thruway Authority operates and maintains the system and in 2023 invested \$359 million in capital projects including pavement repairs, and bridge improvements and replacements. The Thruway is also continuing its multi-year initiative to redevelop all 27 service areas through a public private partnership. There are currently 13 newly reconstructed service areas open across the system, with work continuing at the remaining locations.

## PROPOSED FY 2025 TRANSPORTATION BUDGET ACTIONS

### Continuing Road, Bridge, and Safety Improvement

**DOT Capital Plan.** The Executive Budget provides almost \$7.6 billion for the third year of a record \$32.9 billion, five-year DOT Capital Plan that will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the last five-year DOT Capital Plan, this is an increase of \$9.5 billion, or 41 percent.

**Local Highways and Bridges.** The Executive Budget continues the State’s record commitments to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at the planned level of \$577.8 million. The budget provides the third year of an annual \$100 million for the local Pave Our Potholes program, \$150 million in highway aid through the PAVE NY program, and \$200 million to fund local projects from the BRIDGE NY program. The Extreme Winter Recovery and State Touring Route programs are funded at \$100 million each and are further improving conditions on State and local roads and bridges.

**Funding Sources.** 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.

**Enacting Stretch Limousine Passenger Safety Task Force Recommendations.** The Executive Budget includes legislation that will amend sections of the Transportation Law and Vehicle and Traffic Law as



part of a comprehensive limousine safety package based upon recommendations from the Stretch Limousine Passenger Safety Task Force.

### Investing in Transit

New York State provides transit operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Transit systems provide an estimated 2.7 billion rides annually. State transit aid typically accounts for approximately 40 percent of transit systems' operating resources.

The Executive Budget provides \$8.8 billion in mass transit operating support:

**MTA.** The MTA will receive \$7.9 billion in State operating aid in FY 2025, including resources collected by the State and sent directly to the MTA without appropriation. Traditional on-budget MTA assistance will increase 3.4 percent, from \$4.1 billion to \$4.2 billion.

**Upstate.** Upstate transit systems are slated to receive \$323 million, representing an overall 5.4 percent regional increase.

**Downstate.** Downstate systems will receive \$551 million, representing an overall 5.4 percent regional increase.

The Executive Budget also invests in transit capital needs:

**MTA Capital.** The \$52.1 billion 2020-24 MTA Capital Program remains the largest and most expansive plan in its history. In addition to the \$25 billion secured in the FY 2020 Budget, the Executive Budget continues the State's \$3.1 billion contribution to the Capital Program.

**Non-MTA Capital.** Non-MTA transit capital will receive \$140 million, which once again includes \$20 million for bus electrification.

Additional MTA-related budget actions include the following:

**Fare Enforcement.** The Executive Budget proposes to implement several recommendations made by the MTA's Blue-Ribbon Panel Report on Fare and Toll Evasion in May 2023, including increasing the maximum fines, authorizing a written warning in lieu of a fine for a first offense, and forgiving fare evasion penalties for violators who qualify and enroll in NYC's Fair Fares program.

**Toll Enforcement.** The Executive Budget proposes to improve toll collections throughout the State by increasing fines and penalties for toll evasion, prohibiting the selling or distribution of license plate covers that obscure plates, and restricting DMV registration transactions for vehicles with suspended registrations for failure to pay tolls or failing to remove plate-obscuring materials.

**Toll Fraud Deterrence.** The Executive Budget also includes legislation to reduce fraudulent attempts to claim credits, discounts, or exemptions from MTA tolls by creating new misdemeanor and felony offenses.

### Transforming DMV Customer Service

Accounting for the steady increase in the volume and complexity, 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, over 8 million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of additional online transactions.

Building on the success of previous customer service initiatives, DMV continues to use an enhanced call center, expansion of online transaction capabilities, and the implementation of a reservation system to reduce customer foot traffic in district and online offices. DMV's website is continuously improving to provide a more responsive design for its customers. Additionally, DMV is seeking to upgrade internal systems to improve transactions and customer experience.

Additional DMV-related Budget actions include:

**Online Insurance Verification.** The Executive Budget includes legislation for DMV to replace its current insurance verification system to allow for quicker and easier verification of driver insurance coverage by staff and law enforcement officers.

**Allow NYC to Lower Its Speed Limit.** The Executive Budget also includes legislation to give NYC the authority to adjust its speed limits to account for the dangers of fast driving in urban environments. This will allow NYC to designate speed limits of no less than 20 MPH, and as low as 10 MPH in school zones and areas where traffic calming measures exist.

| <b>STATE OPERATING FUNDS SPENDING</b> |  |  |  |                                   |
|---------------------------------------|--|--|--|-----------------------------------|
| <b>CATEGORY</b>                       | <b>FY 2024<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>FY 2025<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>Dollar<br/>Change<br/>(MILLIONS OF<br/>DOLLARS)</b> | <b>PERCENT<br/>CHANGE<br/>(%)</b> |
| Department of Transportation          | \$1,219                                      | \$1,270                                      | \$51   | 4.2%                              |
| Metropolitan Transportation Authority | \$7,080                                      | \$7,897                                      | \$817  | 11.5%                             |
| Department of Motor Vehicles          | \$95   | \$93   | (\$2)  | (2.1%)                            |
| <b>TRANSPORTATION SPENDING TOTAL</b>  | <b>\$8,394</b>                               | <b>\$9,260</b>                               | <b>\$866</b>   | <b>10.3%</b>                      |

MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For-Hire Vehicle surcharges, and former MTA Aid Trust revenues. The MTA amounts above do not reflect the one-time \$300 million State aid in FY 2024 for extraordinary impacts resulting from the pandemic.







SECTION IV

SUPPLEMENTAL  
REFERENCE  
INFORMATION







# THE EXECUTIVE BUDGET CITIZEN'S GUIDE



## SUBMISSION OF THE EXECUTIVE BUDGET

New York State’s budget process uses an Executive Budget model, in which the Governor is responsible for developing and preparing a comprehensive and balanced budget proposal. The Governor is required by the State Constitution to seek and coordinate requests from agencies of State government, develop a “complete” plan of proposed expenditures and the revenues available to support them (a “balanced budget”), and submit a budget to the Legislature along with the appropriation bills and other legislation required to carry out budgetary recommendations.

*What is a state agency?* Any department, agency, or other instrumentality of the government of any State or of any political subdivision of any State.

*What is a Budget bill?* Defined by Section 3 of Article VII (7) of the NYS Constitution: At the time of submitting the budget to the legislature the governor shall submit a bill or bills containing all the proposed **appropriations** and reappropriations included in the budget and the proposed legislation, if any, recommended therein.

*What is an appropriation?* The authorization, through law, to allocate funds.

From Section 7 of Article VII of the NYS Constitution: No money shall ever be paid out of the state treasury or any of its funds, or any of the funds under its management, except in pursuance of an appropriation by law...

*When is the Executive Budget due?* The Executive Budget must be submitted on or before the second Tuesday following the first day of the annual meeting of the legislature or by February 1 in an election year.

## EXECUTIVE AMENDMENTS

Following the submission of the Executive Budget, the Constitution authorizes the Governor to submit technical corrections and revisions based on the latest information within 30 days. 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.

## LEGISLATIVE REVIEW AND RECOMMENDATIONS

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 mandates 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 called 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 directly from the legislative document rooms and online.

## BUDGET ENACTMENT

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 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 the 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.

*When is the budget due?* The budget must be enacted by the start of the April 1, the start of the fiscal year.



## POST ENACTMENT

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.

## LEARN MORE

Readers are encouraged to visit the New York State Budget Division online, [budget.ny.gov](http://budget.ny.gov), and the Open Budget website, [openbudget.ny.gov](http://openbudget.ny.gov), to access the latest information and documents related to the Executive Budget proposal and the Enacted Budget. All materials are made available on the website within 24 hours.





# GLOSSARY OF ACRONYMS



## A

- AAA - Area Agencies on Aging or Affirmative Action Administrator
- ACA - Affordable Care Act
- AFP - American Families Plan
- AG - Attorney General
- AGM - Department of Agriculture and Markets
- AIG - American International Group, Inc.
- AIM - Aid and Incentives for Municipalities
- AJP - American Jobs Plan
- ALICO - American Life Insurance Company
- AMI - Area Median Income
- AML - Anti-Money Laundering
- AMTAP - Additional Mass Transportation Assistance Program
- APCD - All-Payer Claims Database
- APTC - Advance Premium Tax Credit
- ARP - American Rescue Plan Act of 2021
- ATB – Across the Board
- ATI - alternatives to incarceration
- AXA - AXA Equitable Life Insurance Company
- AY - Academic Year (July 1 through June 30) – SUNY/CUNY

## B

- BAFO – Best and Final Offers
- BANs - Bond Anticipation Notes
- BBA 19 - Bipartisan Budget Act of 2019
- BEA - Bureau of Economic Analysis
- BIL - Bipartisan Infrastructure Law (see also - Infrastructure Investment and Jobs Act (IIJA))
- BLS - Bureau of Labor Statistics
- BNPP - BNP Paribas, S.A., New York Branch
- BOCES - Boards of Cooperative Educational Services
- BofA - Bank of America
- BofAML - Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated
- BSA - Bank Security Act
- BTMU - Bank of Tokyo-Mitsubishi UFJ, Ltd.

## C

- CAC - Crime Analysis Center
- CANS - Child and Adolescent Needs & Strengths
- CARES Act - Coronavirus Aid, Relief, and Economic Security Act

- CBD - Central Business District (CBD) Tolling Program
- CBPP - Center for Budget and Policy Priorities
- CCB - Cannabis Control Board
- CDD - Council on Developmental Disabilities
- CES - Current Employment Statistics
- CDPAP – Consumer Directed Personal Assistance Program
- CFT - Corporate Franchise Tax
- CFY - City Fiscal Year
- CGT - Cell and Gene Therapy
- CHIPS - Creating Helpful Incentives to Produce Semiconductors
- CHP - Child Health Plus
- CHUBB - Chubb Group Holdings Inc. and Illinois Union Insurance Company
- CIGNA - Cigna Health and Life Insurance Company
- CISO - Chief Information Security Office
- CLCPA - Climate Leadership and Community Protection Act of 2019
- CMS - Centers for Medicare & Medicaid Services
- COLA - Cost-of-Living Adjustment
- CON - Certificate of Need
- CoP - Community of Practice
- COVID-19 - Coronavirus Disease 2019
- CPI - Consumer Price Index
- CPRSA - Coronavirus Preparedness and Response Supplemental Appropriations Act
- CRF - Coronavirus Relief Fund
- CRRSA - Coronavirus Response and Relief Supplemental Appropriations Act
- CSEA - Civil Service Employees Association
- CSU - Community Stabilization Units
- CSX - CSX Transportation, Inc.
- CUNY - City University of New York
- CUT - Corporation and Utilities Tax
- CW/CA - Clean Water/Clean Air
- CY - County Year

## D

- DANY - New York County District Attorney
- DASNY - Dormitory Authority of the State of New York
- DCS – Department of Civil Service
- DEC - Department of Environmental Conservation
- DelAm - Delaware American Life Insurance Company

- DFS - Department of Financial Services
- DHBTFF - Dedicated Highway and Bridge Trust Fund
- DHCR - Division of Housing and Community Renewal
- DHSES - Division of Homeland Security & Emergency Services
- 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
- DOS - Department of State
- DOT - Department of Transportation
- DPS - Department of Public Service
- DRI - Downtown Revitalization Initiative
- DS - Debt Service
- DSH - Disproportionate Share Hospital
- DSP - Division of State Police
- DTF - Department of Taxation and Finance

## E

- EANS - Emergency Assistance for Nonpublic Schools
- ECEP - Employer Compensation Expense Program
- ECHS – Early College High School
- EDF - Economic Development Fund
- eFMAP - Enhanced Federal Medical Assistance Percentage
- EI - Early Intervention
- EMS - Emergency Medical Services
- EP - Essential Plan
- EPIC - Elderly Pharmaceutical Insurance Coverage/Extended Prosperity and Innovation Campuses
- ERS - Employees' Retirement System
- ESEA - Elementary and Secondary Education Act
- ESD/ESDC - Empire State Development Corporation
- ESG - Environmental, Social and Governance
- ESInet - Emergency Services IP Network
- ESPRI - Empire State Poverty Reduction Initiative
- ESSER - Elementary and Secondary School Emergency Relief Fund
- ESSHI - Empire State Supportive Housing Initiative

## F

- FAST - Fixing America's Surface Transportation
- FEMA - Federal Emergency Management Agency
- FFCRA - Families First Coronavirus Response Act
- FFY - Federal Fiscal Year (October 1 Through September 30)
- FHWA - Federal Highway Administration
- FMAP - Federal Medical Assistance Percentage
- FMR - Fair Market Rent
- FOMC - Federal Open Market Committee's
- FPG - Fortis Property Group
- FPL - Federal Poverty Level
- FRB - Financial Restructuring Board
- FTE - Full-Time Equivalent
- FY - Fiscal Year

## G

- GAAP - Generally Accepted Accounting Principles
- GASB – Governmental Accounting Standards Board
- GASBS – Governmental Accounting Standards Board Statement
- GDP - Gross Domestic Product
- GEER - Governor's Emergency Education Relief
- GFOA - Government Finance Officers Association
- GIVE - Gun Involved Violence Elimination
- GLIP - Group Life Insurance Plan
- GO-SEMI - Governor's Office of Semiconductor Expansion, Management, and Integration
- GPHW - General Public Health Work
- GSA - US General Services Administration
- GSCs - General State Charges
- GSEU - Graduate Student Employees Union

## H

- HALT - Humane Alternatives to Long Term Solitary Confinement Act
- HBITS - Hourly Based Information Technology Services
- HCBS - Home and Community-Based Services
- HCR - Homes and Community Renewal
- HCRA - Health Care Reform Act
- HCTF - Health Care Transformation Fund
- HEAP - Home Energy Assistance Program

- HERDS - Hospital Electronic Response Data System
- HESC - Higher Education Services Corporation
- HFNY - Healthy Families New York
- HIDTA - High Intensity Drug Trafficking Area
- HMO - Health Maintenance Organization
- HRI - Health Research, Inc.
- HUT - Highway Use Tax

## I

- ICP - Indigent Care Payments/Indigent Care Pool
- ICR - Institutional Cost Reports
- IDEA - Individuals with Disabilities Education Act
- IIJA - Infrastructure Investment and Jobs Act
- IMF - International Monetary Fund
- IPCC - Intergovernmental Panel on Climate Change of the United Nations
- IRS - Internal Revenue Service
- IT - Information Technology
- ITS - Information Technology Services

## J

- J&J - Johnson & Johnson
- JFK - John F. Kennedy International Airport

## L

- LFY - Local Fiscal Year
- LGAC - Local Government Assistance Corporation
- LICH - Long Island College Hospital
- LIRR – Long Island Railroad
- LLC - Limited Liability Company
- LTCOP - Long-Term Care Ombudsman Program
- LWA - Lost Wages Assistance

## M

- MAGI - Modified Adjusted Gross Income
- MAT - Medication-Assisted Treatment
- MC - Management Confidential
- MLF - Municipal Liquidity Facility
- MLR - Medical Loss Ratio
- MLTC - Managed Care/Managed Long Term Care
- MOE - Maintenance of Effort
- MRT - Medicaid Redesign Team
- MRT II - Medicaid Redesign Team II
- MSA - Master Settlement Agreement
- MTA - Metropolitan Transportation Authority

## N

- NMS - New Medical Site
- NPS - Non-Personal Service
- NYC - New York City
- NYPA - New York Power Authority
- NYS - New York State
- NYSCA - New York State Council on the Arts
- NYSCOPBA - New York State Correctional Officers and Police Benevolent Association
- NYSERDA - New York State Energy Research and Development Authority
- NYSHIP - New York State Health Insurance Program
- NYSLRS - New York State and Local Retirement System
- NYSOH - New York State of Health
- NYSPIA - New York State Police Investigators Association
- NYSTA - New York State Thruway Authority
- NYSTPBA - Police Benevolent Association of the New York State Troopers
- NYU - New York University

## O

- OAG - Office of the Attorney General
- OASAS - Office of Addiction Services and Supports
- OCFS - Office of Children and Family Services
- OCM – Office of Cannabis Management
- OFAC - Office of Foreign Assets Control
- OHEHR - Office of Health Equity and Human Rights
- OMB - United States Office of Management and Budget
- OMH - Office of Mental Health
- OMIG – Office of the Medicaid Inspector General
- OPEB - Other Post-Employment Benefits
- OPRHP - Office of Parks, Recreation and Historic Preservation
- OPWDD - Office for People with Developmental Disabilities
- ORDA - Olympic Regional Development Authority
- ORP - Optional Retirement Program
- OSC - Office of the State Comptroller
- OTDA - Office of Temporary and Disability Assistance

**P**

- PAYGO - Pay-As-You-Go
- PBA - Police Benevolent Association
- PBANYS - Police Benevolent Association of New York State
- PBT - Petroleum Business Tax
- PCCP - Procurement and Contracting Community of Practice
- PCF – Public Campaign Finance
- PEF - Public Employees Federation
- PFRS - Police and Fire Retirement System
- PHE - Public Health Emergency
- PIA - Police Investigators Association
- PIGI - Personal Income Growth Index
- PILOT - Payments in Lieu of Taxes
- PIT - Personal Income Tax
- PMT - Payroll Mobility Tax
- PPE - Personal Protective Equipment
- PPO - Preferred Provider Organization
- PPP - Paycheck Protection Program
- PS - Personal Service
- PSC - Public Service Commission
- P-TECH - Pathways in Technology Early College High School
- PTET - Pass-Through Entity Tax
- PwC - PricewaterhouseCoopers LLP

**Q**

- QCEW - Quarterly Census of Employment and Wages

**R**

- RBS - RBS Financial Products Inc. (formally Greenwich Capital Financial Products, Inc.)
- RBTF - Revenue Bond Tax Fund
- REDC - Regional Economic Development Council
- RFP - Request for Proposals
- RGGI - Regional Greenhouse Gas Initiative
- RHY - Runaway Homeless Youth
- RSSL - Retirement and Social Security Law

**S**

- SALT - State and Local Tax
- SAVE - Supervision Against Violent Engagement
- SBIR - Small Business Innovation Research
- SBTT - Small Business Technology Transfer
- SCB - Standard Chartered Bank
- SCB NY - Standard Chartered Bank, New York Branch
- SED - State Education Department
- SFY - State Fiscal Year (April 1 Through March 31)
- SHIN-NY - Statewide Health Information Network for New York
- SLRF - State and Local Fiscal Recovery Fund
- SNAP - Supplemental Nutrition Assistance Program
- SOFA - State Office for the Aging
- SSI - Supplemental Security Income
- STAR - School Tax Relief
- STEM - Science, Technology, Engineering, and Math
- STIP - Short-Term Investment Pool
- SUNY - State University of New York
- SY - School Year (July 1 through June 30)

**T**

- TANF - Temporary Assistance for Needy Families
- TAP - Tuition Assistance Program
- TCJA - Tax Cuts and Jobs Act of 2017
- TRS - Teachers' Retirement System
- TY - Tax Year (January 1 Through December 31)

**U**

- UBS - UBS Securities LLC and UBS Real Estate Securities Inc.
- UCS - Unified Court System
- UI - Unemployment Insurance
- URI - Upstate Revitalization Initiative
- U.S. - United States
- UUP - United University Professions

**V**

- VDC - Voluntary Defined Contribution
- VLT - Video Lottery Terminal



**WE ARE NY**