



NEW
YORK
STATE

JUSTICE AGENDA
THE TIME IS NOW

FY 2020 EXECUTIVE BUDGET

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FY 2020 Executive Budget

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Governor Cuomo is delivering his ninth consecutive balanced New York State Budget two weeks before the constitutional deadline. There was no time to wait in delivering the Budget to the legislature.

A budget is a statement of priorities. The FY 2020 Executive Budget includes record funding for education, but more importantly, for the first time closes the funding disparities at the school district level. It protects New Yorkers from the dismantling of the Affordable Care Act by enacting critical protections in State law. It invests in infrastructure in every region of the State. The Budget achieves all of this while supporting the most vulnerable New Yorkers, implementing the middle class tax cuts, and defending against the Federal assault on New York, delivering on the Governor's Justice Agenda.

New York is the number one donor state in the nation. We send Washington \$35.6 billion more than we get in return. Because of the Federal assault on New York taxpayers, the already heavy financial burden New Yorkers carry for the rest of the nation is worsening. With the negative consequences of the Federal tax changes made in 2017 just now being fully realized, the gap is only expected to widen. The Presidential administration's oscillating positions on trade and the global economy have increased volatility in the markets, and their attacks on the State tax system have impacted receipts, widening out-year deficits.

Through his Executive Budget, Governor Cuomo is responding to these assaults by building on the foundation of fiscal discipline that he set when he took office in 2011. The FY 2020 Budget starts by closing the \$3.1 billion deficit, and for the ninth consecutive time, limiting State spending growth to two percent – a restraint unparalleled in State history.

Efficiencies have been implemented across State government, improving workforce productivity with spending on government operations flat despite wage increases. State reserve levels are more than doubling, with \$1.7 billion have been deposited or are planned to be added by the end of FY 2020.

New York's infrastructure requires growing investment for our economy to stay competitive in the 21st century. As Washington fails to deliver on promises to invest in infrastructure, the Governor has made it a priority, adding another \$150 billion to the State's \$100 billion program, which is already rebuilding New York State's roads, bridges, airports, and other infrastructure. The new \$150 billion infrastructure plan supported in the Budget implements congestion pricing in New York City to help fund the MTA, and makes critical investments in our educational, health care, environmental, and community facilities to improve New York's competitiveness in the 21st century global economy while enhancing transparency.

The Budget tackles property taxes, making permanent the two percent Property Tax Cap, first enacted by the Governor in 2011, and continues the State takeover of Medicaid costs from counties. The Property Tax Cap has saved the typical taxpayer \$3,200 and Medicaid takeover is saving counties \$3.7 billion in FY 2020 alone.

Those actions build on the more than \$80 billion in savings for State and local governments from pension reform, and the \$260.6 million in recurring local property tax savings identified by 53 counties through the Governor's shared services initiative.

The self-imposed discipline of the 2 percent spending growth cap has made it possible for the Governor to lead the way in cutting taxes for every New Yorker, advance the most ambitious infrastructure programs in State history, and ultimately deliver a Justice Agenda that fights back against the attacks emanating from Washington on our values.

The Budget continues the implementation of the Governor's tax cuts for the middle class as their rates drop to the lowest level since 1947. The lowest corporate tax rates since 1968 and the lowest manufacturers' tax rate since 1917 remain. These tax cuts, combined with a bottom-up economic development program, have helped revive New York's economy, with businesses creating more than 1.1 million new private sector jobs and growth reflected in every region.

The Bond market has taken notice of the Governor's fiscal discipline, with all three major rating agencies designating New York State with the second-highest investment-grade credit rating possible, the highest rating for the State in almost half a century. Importantly, under Governor Cuomo, debt declined five straight years through FY 2017, helping to make the State's investments in infrastructure possible.

Yet the Budget is more than tax receipts and spending numbers. It delivers the Justice Agenda, thwarting the Presidential administration's attacks on New York impacting everything from health care to immigration, including by:

- Enshrining in State law the Affordable Care Act's mandate for each individual to have health insurance, which has been pivotal in driving down health care costs, and its bans on limitations for preexisting conditions.
- Doubling to \$5 billion the State's investment in clean water.
- Restoring faith in our democratic government by allowing voting by mail, enacting early voting, instituting same day and automatic voter registration, synchronizing federal and state elections, and providing time off to vote. The Budget also includes provisions to close the LLC loophole, and ban corporate contributions, helping guarantee that our government represents the people.
- Ensuring fairness in the criminal justice system by ending cash bail, reforming the discovery process, and removing barriers to re-entry.
- Helping all New Yorkers access our higher education system with the Dream Act.
- Delivering a Green New Deal that moves us toward a carbon neutral economy, combatting climate change.

- Establishing a comprehensive cannabis regulatory framework without falling in the trap of overestimating revenue from the adult-use of marijuana.

These measures are fundamental to who we are as New Yorkers as we light the path forward for the nation in the fight against regressive Federal policies. By working together, we are leading the coalition that will ensure our national identity as welcoming, loving Americans will endure. The FY 2020 Budget states the Governor's priorities, combining fiscal discipline with protecting hard working taxpayers and a progressive Justice Agenda.



Division of
the Budget

FINANCIAL PLAN

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

This growth rate is less than **half the rate** for the **previous 25 years.**

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



General Fund reserves are at

\$3 BILLION

more than doubling since 2011.



DEBT DECLINED



for **5 consecutive years** for the first time in history (fiscal years 2013 – 2017).

Debt as a percentage of personal income is now at

4%

compared to **5%** in 2011.

Budget Highlights

Prudent Fiscal Practices.

The Executive Budget holds annual spending growth in State Operating Funds to less than 2 percent, consistent with the fiscal benchmark adopted by the current administration and is balanced on a cash basis in the General Fund, as required by law.

School Aid Increase. The Budget recommends \$27.7 billion in School Aid for school year (SY) 2020, an increase of nearly \$1 billion (3.6 percent).

Medicaid/Health Growth.

Including the State share of Health Care transformation investments, Medicaid spending grows at 3.6 percent in FY 2020.

Spending under the Global Cap is expected to total \$19.4 billion in FY 2020, an increase of \$568 million, consistent with the statutory index of 3.0 percent.

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

Overview

Governor Cuomo has led a bipartisan effort with the Legislature to enact eight fiscally responsible budgets. These budgets embrace the principle that State spending must grow more slowly than the overall economy to leave more money in the hands of the people and to discipline the government to use its resources prudently. This principle has been put into practice with the establishment of the two percent spending benchmark at the State level, and with the two percent property tax cap at the local level.

The effort to rein in State government spending is working. In the 50 years prior to Governor Cuomo taking office, the annual State Budget grew faster than income 60 percent of the time (or three out of every five budgets), and spending over the entire period grew at an average rate of approximately 7.0 percent, compared to income growth of 6.2 percent. This resulted in unpredictable budgets, tax increases, and spending cuts to critical programs at the worst times. With the adoption of the two percent spending benchmark, this unsustainable trend has been reversed. Since 2011, State spending has grown more slowly than income each year. The FY 2020 Executive Budget proposes spending growth of 1.9 percent.

Importantly, prudent fiscal actions have made State finances more reliable for stakeholders. Rather than including large spending increases in good economic times that cannot be sustained when the economy slows, the budgets have been disciplined, sustainable, and affordable in the long-term. The State has instituted fundamental reforms that have reduced the cost of State and local government in New York. These reforms include:

- Limiting the annual growth in State Operating Funds to two percent;
- Eliminating unsustainable inflators in major programs;
- Negotiating collective bargaining agreements that provide fair and affordable wages and benefits;
- Creating a new tier of fair and affordable pension benefits, which is expected to save the State and local governments more than \$80 billion over 30 years;

- Relieving localities of the growth in the Medicaid program, and all its administrative costs, as a way to help counties remain within the property tax cap;
- Controlling and targeting new borrowing to keep debt service affordable and within the State's debt limit; and
- Saving for the future by more than doubling the State's reserves by setting aside an additional \$1.7 billion to reduce debt and meet unforeseen "rainy day" needs.

The combination of spending restraint and accompanying budget reforms has led to measurable improvements in the State's financial position. In the summer of 2014, all three major credit rating agencies, Standard and Poor's, Fitch, and Moody's, recognized New York's outstanding financial performance by upgrading the State to its highest credit rating since 1972. The State now enjoys the second highest investment-grade credit rating possible from all three raters on its general obligation bonds.

Performance Profile

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

- Spending levels adhere to two percent spending benchmark.
- Total State debt is \$2.8 billion lower today than at the end of FY 2012.
- Credit ratings have been upgraded and the State now has its highest credit rating since 1972.
- Spending for agency operations has been held flat through ongoing State agency redesign and cost-control efforts.
- State reserves have grown by \$1.7 billion since 2011 – more than doubling reserve levels.

Financial Plan At-A-Glance: Key Measures

Table 1: Financial Plan information for FY 2018, FY 2019 and FY 2020.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)					
	FY 2018 ¹	FY 2019		FY 2020	
	Results	Current Estimate	Before Changes ²	Executive Proposal	
State Operating Funds Disbursements					
Size of Budget	\$98,151	\$100,132	\$104,806	\$102,011	
Annual Growth	2.0%	2.0%	4.7%	1.9%	
Other Disbursement Measures					
General Fund (Excluding Transfers) ²	\$59,872	\$63,214	\$67,201	\$64,932	
Annual Growth	3.2%	5.6%	6.3%	2.7%	
General Fund (Including Transfers) ^{2,4}	\$69,724	\$73,981	\$79,291	\$76,474	
Annual Growth	2.4%	6.1%	7.2%	3.4%	
Capital Budget (Federal and State)	\$10,640	\$13,083	\$13,099	\$13,418	
Annual Growth	4.8%	23.0%	0.1%	2.6%	
Federal Operating Aid	\$54,953	\$58,456	\$60,108	\$59,759	
Annual Growth	8.5%	6.4%	2.8%	2.2%	
All Funds ⁵	\$163,744	\$171,671	\$178,013	\$175,188	
Annual Growth	4.3%	4.8%	3.7%	2.0%	
Capital Budget (Including "Off-Budget" Capital) ⁶	\$11,284	\$13,744	\$13,730	\$14,036	
Annual Growth	5.1%	21.8%	-0.1%	2.1%	
All Funds (Including "Off-Budget" Capital) ⁶	\$164,388	\$172,332	\$178,644	\$175,806	
Annual Growth	4.3%	4.8%	3.7%	2.0%	
Inflation (CPI)					
	2.1%	2.4%	2.4%	2.3%	
All Funds Receipts					
Taxes	\$79,266	\$77,537	\$82,762	\$81,979	
Annual Growth	6.6%	-2.2%	6.7%	5.7%	
Miscellaneous Receipts	\$27,262	\$29,614	\$26,474	\$27,158	
Annual Growth	2.5%	8.6%	-10.6%	-8.3%	
Federal Receipts (Operating and Capital)	\$58,942	\$62,809	\$63,372	\$63,772	
Annual Growth	6.4%	6.6%	0.9%	1.5%	
Total Receipts ⁶	\$165,470	\$169,960	\$172,608	\$172,909	
Annual Growth	5.8%	2.7%	1.6%	1.7%	
General Fund Cash Balance					
	\$9,445	\$6,950	\$5,389	\$5,903	
Tax Stabilization/Rainy Day Reserve	\$1,798	\$2,048	\$1,798	\$2,286	
Extraordinary Monetary Settlements	\$5,020	\$4,193	\$2,908	\$2,934	
All Other Reserves/Fund Balances	\$2,627	\$709	\$683	\$683	
Debt					
Debt Service as % All Funds Receipts	4.0%	3.5%	3.8%	3.3%	
State-Related Debt Outstanding	\$51,631	\$53,576	\$56,849	\$57,281	
Debt Outstanding as % Personal Income	4.0%	4.0%	4.1%	4.1%	
State Workforce FTEs (Subject to Direct Executive Control) - All Funds					
	117,397	119,327	118,868	120,005	

¹ Results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, released July 2018.

² For comparability purposes, FY 2019 and FY 2020 General Fund disbursements, before and after transfers, are adjusted to exclude (1) the reclassification of mental hygiene funds to the General Fund from Special Revenue Funds and (2) movement of certain DOT and DMV operating expenses to the General Fund from the Dedicated Highway and Bridge Trust Fund, both of which took effect in FY 2019.

³ As reported in the FY 2019 Mid-Year Update. Before Executive proposals to balance the FY 2020 Budget.

⁴ Includes the planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds to support designated purposes.

⁵ All Funds disbursements are expected to exceed receipts (including other financing sources) in FY 2019 and FY 2020 with the difference funded from other available resources, including Extraordinary Monetary Settlements and GO bond proceeds used to reimburse capital spending planned from other funding sources in the first instance.

⁶ Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities.

Executive Summary

Current Fiscal Year (FY 2019)

DOB expects the Financial Plan for FY 2019 to remain in balance on a cash basis in the General Fund, with downward revisions to tax receipts offset by lower disbursements. Estimated tax receipts have been revised downward due to weaker Personal Income Tax (PIT) collections in late December 2018 and early January 2019. The downward revisions to receipts are more than offset by reductions in estimated disbursements, which reflect operating results to date and cautious estimation of future expenses, as well as management and spending controls. In addition, DOB expects to prepay \$765 million of debt services expenses due in FY 2020.

State Operating Funds disbursements are estimated at \$100.1 billion in FY 2019, consistent with the 2 percent annual spending growth benchmark. The calculation of State Operating Funds disbursements is consistent with the accounting and reporting of financial transactions as prescribed by law in the FY 2019 Enacted Budget.

Revision to Tax Receipts Estimates

PIT receipts, before the payment of debt service, were approximately \$500 million below Enacted Budget estimates through December 2018. PIT receipts were lower than expected both for the withholding component, which largely comes from current wages, including bonus income, and the estimated payment component, which mostly reflects nonwage income.

The variance from PIT projections appeared abruptly in the final weeks of December 2018 and has persisted through the early part of January 2019, a period that is typically marked by a relatively heavy flow of PIT receipts compared to the rest of the fiscal year. DOB's economic and receipts forecasts had anticipated year-over-year declines in both withholding and estimated payments, but not by the amounts observed in recent weeks.

Several factors may be contributing to the weakness. The financial markets have experienced increasing volatility in the second half of 2018, driven in part by rising interest rates, trade tensions, and instability in government institutions at home and abroad. Additionally, the Federal limit on the deductibility of state and local taxes (the "SALT limit"), which took effect for tax year 2018, has made December 31 a much less meaningful collection point for income taxes. This may have disrupted the expected pattern of collections. Thus, behavioral changes by individual taxpayers and firms in response to the Federal SALT limit may account for some of the weakness to date.

Responding to Uncertainties

DOB continues to closely monitor collections and expects to have a better view of trends in February, following the next deadline for estimated payments and the next round of bonus payments.

Taking a “wait and see” approach is not a prudent option given current uncertainties. Accordingly, DOB is reducing the forecast for tax receipts in each year of the Financial Plan to ensure that State finances remain on sound footing. In the current fiscal year, the annual estimate for tax receipts has been reduced by \$396 million. Growth from a lower FY 2019 tax base causes corresponding reductions in projected outyear receipts of \$1.6 billion in FY 2020, \$3 billion in FY 2021, \$3.4 billion in FY 2022, and \$4.1 billion in FY 2023.

Financial Plan Remains Balanced in FY 2019

The expected decline in tax receipts in the current year is more than offset by substantial downward revisions to estimated General Fund disbursements based on results to date. Revisions to disbursements have occurred in higher education, mental hygiene, social welfare, agency operations, and debt service. In addition, revisions reflect spending controls executed throughout the year to mitigate risks, and the cautious estimates included in the Financial Plan that create an informal reserve against risks, such as shortfalls in tax receipts and unplanned expenses.

The General Fund is expected to end FY 2019 with a balance of \$6.95 billion, an increase of \$494 million compared to the Mid-Year Update. Over the next two years, nearly the entire increase is expected to be deposited into the State’s Rainy Day reserves (\$250 million in FY 2019 and \$238 million in FY 2020, fiscal conditions permitting).

FY 2020 Executive Budget

The Governor introduced his Executive Budget proposal for FY 2020 to the Legislature on January 15, 2019, sixteen days in advance of the February 1 constitutional deadline.

The Executive Budget is balanced in the General Fund, eliminating a budget gap estimated at \$3.1 billion in the Mid-Year Update, as well as the additional shortfall caused by the reduction in projected tax receipts described above. The budget gaps for future years are reduced to \$4.3 billion in FY 2021, \$3.7 billion in FY 2022, and \$3.8 billion in FY 2023, before actions to hold spending growth at the 2 percent limit.

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

Table 2: FY 2020 Executive Budget Gap-Closing Plan

FY 2020 EXECUTIVE BUDGET GAP-CLOSING PLAN				
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING				
SAVINGS/(COSTS)				
(millions of dollars)				
	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
MID-YEAR UPDATE SURPLUS/(GAP)	(3,070)	(6,429)	(6,551)	(6,735)
Tax Receipts Reestimates	(1,567)	(2,957)	(3,431)	(4,140)
Spending Changes	3,354	682	619	794
Local Assistance	1,986	1,133	1,117	1,155
Agency Operations	283	(141)	(138)	(88)
Debt Service (including prepayment)	843	(52)	(69)	18
All Other	242	(258)	(291)	(291)
Revenue Actions/Resource Changes	1,283	4,368	5,673	6,288
EXECUTIVE BUDGET SURPLUS/(GAP) ¹	0	(4,336)	(3,690)	(3,793)
Adherence to 2% SOF Spending - Calculated Savings ²	0	3,589	4,594	6,269
EXECUTIVE BUDGET SURPLUS/(GAP)	0	(747)	904	2,476

¹ Before actions to adhere to the 2 percent benchmark.

² Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2019 estimate). The Governor is expected to propose, and negotiate with the Legislature to enact, a Budget in each fiscal year that restricts State Operating Funds spending growth to 2 percent. The "Surplus/(Gap)" estimate assumes that all savings from holding spending growth to 2 percent are made available to the General Fund.

DOB estimates that if future budgets hold spending growth in State Operating Funds to 2 percent annually, the General Fund would have a budget gap of \$747 million in FY 2021, and surpluses in FY 2022 and FY 2023. These calculations assume that all savings from the reductions in spending are made available to the General Fund.

The Executive Budget Financial Plan reductions include re-estimates to spending based on updated information, specific cost-containment and tax action proposals, and the prepayment of FY 2020 expenses from excess resources expected to be available in FY 2019.

Local Assistance

In comparison to the current services estimate, General Fund disbursements would be reduced by \$2.0 billion in FY 2020 if the Executive Budget is adopted as proposed. Savings from the reductions, which consist of specific actions and re-estimates to the spending base, are expected to increase in value over the Financial Plan period.

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

- **School Aid.** The Executive Budget recommends \$27.7 billion in School Aid for school year (SY) 2020, an increase of \$1 billion (3.6 percent). Starting in FY 2020, the Budget proposes legislation to amend and align the School Aid growth cap to the 10-year average growth in personal income. This is consistent with the Medicaid's Global Spending Cap index, which is based on the 10-year average of the Medical Care Consumer Price Index. The FY 2020 Executive Budget proposed School Aid increase of 3.6 percent is consistent with the proposed change to the index.
- **Health Care/Medicaid.** State spending on health care, including the State share of Health Care transformation investments and Medicaid, is \$19.6 billion, reflecting growth of 3.6 percent in FY 2020. Spending under the Global Cap is expected to total \$19.4 billion in FY 2020, an increase of \$568 million, consistent with the statutory index of 3 percent. The Global Cap is expected to provide \$440 million in General Fund savings in FY 2020. Total Medicaid spending, including spending outside the Global Cap, is expected to increase by \$1.3 billion to \$21.7 billion in FY 2020. The Financial Plan continues to fund increases in the minimum wage for health care providers totaling \$1.1 billion in FY 2020 outside the Global Cap. In addition, the State continues to provide a substantial amount of capital funding to improve and restructure the State's health care delivery system.

Other General Fund savings in local assistance are from deferring the planned human services COLA in FY 2020, modifying cost-sharing arrangements with local governments, and updating cost estimates for a range of State programs, which reflect in part the continuing impact of cost containment and spending controls enacted in prior years.

Agency Operations

Measures to reduce operating costs, including fringe benefits, for Executive agencies are expected to save \$283 million in FY 2020. The Budget proposes flat spending on agency operations with limited exceptions, such as costs associated with the Raise the Age initiative. Agencies are expected to continue to reduce the cost of service delivery, improve administrative practices, and pursue statewide solutions, including Lean initiatives to streamline operations and management. The Budget also includes interest savings from the payment of the State's pension bill in April 2019.

Debt Service

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

In addition, the Executive Budget gap-closing plan assumes payment in FY 2019 of \$620 million of debt service due in FY 2020. This is in addition to \$145 million in debt service prepayments included in the prior Financial Plan update. The level of prepayments may change, depending on FY 2019 operating results.

Tax Actions/Revisions

The Executive Budget extends the current top income tax rate for high-income earners for five years, through calendar year 2024. The current rate has been in place since January 1, 2012, when the top rate was scheduled to revert to 6.85 percent from 8.97 percent but was instead renewed at 8.82 percent. The Budget also extends for five years the provision that limits the amount of charitable contributions that can be deducted by high-income taxpayers from State taxes.

Proposed tax actions also include requiring online marketplace providers to collect sales taxes, a tax on vapor products, the discontinuation of the sales tax exemption on energy services, and various tax credit extensions.

Other Changes

Other changes include upward revisions to the estimated Federal share of mental hygiene expenses and increases in the level of resources available in other funds, as well as accounting changes for certain transactions.

Cash Position

DOB estimates the General Fund would end FY 2020 with a closing balance of \$5.9 billion, a decrease of \$1.0 billion from FY 2019, if the Executive Budget is adopted without modification. The decrease reflects the planned use of Extraordinary Monetary Settlements to fund activities appropriated from capital projects funds (\$1.0 billion) and a deposit of \$238 million to the rainy day reserves at the end of FY 2020, fiscal conditions permitting.

DOB expects that the State will have sufficient liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from the Short-Term Investment Pool (STIP). The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including Personal Income Tax bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

Managing Risks

Economic uncertainties and actions by the Federal government continue to pose a heightened risk to State finances. Similar to FY 2019, the Executive Budget includes several measures to respond to uncertainties and Federal risks, including the following provisions:

- Legislation is proposed that would allow for across-the-board reductions to certain local assistance disbursements if the annual estimate for tax receipts in FY 2020 is revised downward by \$500 million or more during the fiscal year. The legislation provides for a uniform reduction of up to 3 percent to local assistance appropriations and related cash disbursements in the General Fund and State Special Revenue Funds. Programs that are exempt from the across-the-board reductions include School Aid, Medicaid, and public assistance.
- State legislation, proposed with the FY 2020 Executive Budget, continues authorization for a process by which the State would manage significant reductions in Federal aid during FY 2020 should they arise. Specifically, the legislation allows the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal policymakers (a) reduce Federal Financial Participation (FFP) in Medicaid funding to New York State or its subdivisions by \$850 million or more; or (b) reduce FFP or other Federal aid in funding to New York State that affects the State Operating Funds Financial Plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State special revenue funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

Annual Spending Growth

DOB estimates spending in State Operating Funds will grow at 1.9 percent from FY 2019 to FY 2020, consistent with the 2 percent spending growth benchmark. The table below illustrates the change in annual State spending by major program, purpose and fund.

Table 3: State Spending Measures

STATE SPENDING MEASURES (millions of dollars)				
	FY 2019 Current	FY 2020 Proposed	Annual Change	
			\$	%
LOCAL ASSISTANCE	66,392	67,966	1,574	2.4%
School Aid (School Year Basis)	26,734	27,690	956	3.6%
DOH Medicaid ¹	20,400	21,685	1,285	6.3%
Transportation	3,936	3,532	(404)	-10.3%
STAR ²	2,424	2,186	(238)	-9.8%
Social Services	2,846	2,831	(15)	-0.5%
Higher Education	3,002	2,945	(57)	-1.9%
Mental Hygiene ³	2,176	1,978	(198)	-9.1%
All Other ⁴	4,874	5,119	245	5.0%
STATE OPERATIONS/GENERAL STATE CHARGES	27,765	28,351	586	2.1%
State Operations	19,384	19,649	265	1.4%
Personal Service:	13,765	14,092	327	2.4%
Executive Agencies	7,621	7,715	94	1.2%
University Systems	4,060	4,232	172	4.2%
Elected Officials	2,084	2,145	61	2.9%
Non-Personal Service:	5,619	5,557	(62)	-1.1%
Executive Agencies	2,901	2,894	(7)	-0.2%
University Systems	2,115	2,068	(47)	-2.2%
Elected Officials	603	595	(8)	-1.3%
General State Charges	8,381	8,702	321	3.8%
Pension Contribution	2,422	2,463	41	1.7%
Health Insurance	4,196	4,313	117	2.8%
Other Fringe Benefits/Fixed Costs	1,763	1,926	163	9.2%
DEBT SERVICE	5,975	5,694	(281)	-4.7%
TOTAL STATE OPERATING FUNDS	100,132	102,011	1,879	1.9%
Capital Projects (State and Federal Funds)	13,083	13,418	335	2.6%
Federal Operating Aid	58,456	59,759	1,303	2.2%
TOTAL ALL GOVERNMENTAL FUNDS	171,671	175,188	3,517	2.0%

¹ Total State share Medicaid funding excludes Master Settlement Agreement (MSA) payments to the State that will be deposited directly to a Medicaid Escrow Fund to defray the cost of the State's takeover of Medicaid costs for counties and New York City.

² The FY 2018 Enacted Budget converted the New York City Personal Income Tax (PIT) rate reduction benefit to a nonrefundable State PIT credit. This change has no impact on STAR benefits received by homeowners; it will decrease reported disbursements for STAR and decrease reported PIT receipts by an identical amount. See "STAR Program" in "State Financial Plan Projections Fiscal Years 2019 Through 2023" herein.

³ Mental Hygiene is estimated to total \$4.0 billion in FY 2020, an increase of \$183 million (4.8 percent) from FY 2019. The funding increase is offset by a shift of program expenses to the Medicaid Global Cap (\$440 million), as additional DOH Medicaid savings will allow for a greater share of OPWDD and OMH Medicaid spending to be paid for under the Global Cap.

⁴ "All Other" includes a reconciliation between school year and State fiscal year spending for School Aid. On a State fiscal year basis, School Aid is estimated to total \$27.2 billion in FY 2020, an increase of \$734 billion from FY 2019. It also reflects a reduction for the portion of the State's takeover of Medicaid costs for counties and New York City that will be funded from MSA payments deposited directly to a Medicaid Escrow Fund (\$435 million in FY 2019 and \$327 million in FY 2020), which reduces reported disbursements. Lastly, it includes spending for public health, other education, local government assistance, parks, environment, economic development, and public safety, as well as reclassifications.



REVENUE ACTIONS

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



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

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

\$26.3B

in personal
income tax cuts



\$7.6B

in business
tax cuts

Controlling Property Tax Growth

The Property Tax Cap **saved taxpayers more than \$3,200** in the first six years.

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

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



Tax Bracket Breakdown

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

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

Budget Highlights

Protecting New Yorkers from Federal Tax Reform.

The Budget continues the process of State tax reform in response to the Federal legislation.

Support Phase-In of Lowest Middle Class Tax Rates in more than 70 Years.

The Budget supports the ongoing phase-in of middle class tax cuts, with average savings in tax year 2019 of \$320. When fully effective, six million New Yorkers will save \$700 annually.

Enact the Cannabis Regulation and Taxation Act.

The Budget proposes establishes a regulatory structure for the adult-use of marijuana and imposes three taxes.

Close the Carried Interest Loophole.

If regional agreement is achieved, the Budget treats carried interest as ordinary income for New York State tax purposes and imposes upon it a fairness fee to eliminate the benefit from Federal preferential tax rates.

Enact Comprehensive Tobacco Control Policy.

The Budget raises the minimum age to purchase cigarettes from 18 to 21, prohibits the sale of tobacco products in pharmacies, and imposes a 20 percent tax on the retail sale of vapor products, among other provisions.

The FY 2020 Executive Budget takes the next step in protecting taxpayers from the devastating impacts of Federal tax reform, continues the phase-in of the middle class tax cuts, and advances efforts to improve New York's business climate, simplify the tax code, and improve the fairness of the tax system.

Overview

The fiscal discipline of the past eight years positioned the State to deliver tax cuts for both individuals and businesses. Enacted personal income tax cuts are saving taxpayers \$26.3 billion through FY 2020 and every New Yorker now pays a lower tax rate than they did before the Governor took office. Enacted business tax cuts are saving businesses \$7.6 billion through FY 2020.

Tax relief accomplishments include: enactment of a property tax cap; the property tax freeze credit; the lowest middle class income tax rate in 70 years; elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed; creation of a newly enhanced family tax relief credit; tax cuts for small businesses and manufacturers; reforms to unemployment insurance and workers compensation insurance; tax free zones; and the most important overhaul of corporate taxes in seven decades including a reduction in tax rates. In addition, a series of actions taken in the FY 2019 Budget helped protect New Yorkers from tax increases caused by the Federal tax law changes.

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

Responding to Federal Tax Reform

On December 22, 2017, President Trump signed into law sweeping changes to the Federal tax system. The new Federal law has a disproportionate and negative impact on the State of New York. Absent changes to the State's tax code, the law's limitations on the deductibility of state and local taxes – known as SALT – will cost New York's taxpayers upwards of \$14.3 billion per year and risk undermining the progressivity of the State's tax system, the investments and services that the State provides for its residents, and the competitiveness of New York's economy over the long-term.

The elimination of full SALT deductibility rolls back a basic tenet of Federal tax law that has been part of the modern Federal income tax since it was created in 1913, more than a century ago. States like New York have designed their tax systems according to this principle, which takes state taxes into account before Federal taxes.

While the Governor leads the fight in concert with New York's congressional delegation to repeal the cap on SALT deductions, the State took action in the FY 2019 Budget to adjust its tax structure, including:

- **Expanding Charitable Contributions to Benefit New Yorkers.** The FY 2019 Budget created two new state-operated Charitable Contribution Funds to accept donations for the purposes of improving health care and education in New York. Since then, those funds have collected nearly \$100 million from taxpayers seeking refuge from the effective Federal tax increase. In addition, the legislation authorized school districts and other local governments to create charitable funds. Donations to these funds would provide a reduction in local property taxes (via a local credit) equal to a percentage of the donation.

On August 23, 2018 the Internal Revenue Service and the U.S. Treasury Department released guidance designed to limit New York's and other states' legislation that would have provided relief around the SALT limitations imposed by the Federal tax reform. In summary, the proposed regulations would require taxpayers to subtract from their charitable contribution deduction the amount of any state or local credit the taxpayer receives or expects to receive.

- **Creating an Alternative Employer Compensation Expense Program.** While Federal tax reform eliminated full State and local tax deductibility for individuals, businesses were spared from these limitations. Under the FY 2019 Budget, employers were able to opt-in to a new ECEP structure. Employers that opt-in are subject to a five percent tax on all annual payroll expenses in excess of \$40,000 per employee, phased in over three years beginning on January 1, 2019. The progressive personal income tax system would remain in place, and a new tax credit corresponding in value to the ECEP would cut the personal income tax on wages and ensure that State filers subject to the ECEP would not experience a decline in take-home pay.
- **Decoupling from the Federal Tax Code.** The FY 2019 Budget decoupled the state tax code from the Federal tax code, where necessary, to avoid more than \$1.5 billion in State tax increases brought solely by increases in Federal taxes.

The FY 2020 Executive Budget advances additional reforms to help protect taxpayers from Federal tax law changes, including by:

- **Decoupling from the Taxability of State Incentives.** Decouple from recent Federal inclusion of certain state tax and grant economic development incentives in taxable income. This initiative ensures that the State does not tax its own economic development grants.

- **Decoupling from IRC Federal Basis for New York State Manufacturing Test.** Decouple from recent Federal provisions that hinder the ability of manufacturers to qualify for certain State tax benefits, therefore, maintaining the economic competitiveness of qualified manufacturers.

Tax Cuts and Credits

- **Make the Property Tax Cap Permanent.** The 2 percent property tax cap enacted in 2011 has kept levies in check, saving the typical taxpayer more than \$3,200 in just the first six years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$25 billion. But under existing law, it must be extended every four years to remain in effect. The Executive Budget makes the property tax cap permanent.
- **Continue the Phase-In of the Middle Class Tax Cut.** The Budget continues to support the phase-in of the middle class tax cuts. In Tax Year 2019, taxpayers will save nearly \$1.5 billion. When fully effective, six million New Yorkers will save \$700 annually and middle class tax rates will be the lowest in more than 70 years. These actions build on the middle class tax cuts of 2012, which lowered rates from 6.85 percent to 6.45 percent for taxpayers in the \$40,000-\$150,000 income bracket, and to 6.65 percent in the \$150,000-\$300,000 income bracket.

Under the new rates for tax year 2019, tax rates will drop to 6.21 percent in the \$43,000-\$161,550 income bracket, and 6.49 percent in the \$161,550-\$323,200 income bracket.

The rate will drop even further and will continue to drop all the way to 5.5 percent and 6.0 percent, respectively, when the cuts are fully effective. The new lower tax rates will save middle class New Yorkers \$4.2 billion, annually, by 2025. The reforms to the tax code made New York State significantly more progressive, whether compared to the structure in 2011, or the statutory default structure of 2008. Millionaires' share of the total tax burden increased by 21 percent between 2008 and 2015. The share of the overall tax burden by filers earning \$50,000 or less dropped by 41 percent. The share of the overall tax burden by filers earning \$100,000 or less dropped by 27 percent.

- **Expand the Employee Training Incentive Program (ETIP) Credit.** Expand the credit to include employers' in-house training as well as to include software development and clean energy internships. The expansion of the credit will strengthen the current program and provide more opportunities for training. This credit is currently estimated to save New York businesses \$5 million annually.
- **Make Technical Changes to the Farm Workforce Retention Credit.** Expand the credit to include more types of farming that qualify for the farmer school tax credit, such as cider production and Christmas tree farming. In tax year 2019, employers will receive a credit of \$500 per eligible farm employee.

- **Create the New York State Employer-Provided Child Care Credit.** Create a new credit equal to 100 percent of the Federal credit for employers who provide child and dependent care facilities to their employees. The credit will enhance the opportunity for employers to provide quality child care services to their employees and is expected to save New York businesses \$1 million annually.
- **Create the Employer Recovery Hiring Tax Credit.** Create a new credit for employers of up to \$2,000 for each person in drug abuse recovery that they employ. The employer's recovery tax credit will incentivize the hiring of individuals who have successfully completed substance abuse disorder treatment, affording new job opportunities to a vulnerable population while saving New York businesses \$2 million annually.
- **Expand the Current Historic Rehabilitation Credit.** Allow the credit for activities in more areas such as State parks, ensuring that historic buildings in State parks do not fall into disrepair. By extending the program to unused or underutilized historic properties the State will be providing further incentives for private investment in historic resources in the State park system that all New Yorkers will be able to enjoy.

Reform and Simplification Actions

- **Close the Carried Interest Loophole.** The Budget treats carried interest as ordinary income for New York State tax purposes and imposes upon it a fairness fee to eliminate the benefit from preferential tax rates that exist at the Federal level. In order to prevent New York from being placed at a competitive disadvantage, this will take effect only when functionally identical legislation is enacted in Connecticut, Massachusetts, Pennsylvania, and New Jersey.
- **Eliminate Internet Tax Advantage.** New York's brick and mortar retailers are currently at a disadvantage because many on-line retail competitors are not collecting sales tax. This unequal treatment is unfair to the retailers who do collect sales tax, the customers who pay sales tax, the public at large who is forsaking State and local revenues, and the people who depend on the public services supported by those revenues.

As more retail sales migrate to online platforms, the importance of ensuring equal tax compliance has grown. Online providers such as Amazon, eBay, and many others supply a marketplace for third-party retailers to sell their products to consumers. The Executive Budget will provide a consistent framework for collection of required sales taxes by marketplace providers, which will simplify sales tax enforcement and ease collection burdens for the retailers who sell through these platforms.

In addition to the marketplace providers proposal, and consistent with the United States Supreme Court ruling in *South Dakota v. Wayfair, Inc.*, out-of-state retailers whose sales in New York exceeds \$300,000 or 100 transactions will be reminded via notice by the Tax Department that they are required under the New York Tax Law to collect and remit sales tax.

Beyond the benefits to New York's business community, consistent collection of sales tax supports local governments. For more than half of the counties in New York, sales tax is the number one source of revenue. Currently, \$280 million in local sales taxes owed under state law for internet-marketplace purchases are not collected. The *Wayfair* decision, when combined with the shifting of tax collection responsibilities to the marketplaces that facilitate online sales, is expected to generate an additional \$110 million in sales tax revenue for local governments – an amount much larger than the property tax levy growth under the state property tax cap for 2018. In addition, counties pass through 25 percent of sales tax revenues to other local governments to help them reduce property taxes and pay for local services.

It is counterproductive to principles of fairness, harmful to local economies, bad for retail jobs, and damaging to state and local revenues to allow online retailers to evade their responsibility to collect taxes on the sales they make into New York. This proposal ensures that out-of-state merchants do not have a price advantage over our State's retail community.

- **Discontinue the Energy Services Sales Tax Exemption.** The Executive Budget eliminates the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO). Enacted in the early 2000s to incentivize consumer choice, this exemption is no longer necessary now that ESCOs are established entities (New York City eliminated this tax exemption in 2009). Local governments outside of New York City would receive \$48 million as fairness is established.
- **Allow an Exemption from Real Property Taxation for Qualified Energy Systems.** To promote the State's green energy initiatives, the Budget provides private developers an exemption on real property taxes for new projects when both the property is controlled by the State, and the State has an agreement to buy the power generated.
- **Improve Equalization Rate Apportionment.** School districts often include the whole or parts of multiple towns and villages, each with their own assessor and equalization rates. The Executive Budget gives school districts the option to apportion large tax increases due to this segmentation across three or five years, allows the Department of Taxation and Finance (DTF) to certify assessor equalization rates as final, and clarifies that an assessor must notify officials when the tentative equalization rate differs from the Level of Assessment by 5 percent or more. As a whole, these actions smooth out the cost of the tax increase across multiple tax years regardless of the municipality in which school taxpayers live.
- **Improve Real Property Tax Administration.** The Executive Budget would allow local governments to provide real property assessment relief as soon as a disaster emergency is declared, rather than waiting for special legislation so impacted property owners could obtain relief sooner. This legislation is especially important if a disaster occurs after the end of a legislative session. The Budget makes disaster emergency relief permanently available; authorizes a county-level Board of Assessment Review; allows an assessor

training credit without providing reimbursement, if the assessor chooses; allows for electronic notifications of special franchise, telecom ceilings, and equalization rates; changes the special franchise taxable status date from July 1 to January 1; and establishes a reporting requirement for power plants.

- **Eliminate Property Tax Freeze Program Language.** Eliminate the remaining Tax Freeze Program language from the General Municipal Law and Education Law to reflect that this program has concluded.

Enforcement Initiatives

- **Include Certain New York State Gambling Winnings in Nonresident New York State Income.** Impose personal income tax on nonresidents' gambling winnings from New York casinos and racetracks in excess of \$5,000 and require withholding on such winnings when subject to Federal tax withholding.
- **Increase Tax Return Audits.** The Budget increases DTF's audit and enforcement team resources, reducing or denying more fraudulent refunds before they are issued, and analyzing more returns for fraud after they have been filed and processed. All New Yorkers benefit when tax fraud is identified, ensuring that the tax base is protected.
- **Make e-File Mandate Permanent.** Currently set to expire after tax year 2019, the Executive Budget makes the e-filing mandate permanent.

Tax Law Extenders

- **Extend Higher Personal Income Tax Rates for Five Years.** The 8.82 percent income tax rate for high-income taxpayers, originally enacted in 2011, is extended for five years through 2024. Tax rates would be held at existing levels for married filing jointly taxpayers with annual adjusted gross incomes above \$2,155,350, taxpayers filing as head of household with annual adjusted gross incomes above \$1,616,450, and single taxpayers with annual adjusted gross income above \$1,077,550.
- **Extend Personal Income Tax Limitation on Charitable Contributions for Five Years.** The limitation on itemized deductions to 25 percent of contributions, applicable to taxpayers with incomes above \$10 million and originally enacted in 2010 is extended through 2024.
- **Extend Clean Heating Fuel Credit for Three Years.** Designed to encourage homeowners and businesses to use cleaner heating fuels, the credit is extended through 2022.
- **Permanently Extend Tax Shelter Reporting and Update Tax Preparer Penalties.** Provisions originally enacted in 2005 and designed to improve compliance for certain hard-to-identify tax avoidance transactions are extended and made permanent.

- **Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act.** The Executive Budget extends the sales tax exemption provided to financial institutions that are required under the Dodd-Frank Wall Street Reform and Consumer Protection Act to create subsidiaries and then transfer the property or services to those subsidiaries without the transfer being considered a taxable sale. The date is extended by which transfers must be made or a binding contract entered into from June 30, 2019 to June 30, 2021.
- **Permanently Extend DTF Authorizations to Manage Delinquent Sales Tax Vendors.** The Executive Budget makes permanent certain provisions concerning the segregated sales tax account program. These provisions have improved vendor compliance and reduced the need to pursue costly collection actions when sales tax collected by vendors is not remitted timely to the Department.
- **Extend Workers with Disability Credit for Three Years.** The Executive Budget extends for three years the credits for qualified employers that employ individuals with developmental disabilities.
- **Extend Three-Year Gift Addback Rule & Require Binding New York State QTIP Election.** The Federal 2017 Tax Cut and Jobs Act doubled the Federal estate tax exemption threshold until January 1, 2026, creating a significant gap between the State and Federal thresholds. The intent of the gift add-back rule was to prevent the granting of gifts to take advantage of the difference between the Federal and State exemption threshold levels. The Executive Budget extends the three-year gift add-back rule until January 1, 2026 when the higher Federal estate tax threshold level expires and reverts to being equivalent to the State threshold level. The Executive Budget also requires a binding New York State QTIP election be made on State estate tax returns. This eliminates the current practice of relying on the filed Federal estate tax return or pro forma Federal return to determine an estate's QTIP election status.

School Tax Relief (STAR) Program Actions

- **Cap Annual Growth in STAR Exemption Benefits at Zero Percent and Increase STAR Credit Benefits by Two Percent.** The Executive Budget maintains FY 2020 STAR exemption benefits at no more than their FY 2019 levels, for the Exemption Program only, rather than allowing them to grow by up to two percent (the STAR Credit would not be subject to this cap). Taxpayers currently receiving the STAR exemption would be authorized to voluntarily switch to the credit program to preserve the added benefit. Consistent with prior year actions, administering the STAR program as a tax credit aligns it with other tax relief programs.
- **Lower Basic STAR Exemption Income Eligibility Requirement.** Limit the Basic STAR benefit for homeowners in the Exemption program to an income threshold of \$250,000, rather than \$500,000. The threshold for the STAR Credit would be unchanged at \$500,000 and taxpayers currently receiving STAR would be authorized to voluntarily

switch to the credit program to preserve their tax advantage. Administering the STAR program as a tax credit aligns it with other tax relief programs.

- **Align New York City Enhanced Circuit Breaker Expiration Dates.** The Budget modifies the formula expiration date with the credit's expiration date, so both provisions agree.
- **Allow Residency Verification for Enhanced Beneficiaries.** The Executive Budget allows DTF to verify Enhanced exemption recipient's residency and income. Additionally, the loophole that may allow an expelled STAR exemption recipient into the Credit Program is closed by clarifying that the six-year ban for material misstatements applies to both exemptions and credits.
- **Improve Assessor Communications.** The Executive Budget allows DTF to share STAR information with local assessors. This information will aid in the administration of other local exemptions, for example, the Senior (Aged) Exemption. Additionally, this protects the confidentiality of beneficiary information.
- **Improve STAR Credit Notifications.** The Executive Budget reduces confusion by amending the STAR check notification on school tax bills to clarify that a STAR check has been or will be sent.
- **Extend Good Cause Provisions to First Time Enhanced Applicants.** The Executive Budget extends the "good cause" provisions for late applications to first time Enhanced recipients and supports taxpayers wishing to renounce their STAR exemption by waiving the fee if renunciation occurs before the tax levy is issued.
- **Require Mobile Home Park Reporting to DTF.** DTF receives information on manufactured homes only when sales occur, but not when there are any other status changes. The Executive Budget requires park owners to report any status changes to DTF on a quarterly basis. DTF relays such information to the Division of Housing and Community Renewal (DHCR) within 30 days of receipt to ensure data is collected consistently across all types of homes. This change will help ensure that STAR credit checks for mobile homes are delivered to taxpayers in a timely fashion.
- **Allow Disclosure of Certain Information on Cooperative Housing Corporation Information Returns.** The Budget allows DTF to share certain information reported by cooperative housing corporations with local assessor for real property tax administration purposes. This information will aid DTF with issuing STAR checks for co-ops in a timely manner.

Other Revenue Actions

- **Enact the Cannabis Regulation and Taxation Act.** The Executive Budget proposes to regulate and control the manufacture, wholesale, and retail production, distribution, transportation, and sale of cannabis, cannabis related products, medical cannabis, and hemp cannabis within the State of New York, for the purposes of fostering and promoting temperance in their consumption, to properly protect the public health, safety, and welfare, and to promote social equality.

This bill would impose three taxes on the adult-use of marijuana. The first tax is imposed on the cultivation of cannabis at the rate of \$1 per dry weight gram of cannabis flower and \$0.25 per dry weight gram of cannabis trim. The second tax is imposed on the sale by a wholesaler to a retail dispensary at the rate of 20 percent of the invoice price. The third tax is imposed on the same sale by a wholesaler to a retail dispensary at the rate of 2 percent of the invoice price, but collected in trust for and on account of the county in which the retail dispensary is located.

Revenues from the State cannabis taxes will be expended for the following purposes: administration of the regulated cannabis program, data gathering, monitoring and reporting, the governor's traffic safety committee, small business development and loans, substance abuse, harm reduction and mental health treatment and prevention, public health education and intervention, research on cannabis uses and applications, program evaluation and improvements, and any other identified purpose recommended by the director of the Office of Cannabis Management and approved by the Director of the Budget.

- **Enact a Comprehensive Tobacco Control Policy.** The Executive Budget raises the minimum age to purchase cigarettes from 18 to 21; prohibits the sale of tobacco products in all pharmacies; prohibits the acceptance of price reduction instruments for both tobacco products and e-cigarettes; prohibits the display of tobacco products or e-cigarettes in stores; clarifies that the Department of Health has the authority to promulgate regulations that prohibit or restrict the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor, or the use of names for characterizing flavors intended to appeal to minors; prohibits smoking inside and on the grounds of all hospitals licensed or operated by the Office of Mental Health; and requires that e-cigarettes be sold only through licensed dealers. The policy also imposes a 20 percent tax on the retail sale of vapor products.

This comprehensive tobacco control policy will prevent death and disease associated with tobacco use, as well as save the State money due to the high cost of health care expenses for tobacco-related illnesses, estimated at \$10.4 billion annually, including \$3.3 billion in Medicaid costs.

Smoking prematurely kills over 28,000 New Yorkers each year – more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined. In a 2012 report on youth tobacco use, the U.S. Surgeon General characterized tobacco use as a pediatric epidemic.

The tobacco industry continues to invest over \$9 billion annually marketing cigarettes and scientific evidence establishes that tobacco industry marketing causes youth tobacco use. The industry devotes countless resources to keep existing customers and recruit new customers, most of whom are youth, while undermining the proven effective public health measures already put in place.

In addition to combustible tobacco products, e-cigarettes, vapor products, and similar devices are emerging as the latest public health threat to youth and young adults. Uptake of vapor products by youth is dramatically increasing and more high school age youth are now using vapor products than smoking combustible cigarettes. Dual use by youth and adults is common, showing that they are not substituting vapor products for cigarettes, but using both to maintain and strengthen addiction. New York has the opportunity to save lives, save money, and become the first state in the nation to create a tobacco-free generation.

- **Impose a Supplemental Auto Rental Surcharge.** The FY 2020 Budget raises new revenues for Upstate transit systems by expanding an auto rental surcharge from the Metropolitan Commuter Transportation District (MCTD) to the entire state. This regional expansion raises revenues of \$11 million, which will be used to provide added support for Upstate systems that serve many of the most economically disadvantaged, disabled, and elderly riders throughout the State.

Gaming Initiatives

- **Allow Off-Track Betting (OTB) Reforms.** The Executive Budget includes four OTB reforms. 1) Allows OTBs to remove racing operations from their business or merge with another OTB; 2) Requires OTBs to maintain financial records; 3) Allows an OTB internal auditor to review expenses and report to the OTB Board; and 4) Allows Capital OTB to show televised races at Rivers Casino.
- **Extend Certain Tax Rates and Certain Simulcasting Provisions for Five Years.** The current pari-mutuel tax rate structure and other racing-related provisions are extended for five years.
- **Simplify Video Lottery Gaming (VLG) Rate and Additional Commission Provisions.** The Executive Budget reforms and simplifies the VLG rate structure, including the distribution of capital awards and marketing allowance, as well as eliminates the current additional commission provisions and provides an additional commission rate. The number of differing VLG commission rates are reduced from no less than 27 to just seven. Capital awards and marketing allowance are now included in the facility commission, allowing the facility to determine how much it spends on marketing and eliminating the

current reimbursement process used for capital awards. The additional commission provided to VLG facilities impacted by nearby competing casinos is now offered via an additional commission rate as a percentage of their net machine income. This reduces the facilities' current windfalls, while still providing an incentive for them to improve their revenue performance.

- **Impose a Statutory Cap on Casino Free Play.** The Gaming Commission and the four upstate casinos have reached agreements that limit casino free play allowance to 19 percent per year. The Executive Budget codifies this existing practice into law through FY 2023. Beginning FY 2024, the casino free play cap is reduced to 15 percent to align with the free play cap imposed on VLG facilities.
- **Allow Breeding Funds to be Used for Equine Aftercare.** The Budget amends Racing Law to allow the breeding funds to allocate funds to support and promote the ongoing aftercare of retired racehorses.
- **Authorize Entry into the Mid-Atlantic Drug Compact.** The Gaming Commission is authorized to enter into the Mid-Atlantic Drug Compact, to enhance equine drug testing, and standardize the ability to maintain the integrity of the racing industry.
- **Extend Equine Drug Testing Advisory Committee and Remove Morrisville Restriction.** The advisory committee established with the FY 2019 Enacted Budget to review the current state of equine drug testing in New York State, and make recommendations going forward, is extended for an additional year. Section 902 of the Racing Law dictates that drug testing for race horses shall be conducted by a "state college within this state with an approved equine science program." As Morrisville State College is the only college that fulfills this requirement, this restriction is eliminated to allow the Gaming Commission to entertain bids from other facilities.
- **Make Technical Changes to Gaming Provisions.** The Executive Budget moves the statute establishing the Gaming Inspector General from Article 13 of the Racing Law to Article 1; restructures the Governor's appointees to the Thoroughbred Breeding Fund by making qualified non-Gaming Commission employees eligible; clarifies that Cornell's Zweig Fund can accept gifts from donors, and ensures the fund's board is covered from indemnification by Public Officers Law; and expands the allowable use of the lapsed prized fund to allow supplemental prizes on more games, allows continuing promotional campaigns, and aligns the prize payment amounts and revenue distributions for all lottery games.
- **Reduce Gaming Commission Employment Restrictions.** Currently, significant limitations are placed on Gaming Commission hiring. If a prospective hire has held an occupational license from the Commission in the three years prior to appointment, they are disqualified from employment. The Budget amends Section 107 of the Racing Law to allow a waiver from the hiring restriction.

- **Streamline Occupational Licensing for Casino Employees.** The Executive Budget reduces the scope of occupational license background investigations for non-key casino employees and vendors, unless a more in-depth investigation is warranted. The automatic bar on felony convictions is also removed, thus allowing for greater discretion for occupational license approval.

Fee Actions

- **Expand the New York State Bottle Bill Program to Include Additional Beverage Containers.** The Executive Budget expands the current Bottle Bill Program to include bottles from: sports drinks; energy drinks; fruit and vegetable beverages; ready-to-drink tea and coffee; and wellness beverages. Receipts will support the Environmental Protection Fund.
- **Make the Waste Tire Fee Permanent.** In order to avoid cuts to essential programs, the Budget permanently extends the Waste Tire Fee, which is scheduled to expire December 31, 2019. This \$2.50 fee, which has been in place since 2003, funds the abatement of waste tire sites and supports approximately 140 Department of Environmental Conservation employees involved in mission critical solid and hazardous waste cleanup activities.
- **Recognize Value of State Assets.** To help the State realize the full value of its assets, the Budget authorizes DOT to enter into agreements with fiber-optic utility companies to occupy State rights of way. Such agreements are projected to provide potential revenue to the State of \$15 million in FY 2020, \$30 million in FY 2021, and \$50 million annually thereafter.
- **Impose Bus Inspection Fee.** In the interest of public safety for bus passengers and other drivers and passengers that share the road, the Executive Budget imposes a new \$120 inspection fee on for-profit vehicles included in the Bus Inspection Program. These vehicles are currently being inspected semi-annually by, and at the expense of, the Department of Transportation. Bus owners, with the responsibility for the inspection fee and the re-inspection fee should they fail inspection, would be more likely to properly maintain their vehicle.
- **Increase Notice of Violation Fine.** The Executive Budget increases the maximum Notice of Violation fine from \$5,000 to \$25,000 per occurrence for vehicles regulated under Section 140 of State Transportation Law, such as limousines, issued as the result of one or more Out-of-Service violations. This increase will provide significant disincentive to transportation companies to operate unsafe vehicles.
- **Increase Indigent Legal Services Fund Support.** In an effort to support the expansion of the *Hurrell-Harring Settlement* reforms to all of the State's counties and the City of New York, the Executive Budget increases two fees that support the Indigent Legal Services Fund. The Attorney Registration Fee is increased by \$50, to \$425 every two years and the Criminal History Search Fee is increased by \$25, to \$90 per search. These *Hurrell-*

Haring Settlement reforms, supported by these fee increases, will help to improve the quality of indigent defense services, ensure counsel at arraignment for indigent defendants, and provide caseload relief for indigent defense providers.

- **Impose Penalty on the Use of Lead Paint.** The Executive Budget supports new regulations that provide necessary authority to State and municipal housing maintenance code enforcement agencies to include lead paint hazard control in existing enforcement activities and levy applicable fines.
- **Repeal License Fees on Certain Cooperatives.** The Budget amends the cooperative corporations law and the rural electric cooperative law to eliminate a ten-dollar annual fee paid by cooperative corporations and rural electric cooperatives, reducing the administrative burden on DTF, who incurs the costs to perpetuate and process these filings, but has only collected \$250 from these licenses over the past two years.

Table 4: Revenue Actions and STAR (Millions of Dollars)

BRIEFING BOOK REVENUE ACTIONS				
(millions of dollars)				
	General Fund		All Funds	
	FY 2020	FY 2021	FY 2020	FY 2021
Responding to Federal Tax Reform	-	-	-	-
Decouple the Taxability of State Incentives	-	-	-	-
Decouple from IRC Federal Basis for New York State Manufacturing Test	-	-	-	-
Tax Cuts and Credits	-	-	-	-
Make the Property Tax Cap Permanent	-	-	-	-
Expand the Employee Training Incentive Program (ETIP) Credit	-	-	-	-
Make Technical Changes to the Farm Workforce Retention Credit	-	-	-	-
Create the New York State Employer-Provided Child Care Credit	-	-	-	-
Create the Employer Recovery Hiring Tax Credit	-	-	-	-
Expand the Current Historic Rehabilitation Credit	-	-	-	-
Reform and Simplification Actions	209	359	221	378
Close the Carried Interest Loophole	-	-	-	-
Eliminate Internet Tax Advantage	119	239	125	250
Discontinue the Energy Services Sales Tax Exemption	90	120	96	128
Allow an Exemption From Real Property Taxation For Qualified Energy Systems	-	-	-	-
Improve Equalization Rates	-	-	-	-
Improve Real Property Tax Administration	-	-	-	-
Eliminate Property Tax Freeze Program Language	-	-	-	-
Enforcement Initiatives	12	121	12	121
Include Certain New York State Gambling Winnings in Nonresident New York State Income	-	1	-	1
Increase Tax Return Audits	12	120	12	120
Make e-File Mandate Permanent	-	-	-	-
Tax Law Extenders	785	3,660	785	3,660
Extend Higher Personal Income Tax Rates for Five Years	771	3,560	771	3,560
Extend Personal Income Tax Limitation on Charitable Contributions for Five Years	-	86	-	86
Extend Clean Heating Fuel Credit for Three Years	-	-	-	-
Permanently Extend Tax Shelter Reporting; Extend Preparer Penalties for 5 years; Impose Additional Preparer Penalty	14	18	14	18
Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act	-	-	-	-
Permanently Extend DTF Authorizations to Manage Delinquent Sales Tax Vendors	-	-	-	-
Extend Workers with Disability Credit for Three Years	-	(4)	-	(4)
Extend Three-Year Gift Addback Rule & Require Binding New York State QTIP Election	-	-	-	-

Revenue Actions



	General Fund		All Funds	
	FY 2020	FY 2021	FY 2020	FY 2021
School Tax Relief (STAR) Program Actions	46	88	(185)	(241)
Cap Annual Growth in STAR Exemption Benefits at Zero Percent - Credit Portion	(60)	(119)	(60)	(119)
Cap Annual Growth in STAR Exemption Benefits at Zero Percent - STAR Savings	106	207	-	-
Lower Basic STAR Exemption Income Eligibility Requirement - Credit Portion	(125)	(122)	(125)	(122)
Lower Basic STAR Exemption Income Eligibility Requirement - STAR Savings	125	122	-	-
Align New York City Enhanced Circuit Breaker Expiration Dates	-	-	-	-
Allow Residency Verification for Enhanced Beneficiaries	-	-	-	-
Improve Assessor Communications	-	-	-	-
Improve STAR Credit Notifications	-	-	-	-
Extend Good Cause Provisions to First Time Enhanced Applicants	-	-	-	-
Require Mobile Home Park Reporting to DTF	-	-	-	-
Allow Disclosure of Certain Information on Cooperative Housing Corporation Information Returns	-	-	-	-
Other Revenue Actions	(2)	78	13	124
Enact the Cannabis Regulation and Taxation Act	-	83	-	83
Enact a Comprehensive Tobacco Control Policy	(2)	(5)	2	19
Impose a Supplemental Auto Rental Tax Surcharge	-	-	11	22
Gaming Initiatives	-	-	5	11
Allow Off Track Betting (OTB) Reforms	-	-	-	-
Extend Certain Tax Rates and Certain Simulcast Provisions for Five Years	-	-	-	-
Simplify Video Lottery Gaming (VLG) Rate and Additional Commission Provisions	-	-	5	5
Impose a Statutory Cap on Casino Free Play	-	-	-	6
Allow Breeding Funds to be Used for Equine Aftercare	-	-	-	-
Authorize Entry into the Mid-Atlantic Drug Compact	-	-	-	-
Extend Equine Drug Testing Advisory Committee and Remove Morrisville Restriction	-	-	-	-
Make Technical Changes to Gaming Provisions	-	-	-	-
Reduce Gaming Commission Employment Restrictions	-	-	-	-
Streamline Occupational Licensing for Casino Employees	-	-	-	-
Fee Actions	5	12	94	126
Expand the New York State Bottle Bill Program	-	4	-	18
Make the Waste Tire Fee Permanent	-	-	18	24
Recognize Value of State Assets	-	-	5	10
Impose Bus Inspection Fee	1	2	1	2
Increase Notice of Violation Fine	3	5	3	5
Increase Indigent Legal Services Fund Support	-	-	66	66
Impose Penalty on the Use of Lead Paint	1	1	1	1
Repeal License Fees on Certain Co-Ops	-	-	-	-
TOTAL REVENUE ACTIONS	1,055	4,318	945	4,178



\$100 BILLION INFRASTRUCTURE PLAN IS UNDERWAY

- ✓ Mario M. Cuomo Bridge
- ✓ Water Infrastructure
- ✓ Upstate Roads
- ✓ 2nd Avenue Subway
- ✓ Airport Reconstruction
- ✓ Statewide Broadband
- ✓ Downtown Revitalizations
- ✓ MTA Capital Plan
- ✓ State Parks
- ✓ Housing

Launch **NEW \$150 billion** infrastructure plan

\$66 BILLION



INVESTMENT IN TRANSPORTATION

including mass transit, railroads, airports, highways, and bridges and tunnels.

\$32 BILLION



INVESTMENT IN THE ENVIRONMENT

improving environmental facilities, parks, and creating a cleaner, greener energy

\$11 BILLION



FOR ECONOMIC AND COMMUNITY DEVELOPMENT

in every region of New York State.

\$9 BILLION



SAFE, SECURE AND AFFORDABLE HOUSING

for the people of New York State

\$19 BILLION



INVESTMENT IN SCHOOL DISTRICTS

to help build new and better school buildings - creating learning spaces of the 21st century.

\$13 BILLION



STATEWIDE INVESTMENTS

for SUNY and CUNY buildings, the state's health care facilities and other capital assets.

Budget Highlights

Launch New \$150 Billion Infrastructure Plan. The Executive Budget supports the Governor's new \$150 billion, five-year infrastructure plan that will rebuild mass transit systems, construct affordable housing, build new schools, and support a sustainable energy future.

Delivering on the \$100 Billion Infrastructure Plan. The Governor's \$100 billion plan, launched in FY 2017, is delivering modern infrastructure and major projects across the State.

Support the MTA Subway Action Plan. In 2018, the Governor honored his commitment to fully fund the State's share of the \$836 million MTA Subway Action Plan.

Double Clean Water Infrastructure Investment. Building upon the already-unprecedented \$2.5 billion Clean Water Infrastructure Act, this year, the Budget commits to making an additional \$2.5 billion investment to support drinking water and wastewater infrastructure, and source water protection initiatives.

The FY 2020 Executive Budget continues Governor Cuomo's ambitious effort to rebuild New York's infrastructure. The plan to invest more than \$100 billion, launched just three years ago, is well underway and boasts notable accomplishments. Further, the Executive Budget supports the first year of the Governor's five-year \$150 billion infrastructure plan to rebuild transportation and mass transit systems, and make critical investments in the social infrastructure — educational, health care, environmental, and community facilities — that make New York State a better place to live, work and learn. The investment in infrastructure is modernizing the State, creating jobs, and improving the State's competitiveness for the 21st century economy.

Overview

Governor Cuomo is delivering on his historic investment in infrastructure. New Yorkers are already benefiting from the capital assets funded through the current \$100 billion infrastructure plan, from the Mario Cuomo Bridge, to the 2nd Avenue Subway, to downtown revitalizations and water infrastructure projects all across the state. These projects are supporting the creation of approximately 450,000 jobs and contribute New York's all-time high job count.

Long-stalled or long-overdue projects, such as the redevelopment of LaGuardia and JFK airports and the Penn-Farley Station project have been jumpstarted.

Importantly, Governor Cuomo ensured that these investments are financed responsibly. Working in partnership with public authorities, local and Federal governments, and private enterprise, the State is maintaining an affordable infrastructure plan that will not overburden future taxpayers. For the first time in modern history, outstanding State debt dropped for five consecutive years (FY 2013 through FY 2017) and State debt remains lower than before the Governor took office.

\$150 Billion, Five-Year Infrastructure Plan

The Executive Budget supports the Governor's new \$150 billion, five-year infrastructure plan that will rebuild transportation and mass transit systems, construct safe and secure affordable

housing, drive economic and community development, build new and better school buildings for the 21st century learning, create new environmental and park facilities, support a sustainable energy future, and generate 675,000 jobs.

The plan builds on the Governor's \$100 billion infrastructure program, which is already underway and includes the Mario Cuomo Bridge, the reimagining of John F. Kennedy and LaGuardia Airports, an historic commitment to the MTA Capital Plan, downtown revitalizations, and water infrastructure projects across the State.

The new \$150 billion plan includes:

- \$66 billion for transportation, including mass transit, railroads, airports, highways, and bridges and tunnels across the state to create the infrastructure system that will support economic growth through the 21st century.
- \$32 billion for improving environmental facilities, rebuilding our parks, and creating a cleaner, greener energy future.
- \$11 billion for economic and community development to support regional strategies, attract private sector investment and create jobs.
- \$9 billion to further the state's investment in the construction of quality, safe, secure and affordable housing for the people of New York.
- \$19 billion to help school districts build new and better school buildings – creating learning spaces of the 21st century.
- \$13 billion to improve and maintain SUNY and CUNY buildings, the state's health care facilities and other capital assets.

Performance Profile

Creating Jobs. The MTA and DOT capital programs are projected to create roughly 225,000 jobs.

Debt Management.

Governor Cuomo has used a disciplined approach to controlling new borrowing to keep debt service affordable and within the State's debt limit. Effective management of State debt has enabled delivery on an affordable infrastructure plan.

Expanding Broadband.

The State's partnership with the private sector has addressed broadband access to 2.3 million homes and expanded broadband access to over 99.9 percent of New Yorkers.

Completing Long-Stalled Projects.

The Mario M. Cuomo Bridge, the replacement for the obsolete Tappan Zee Bridge, is now open to all traffic. The westbound span of the bridge opened to traffic August 2017, and the eastbound span opened on schedule, September 2018.

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

Major Infrastructure Investments

Governor Cuomo has made infrastructure a priority. Major projects with continued or added support from the FY 2020 Executive Budget include:

- **MTA Capital Plan.** The 2015-2019 MTA transit capital plan is supporting \$30.3 billion in investments, funded from multiple sources, including Governor Cuomo's commitment, which is now law and backed by \$8.6 billion in State resources. It is the most ambitious plan in the authority's history, and the State's contribution to the plan is, by far, the largest ever.
- **Congestion Pricing.** In addition to existing funding for the MTA's capital plan, the FY 2020 Executive Budget advances congestion pricing, which would create an additional toll on vehicles that travel into Manhattan at 60th Street or below. This creates a dedicated revenue stream for the MTA to assist in funding its capital program. Congestion pricing will also mitigate severe traffic congestion in NYC.
- **Transportation Capital Plan.** The State continues to fund the \$29.3 billion capital plan to preserve and upgrade roads, bridges, airports, and other vital transportation infrastructure throughout the State – the largest transportation plan ever enacted in New York State.
- **Affordable and Homeless Housing Capital Plan.** The State continues its \$20 billion investment in a comprehensive, five-year plan for affordable and homeless housing and services to ensure New Yorkers who are homeless or at risk of homelessness have safe and secure housing. The program will create or preserve more than 100,000 affordable housing units and 6,000 supportive housing units.
- **Gateway Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy and are in dire need of repair and expansion to increase capacity. The plan, which includes funding commitments from New York State and the State of New Jersey, would revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. The Federal Transit Administration has yet to commit to its projected share of this project (\$6.35 billion).
- **Transformed John F. Kennedy Airport.** In October 2018, the Governor announced a historic \$13 billion plan to transform John F. Kennedy International Airport (JFK) into a modern, 21st century airport that calls for an overhaul of the airport's eight disparate terminals sites into one unified JFK Airport by demolishing old terminals, utilizing vacant space, and modernizing on-airport infrastructure, while incorporating the latest in passenger amenities and technological innovations. The record investment includes \$12 billion in private sector funding, and will increase the airport's capacity by at least 15 million passengers annually.

- **A New LaGuardia Airport.** In 2018, the Governor officially opened the first new gates in LaGuardia Airport's Terminal B, part of the \$8 billion transformation of the airport into a unified 21st century terminal system that will provide a world-class passenger experience. When completed, the new 2.7 million square-foot airport will be the first new airport built in the U.S. in more than 25 years. The new LaGuardia will also be better connected to transit. In September 2018, the Port Authority commenced the formal environmental review for the proposed AirTrain LGA, which would provide a critical link to the airport at Willets Point via the Long Island Railroad and the 7 subway line. In July, the Governor opened a new flyover to LaGuardia from the Grand Central Parkway's Eastbound Exit 7, the first and most important of 26 new bridges to improve airport traffic flow. Overall, the redevelopment of LaGuardia is expected to create a combined \$10 billion in economic activity.
- **Empire Station.** The State is investing \$700 million to leverage a total of \$3 billion, including from private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station. In September 2018, the Governor announced the completion of the structure for a midblock skylight as the train hall moves toward substantial completion by the end of 2020. This builds on progress made in FY 2018, when the Governor opened the expanded West End Concourse at Penn Station. The new, state-of-the-art concourse provides direct access to 17 of the station's 21 tracks for LIRR commuters and intercity rail passengers and offers an underground connection between the future Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E). The opening of the West End Concourse completes the first phase of the transformational redesign of Penn Station, the nation's busiest transportation facility, to a fully modernized, world-class transit hub for the 21st Century.
- **Hospital Restructuring.** The State is funding a \$3.8 billion Hospital Restructuring and Reinvestment initiative to improve the financial viability and efficiency of the State's health care delivery system. Funding is available for general hospitals, residential health care facilities, diagnostic and treatment centers, clinics licensed pursuant to public health or mental hygiene law, assisted living programs, primary care and home care providers.
- **New Wadsworth Lab in the City of Albany.** The Budget supports a \$750 million State commitment for construction of a new, world-class, state-of-the-art public health laboratory to replace the Wadsworth Center's aging facilities. Redesignated as "A Lab for the 21st Century," the new facility, to be located on Albany's W. Averell Harriman Campus, will function as a magnet for future private sector investments and public-private collaboration, accelerating innovation and value creation.

The lab is being developed as part of New York State's initiative to spur the growth of a world-class life science research cluster in New York, as well as expand the state's ability to commercialize this research and grow the economy. A premier biomedical institute and one of the world's largest public health research laboratories, the Wadsworth Center merges clinical and environmental testing with fundamental, applied and translational

research. It plays a vital role in the Department of Health's work to protect and promote the health of all New Yorkers.

- **New NY Broadband.** Access to broadband is a vital resource critically important to the future of the State's economy, and the education and safety of New Yorkers. The State's partnership with private industry, using a minimum match of 1:1, resulted in a combined investment of more than \$1 billion for the Governor's "Broadband for All" initiative, which expanded availability and capacity of broadband across the State. In 2018, 'last mile' public/private broadband investment of \$341 million brought this critical project to completion, expanding broadband access to a total of 2.42 million homes, or 99.9 percent of New Yorkers.
- **Parks 2020.** The State is making a multi-year capital investment of \$900 million to fund capital rehabilitation and improvement of State parks and historic sites, more than triple the investment from prior administrations. The effort helped spur a record 71 million visitors to New York State Parks in 2017. The Executive Budget allocates \$110 million in New York Works capital funding to the Office of Parks, Recreation and Historic Preservation. As part of Parks 2020, the State will invest \$20 million, bringing the State's total investment to \$40 million, to complete the transformation of the former Pennsylvania and Fountain Avenue landfills into the new, 407-acre "Shirley Chisholm State Park" on the shores of Jamaica Bay. This endeavor creates the largest State Park in all of New York City with 3.5 miles of paths and trails. This year's investments targets projects such as a new amphitheater, lawn patios and overlooks, kayak launches, and comfort stations.
- **Clean Water Infrastructure.** In FY 2018, the Governor signed the Clean Water Infrastructure Act, a historic five-year \$2.5 billion investment in drinking water infrastructure and source water protection actions that will enhance communities' health and wellness.

This year, the Governor is committing to making an additional \$2.5 billion investment in drinking water infrastructure, wastewater infrastructure, and water quality protection, effectively doubling the state's investment in clean water over the next five years. These funds will be expended via locally based construction projects that will result in improved and safer municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure all while creating jobs.

- **Renewable Energy** In November 2018, the Governor issued a comprehensive solicitation seeking 800 megawatts or more of new offshore wind projects for New York, kicking off competition for New York State's first large-scale offshore wind development contracts, an initial step toward its goal of 2,400 megawatts of offshore wind by 2030 to combat climate change. It marked an important new chapter in New York's nation-leading offshore wind planning efforts that will – in addition to providing clean, renewable energy – reduce costs, and create high quality jobs in this emerging industry.

New Infrastructure Investments

With the FY 2020 Executive Budget, Governor Cuomo continues his commitment to infrastructure with new projects that build, rebuild, or revitalize capital assets across the State. Major initiatives include the following:

- **Economic Development.** The Budget provides \$905 million in Economic Development grant moneys across a number of valuable programs, including Regional Economic Development Council (REDC) Round IX, a fourth round of Downtown Revitalization Initiative and support for a wide array of investments in high technology, infrastructure and manufacturing. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.
- **Hudson River Park.** The Budget includes \$23 million in capital funding for the Hudson River Park, which will help fulfill the Governor's commitment to complete the park, in partnership with New York City. This funding continues the Governor's support for the park, which has received annual funding for redevelopment and infrastructure repairs. Encompassing over 500 acres and stretching 4.5 miles along Manhattan's West Side, the park is currently 77 percent complete.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$82.5 million in new capital funding for ORDA, including \$70 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts. Such improvements will not only serve to attract more visitors to these destinations, but also well-position Lake Placid to host the coveted 2023 World University Games. Funding of \$10 million is provided for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.

Assuring Affordability through Effective Capital Management

The \$100 billion infrastructure plan, and the new \$150 billion infrastructure plan, are funded from multiple sources, including State, Federal, public authorities, local governments, and private enterprise.

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

- State-related debt outstanding declined for five consecutive years, FY 2013 through FY 2017. This marks the first time in modern history that New York has achieved this result. During the five-year period, debt declined from \$56.4 billion to \$50.7 billion. At the end of FY 2019, debt is still expected to be below when the Governor took office.

- State-related debt outstanding as a percentage of personal income declined from 5.9 percent in FY 2011 (Governor Cuomo's first year) to 4.0 percent in FY 2018 and is expected to increase to 4.1 percent by 2024.
- Debt service costs have ranged from \$5.6 billion to \$6.5 billion from FY 2011 through FY 2020 (estimated), after adjusting for debt service prepayments. This represents a stable growth rate of 1.6 percent, below the historical growth rate in debt service costs. Debt service growth from FY 2011 through FY 2024 is projected at 2.3 percent.

Throughout his administration, Governor Cuomo has consistently improved the State's capital planning process by requiring agencies to establish processes that are efficient, outcome-focused and properly safeguarded to ensure public money is spent with integrity. This effort continues in the FY 2020 Executive Budget with the following process improvements:

- Expanding the design-build authorization to additional State agencies and authorities to foster innovative and cost-effective solutions,
- Developing a Capital Projects Database that facilitates monitoring of capital projects statewide and require agencies to be more accountable for delivering their capital projects in the most timely and costs effective manner, and
- Requiring OGS to implement an optimization plan for both State owned and leased space. An initial 5-year investment (FY 18 - FY 22) in rehabilitating State-owned buildings through the annual funding of the Office Space Optimization Plan will result in a net savings of approximately \$20 million after 10 years, with additional savings in perpetuity.



Division of
the Budget

FEDERAL FUNDING

Governor Cuomo **leads the fight** against the unfair federal cap on State and local tax deductibility.

New York is the **number one donor** state in the nation, with taxpayers contributing **\$35.6 billion** more to the



federal government every year than the state gets back.
= #2 New Jersey and #3 Massachusetts, combined.

The Executive Budget **codifies key provisions** of the Affordable Care Act:

- > bans insurance limitations for preexisting conditions
- > requires all insurance policies sold in New York to cover the 10 essential benefits defined in the ACA
- > prohibits discriminatory benefit designs
- > protects consumers



has enrolled more than **4.7 million New Yorkers** in affordable health coverage.



Health plans offered are, on average, **55% less expensive** than those available in 2013, prior to the creation of the marketplace.

ENCOURAGING CITIZENSHIP

NaturalizeNY set a record in 2018 with **6,100 New Yorkers** seeking naturalization. Overall, the program has covered naturalization costs for **1,684 low-income immigrants** since 2016.



Budget Highlights

Repealing the SALT Deduction Cap. The current Federal tax filing season is the first under the 2017 tax law. New Yorkers will be limited to deducting only \$10,000 for State and local taxes, which is estimated to cost taxpayers in New York an additional \$14.3 billion per year. The Governor continues to work to repeal this cap.

Protecting Gains Made Possible by the Affordable Care Act. The Executive Budget codifies key provisions of the ACA and enhanced State regulatory protections into State law, including the ban on insurance limitations for preexisting conditions, and the requirement that all insurance policies sold in New York cover the 10 essential benefits defined in the ACA.

Federal Funding is at Risk. Federal funds that support the most vulnerable New Yorkers are threatened, including in the areas of health care and human services. Any reductions in Federal aid could exacerbate New York's \$35.6 billion Federal balance of payments deficit.

The Executive Budget utilizes Federal resources to support New Yorkers and employs Federal funds for programs at both the State and local level, including health care, human services, education, public protection, and other services. By managing the complex fiscal relationship between the State and the Federal governments, the Executive Budget plays an integral role in protecting New Yorkers from heightened uncertainty within the Federal government while protecting gains made possible by the Affordable Care Act.

Overview

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

Federal funding predictability, and otherwise sound management of the national economy are of crucial concern to States' budgets – especially in New York, where citizens pay \$35.6 billion more in Federal taxes than they receive back in Federal investments.

New York is one of 10 states with a “negative” balance of payment with the Federal government, per analysis by the Rockefeller Institute of Government using data from the 2017 Federal fiscal year. The \$35.6 billion net contribution to the Federal government made by New Yorkers and the New York economy is the largest of any state and nearly equals the combined net contributions of 2nd ranked New Jersey and 3rd ranked Massachusetts. New York's people and economy paid the Federal government \$1,792 more per person than they received. By contrast, the average state experienced a positive balance of payments of about \$1,925 per capita. New York's negative balance of payments is driven primarily by Federal taxes, rather than spending. Payments from New York to the Federal government were \$12,906 per capita, or approximately \$3,375 higher than the national average, and Federal spending in New York was \$342 lower than the U.S. average, adding to the revenue disparity.

While New York's balance of payments improved in absolute and per capita terms from the prior year, it continued to move further away from the national average. In other words, relative to other

states, New York's balance of payments is getting worse and not better. New York's taxpayers remain an outsized supporter of Federal spending programs. Despite having significant programmatic needs, a relatively small amount returns to the State through wages, contracts, and social programs.

As with any state, Federal funding is an essential component of New York's Budget, totaling \$61.6 billion – approximately one-third of anticipated All Funds spending in FY 2020. Changes to Federal policy under the current Presidential administration and Congress may threaten funding for crucial Federal-State partnerships that provide direct benefits to New Yorkers.

Ongoing Federal Government Shutdown

The ongoing partial government shutdown that began December 22, 2018 is the longest in modern history. The longer it draws on, the higher the chance for significant impacts to the State's financial plan, localities and New Yorkers.

The shutdowns of the departments of Agriculture, Housing and Urban Development, Transportation, Homeland Security, and Justice are of particular concern. Crucial funding for food, economic and housing assistance have been put at risk by the shutdown, as well as funding for criminal justice and homeland security activities.

Federal Tax Reform

In December 2017, President Trump signed into law the Tax Cuts and Jobs Act, which disproportionately hurts high income states, like New York, which already contributes \$35.6 billion more to the Federal government than it gets back.

Most devastating to New Yorkers, Federal taxpayers are now only able to claim up to \$10,000 in state and local tax (SALT) deductions. The law is estimated to cost New Yorkers an additional \$14.3 billion this year. With the IRS potentially blocking some of New York's efforts to ease the Federal cap on SALT deductions brought upon by new Federal tax law, the Governor is calling for a necessary bipartisan fix. The Governor will continue to work with New York's congressional delegation to repeal the cap on SALT deductions.

Performance Profile

Encouraging Citizenship.

The NaturalizeNY program – the first-of-its-kind public-private partnership to encourage eligible immigrants in New York State to become U.S. citizens – set a new engagement record in 2018 with 6,100 New Yorkers seeking naturalization. Overall, the program has covered naturalization costs for 1,684 low-income immigrants since 2016.

Statue of Liberty & Ellis Island.

New York State has paid \$65,000 per day to keep the iconic Statue of Liberty National Monument and Ellis Island open during the ongoing shutdown of the National Parks Service, preserving tourism.

In the FY 2019 Budget, New York State responded. It created two State-operated Charitable Contribution Funds to accept donations for the purpose of improving health care and education in New York. The State established an alternative Employer Compensation Expense Program that businesses, which were spared from the SALT limitations, could opt into. New York also decoupled the State tax code from the Federal tax code, where necessary, to avoid more than \$1.5 billion in State tax increase brought solely by increases in Federal taxes. Further changes are made in the FY 2020 Executive Budget and can be found in the Revenue Actions chapter.

The new Federal tax law also permanently cut the corporate tax rate by 40 percent, and it allows “pass through” entities to take a 20 percent income tax deduction and makes a number of changes to other business credits and deductions, including limiting the deduction for interest expenses, and research and development expenditures.

The net result of these changes is that the Federal deficit is ballooning as revenue fails to keep up with spending. In the first quarter of the Federal fiscal year, which started on October 1, the Congressional Budget Office reported the deficit had climbed 41 percent from the same period a year earlier.

The circumstances could spark cuts to spending to offset the loss of revenue, putting the most vulnerable New Yorkers in the crosshairs.

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. Overall, the Federal resources expected to be utilized by the FY 2020 Budget include:

- **Medicaid** (\$41.9 billion). Federal Medicaid dollars help support health care for more than six million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding, representing just over two-thirds of Federal resources anticipated in the FY 2020 Budget.
- **Other Health and Human Services Programs** (\$12.5 billion). Support from the Federal government provides for a variety of other health programs administered by the Department of Health (DOH), as well as programs administered by the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), Homes and Community Renewal (HCR), and the Department of Labor (DOL), among others. Specific programs include the Essential Health Plan, TANF-funded public assistance benefits, Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, Child Support administrative costs, Foster Care, and the Unemployment Insurance Program administrative costs.

- **Education** (\$4.1 billion). K-12 education, special education and higher education receive Federal support. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.
- **Transportation** (\$1.6 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.
- **Public Protection** (\$1.1 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision, the Office of Victim Services, the Division of Homeland Security and Emergency Services, and the Division of Military and Naval Affairs. Federal funds are also passed on to municipalities to support a variety of public safety programs.
- **All Other Funding** (\$0.4 billion). Several other programs in the Economic Development, Mental Hygiene, Parks and Environmental Conservation, and General Government Areas are also supported by Federal resources.

Federal Funding Trends

The \$61.6 billion in Federal funds expected to be utilized by New York State in FY 2020 includes increases in funding for Medicaid and other health and social welfare programs that are improving outcomes for New Yorkers. Disbursements of Federal funding for Education, Transportation, Public Protection, and other uses has been more varied, fluctuating across a range from a 13 percent increase to a 47 percent decrease.

- Federal support for Medicaid has increased by \$9.8 billion (31 percent) over the past 5 years, primarily because of rising costs in the health services sector and expansions of coverage resulting from the Affordable Care Act (ACA).
- Federal support for other Health and Human Service Programs increased by \$3.5 billion (38 percent) over the past 5 years. This was also primarily driven by the ACA, specifically the creation of the Essential Health Plan, which covers over 740,000 low to moderate income New Yorkers.
- Federal receipts have consistently represented approximately one-third of all State budget revenue sources over the period.
- All Other Funds increased by \$47 million (13 percent), primarily due to increasing employment costs of federally funded state employees.

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

- Public Protection funding decreased just over \$900 million (47 percent) since FY 2016, however this is primarily due to the timing of Federal Emergency Management Agency (FEMA) Public Assistance funding for damages sustained during natural disasters.
- Transportation funding decreased just over \$200 million (12 percent) in the last 5 years, reflecting variations in the timing of obligations and disbursements.

Table 5: Federal Disbursements by Program Area

(Millions of Dollars) Category	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Five Year Change	
						Dollars	Percent
Medicaid	32,053	34,461	37,557	40,294	41,877	9,825	31
Other Health and Social Welfare	9,067	10,310	11,839	12,774	12,532	3,465	38
Education	4,195	4,035	3,691	4,018	4,070	-124	-3
Transportation	1,827	2,092	1,683	1,816	1,614	-213	-12
Public Protection	1,970	1,460	1,552	1,167	1,054	-917	-47
All Other	365	628	485	409	412	47	13
Total	49,476	52,985	56,806	60,476	61,560	12,083	24

In FY 2016, Federal disbursements by the State for health and human services, including Medicaid represented approximately 83 percent of total Federal disbursements. In FY 2020, the percentage is expected to represent approximately 88 percent.

Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could exacerbate New York’s already high Federal balance of payments deficit. New York already has the largest absolute balance of payments deficit among all states, sending nearly \$35.6 billion more to the Federal government in Federal tax revenue than received back in Federal spending in Federal FY 2017, according to a Rockefeller Institute’s analysis.

The FY 2020 Executive Budget continues a mechanism to assist with budget balance and mitigate Federal risks. The Director of the Budget is charged with preparing a corrective action plan for consideration by the Legislature in the event that I) Federal aid for Medicaid is reduced by \$850 million or more, or II) Federal aid for all other programs is reduced by \$850 million or more.

Notable Federal risks include:

- **Gateway Tunnel.** The new Gateway Tunnel must be funded. The existing tunnels – a federally owned asset connecting Newark, New Jersey and New York City – are seriously deteriorated and the damage was exacerbated by Superstorm Sandy. It is only a matter of time before one or both of the tunnels will be unusable, posing a serious economic hardship for New York City and the entire Northeast corridor. In 2015, the Federal Department of Transportation and New York and New Jersey reached a framework agreement in which the Federal government would fund 50 percent of the new Gateway Tunnel project, and New York and New Jersey would be responsible for financing the other half. Now, the Presidential administration has chosen to stop the agreement.
- **State and Local Tax (SALT) Deductions.** The current Federal tax filing season is the first under the 2017 tax law. Federal taxpayers will be limited to deducting only \$10,000 for state and local taxes, which is estimated to cost New Yorkers an additional \$14.3 billion per year. The longer this provision remains in Federal law, the more damage it can inflict on New York's tax base, real estate markets, and ultimately the State's economy. The Governor continues to work with the New York congressional delegation to repeal this cap.
- **Medicaid Disproportionate Share Hospital (DSH) Cuts.** DSH cuts initially included in the Affordable Care Act (ACA) are set to take effect in the upcoming Federal Fiscal Year, 2020, beginning October 1, 2019. DOB estimates that if the changes take effect as scheduled, New York will see the largest reduction among all states, costing the State \$7.2B in lost Federal DSH payments when fully phased in. These cuts will mean less funding for the State's public and safety net hospitals. Congress has previously blocked their implementation, since the initial implementation date of FFY 2014.
- **Census 2020.** The results of recent Censuses, as well as actions contemplated by the Commerce Department for the 2020 Census, indicate that New York State is exposed to being undercounted in the Census. This would have crucial carry over effects in the population estimates used in a myriad of Federal aid programs, leading New York to receive less funding than it otherwise would.
- **Federal Debt Limit.** The Federal government is currently operating under a temporary suspension of the debt limit, which is scheduled to expire March 1, 2019. Upon expiration of the suspension, the U.S. Treasury will operate under extraordinary measure for as long as possible to forestall a Federal default.

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

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

- **Budget Control Act.** The Budget Control Act (BCA) of 2011 temporarily raised the debt limit, established discretionary spending caps on the Federal government through Federal FY 2021, and instituted sequestration of some mandatory funds on which the State relies. Despite modest legislative adjustments to the discretionary caps contained in the BCA, the possibility for a reduction in Federal support is elevated as long as they remain in place. Congress passed legislation in 2013, 2015, and 2018 that temporarily increased the discretionary spending caps imposed by the BCA through Federal FY 2019. Similar adjustments will need to be made to the BCA for Federal FY 2020 to continue to forestall cuts in the discretionary programs on which the State relies.



Since 2011, REDCs have awarded **\$6.1 billion** in State funding to over **7,300 projects** resulting in more than **230,000 new or retained jobs.**



\$15 million to promote regional tourism through the Market NY initiative



\$110 million to launch a new round of grants for SUNY/CUNY 2020



\$100 million for 4th round of Downtown Revitalization Initiative



STATE CONTRACT SPENDING WITH MWBE FIRMS

has grown from less than **\$100 million in 2010** to **\$2.6 billion in FY 2018.**

NEW YORK NOW HAS THE HIGHEST MWBE CONTRACT PARTICIPATION IN THE NATION.

Budget Highlights

Reauthorize and Expand New York's MWBE Program.

The Executive Budget reauthorizes and expands the Minority and Women Owned Business Enterprise program to include workforce participation goals, increase the opportunities for MWBEs to win their first project, and safeguard the program from fraud.

Advance a 9th Round of REDCs. The Budget includes another \$750 million to create jobs in every region of the State. The Budget also includes a 4th round of the Downtown Revitalization Act.

Launch Another Round of NYSUNY 2020 and NYCUNY 2020. The Budget includes \$110 million to launch a new round of grants. Priority will be given to plans that use technology to improve academic success, leverage public-private partnerships, and better connect students to the workforce.

Expand and Promote Tourism. The Budget includes \$59.5 million in funding to support the State's tourism campaign and attract visitors from around the world.

The FY 2020 Executive Budget promotes job creation and the revitalization of every region of the State by investing in key capital projects, emerging and high-impact industries, and regionally-focused economic development strategies. Governor Cuomo's economic development strategy is contributing to an Upstate renaissance while expanding opportunities for all New Yorkers to share in economic success. These efforts have helped businesses create more than 1.1 million private sector jobs, setting records in employment, with job growth reflected in every region of the state.

Overview

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

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

Creating Jobs and Growing the Economy

In 2011, Governor Cuomo completely redesigned the State's economic development strategy through creation of the Regional Economic Development Councils (REDC). New York State's traditional top-down development strategy is replaced with a bottom-up, innovative approach that empowers regional stakeholders to develop long-term plans, putting to work their unique investing knowledge and understanding of local priorities and assets. Through eight rounds of awards, the REDCs have invested over \$6.1 billion in job creation and community development projects, creating or retaining over 230,000 jobs.

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

Through the Upstate Revitalization Initiative (URI), \$1.7 billion was awarded to seven Upstate regions over a multi-year period to support transformative investments that build on regional assets and leverage private sector capital to create jobs and strengthen regional economies. To give communities the tools they need to select and fuel targeted revitalization strategies, New York State has awarded 30 communities with \$10 million each through the Downtown Revitalization Initiative.

The State also utilizes performance-based programs, such as the Excelsior Jobs, to attract businesses to New York that require them to achieve specific employment and investment goals before they benefit from tax credits and other support. The Excelsior Jobs Program was the primary economic development vehicle for attracting Amazon, the largest economic development project in New York State History. In November 2018, the Governor announced that Amazon will establish a new headquarters in Long Island City, Queens, investing \$3.6 billion and creating up to 40,000 jobs over the next 15 years with an average salary of more than \$150,000. The project provides a 9:1 return on investment; more than \$14 billion in new tax revenue for the State and a net \$13.5 billion in new revenue for New York City over the next 25 years. As with all Excelsior projects, the up to \$1.2 billion in tax credits Amazon can earn are tied to its job creation and investment commitments.

The Executive Budget expands on these job-creating investments and provides \$325 million of additional investment into the High Technology Innovation and Economic Development Infrastructure Program for the research and development of innovative technologies to support advance science technology, manufacturing and other economic development initiatives that will create or retain jobs, and makes key investments in economic development, tourism and infrastructure projects throughout the State.

Performance Profile

Most Private Sector Jobs in History. New York State's economy has added 1.1 million private sector jobs and experienced employment growth in 82 of the past 95 months.

Creating Jobs Through Regional Economic Development Councils. Since 2011, the REDCs have awarded over \$6.1 billion in State funding to over 7,300 projects through a competitive process to spur job creation based on regional priorities. This new strategy has resulted in more than 230,000 new or retained jobs in New York.

Growing Tourism. Since 2011, investment of over \$275 million in tourism promotion has seen yearly visitor spending increase by over \$13 billion. In 2017, New York State welcomed a record-high 243.8 million visitors generating an economic impact of \$108.7 billion.

Expanding Opportunity for MWBE. State contract spending with MWBE firms has grown from less than \$100 million in 2010 when utilization was just under 10 percent to \$2.6 billion as MWBE participation in State contracts grew to 28.62 percent in FY 2018. New York State now has the highest MWBE contract participation in the nation.

Proposed FY 2019 Economic Development Budget Actions

- **Regional Economic Development Councils.** In 2011, Governor Cuomo established 10 Regional Economic Development Councils (REDCs) to develop long-term regional strategic economic development plans. Since then, the REDCs have awarded over \$6.1 billion to more than 7,300 projects. This strategy has resulted in more than 230,000 new or retained jobs in New York.

The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a ninth round of REDC awards totaling \$750 million. The core funding includes \$225 million in grants and tax credits to fund high value regional priority projects. The Budget also makes \$525 million in resources from State agencies available to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.

- **New York Works Economic Development Fund.** A third round of investment equaling \$220 million for the New York Works Economic Development Fund will provide additional statewide capital grants to support projects that facilitate the creation of new jobs or retain existing jobs, or fund infrastructure investments necessary to attract new businesses or expand existing businesses.
- **Downtown Revitalization.** The Downtown Revitalization Initiative is transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Through three rounds of awards, each winning community was awarded \$10 million to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization. The FY 2020 Executive Budget provides \$100 million for a fourth round of the Downtown Revitalization Initiative.
- **New Wadsworth Lab in the City of Albany.** The Budget supports a \$750 million State commitment for construction of a new, world-class, state-of-the-art public health laboratory to replace the Wadsworth Center's aging facilities. Redesignated as "A Lab for the 21st Century," the new facility, to be located on Albany's W. Averell Harriman Campus, will function as a magnet for future private sector investments and public-private collaboration, accelerating innovation and value creation. The lab is being developed as part of New York State's initiative to spur the growth of a world-class life science research cluster in New York, as well as expand the state's ability to commercialize this research and grow the economy. A premier biomedical institute and one of the world's largest public health research laboratories, the Wadsworth Center merges clinical and environmental testing with fundamental, applied and translational research. It plays a vital role in the Department of Health's work to protect and promote the health of all New Yorkers.

- **High Technology Innovation and Economic Development Infrastructure Program.** The Budget includes \$325 million for initiatives that foster research and development of innovative technologies and leverage private investment in advanced science and technology, economic development initiatives, infrastructure, manufacturing, and other economic development initiatives that leverage private investment in regional projects that create or retain jobs.
- **Build a World-Class Sports Complex in Downtown Utica.** Building on Utica's success, the State is awarding \$22 million toward the construction of the Nexus Center. Located next to the Aud, the Nexus Center will be a world-class, tournament-based, recreation sporting complex. The nearly 170,000 square foot facility will host ice hockey, box lacrosse, soccer, and other field sports. It will focus on attracting out-of-town tournament participants year-round, while also catering to local athletes looking for practice and training space.
- **Binghamton University Health Science Center and Innovation Park.** The Executive Budget authorizes \$30 million in high priority funding for state-of-the-art facilities to research and treat opioid addiction and Lyme disease, as well as investing in a groundbreaking elder care and geriatric science facility in the heart of New York's Southern Tier.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the NYSUNY 2020 and NYCUNY 2020 Challenge Grant program, the Budget includes \$110 million to launch a new round of grants. Priority will be given to plans that use technology to improve academic success, leverage public-private partnerships, and better connect students to the workforce.
- **Clarkson-Trudeau Partnership.** An additional \$5 million is included in the Budget to support the partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech enterprise and further establish the North Country Region as a premier center of biotechnology research and development.
- **Continued Investment in Tourism.** The Budget includes additional funding to support the State's tourism campaign and attract visitors from around the world. The program includes a seventh round of \$15 million in competitive funding through the Market NY initiative to support tourism marketing plans and projects that best demonstrate regional collaboration among counties to promote regional attractions. Tourism is New York's fourth largest employment sector.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$82.5 million in new capital funding for ORDA, including \$70 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative. Additional investments in these North Country assets will continue to make New York more competitive for winter

recreation and travel, attracting large sports events, and ultimately driving year-round business and economic sustainability for the area.

ORDA facilities in and around Lake Placid will be used for the 2023 World University Games, an international sports and cultural event staged every two years in a different city. The 11-day competition draws over 2,400 student-athletes together to compete in various disciplines including alpine, freestyle and cross-country skiing, biathlon, speed skating, curling, figure skating, hockey, short track speed skating and snowboarding. These events will attract thousands of visitors and contribute to Lake Placid's reputation as a world class destination.

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding to continue the fostering of innovation by offering start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.
- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$34 million to support ongoing economic development initiatives including the New York State Economic Development Fund, the Minority- and Women-Owned Business Development and Lending Program, the Urban and Community Development Program, and the Entrepreneurial Assistance Program.
- **Reauthorize and Expand New York's MWBE Program.** As part of his commitment to ensuring all New Yorkers have the opportunity to take part in New York State's growing economy, in 2014 Governor Cuomo set the Minority and Women Owned Business Enterprises (MWBE) utilization goal in State contracting to 30 percent. State contract spending with MWBE firms has grown from less than \$100 million in 2010 when utilization was just under 10 percent to \$2.6 billion as MWBE participation in State contracts grew to 28.62 percent in FY 2018. New York State now has the highest MWBE contract participation in the nation.



Division of
the Budget

EDUCATION

Since 2012, high school graduation rates have **increased**

5.4%



In FY 2020,



New York will serve
126,000 CHILDREN

with high quality,
publicly-funded

PRE-K PROGRAMS



Approximately

80,000 STUDENTS



will have high quality, publicly funded
after school care. Activities include **sports,**
music, and other **educational programming.**

\$1.3 billion



to over 600 Smart Schools Investment Plans
that support **classroom technology,**
high-tech security, and **school and**
community connectivity.

\$1 billion

**INCREASE FOR
EDUCATION AID**

Foundation Aid
increased by



\$338 million

School district
support will
have risen

42%
since
2012.

Over
70%

of the increase
goes to
high-need
school districts.



The Budget provides **\$250 million,** to
support the ongoing transformation of

HIGH-NEED SCHOOLS

into community hubs.

Budget Highlights

\$1 Billion Education Aid Increase. State support for school districts will have increased by \$8.1 billion (42 percent) since FY 2012. Over 70 percent of this year’s increase goes to high-need school districts. Foundation Aid is increased by \$338 million.

More Funding for Poor Schools. Building on the State’s first ever collection and reporting of school-level financial data, school districts will be required to dedicate a significant portion of their Foundation Aid increases to address inequities in their neediest schools.

Increase Support for Community Schools. The Budget provides \$250 million—an increase of \$50 million—to support the continued transformation of high-need schools into community hubs.

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

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

The FY 2020 Executive Budget reflects the Governor’s strong commitment to education through a \$1 billion increase in Education Aid, including a \$956 million annual School Aid increase. The Budget provides a \$338 million increase in Foundation Aid, and includes support for several key initiatives, including a third round of Empire State After School awards for high-need districts and the continued transformation of high-need schools into community hubs. Together, these investments continue to advance the transformation of public education across the State. Important initiatives from prior years are also sustained, including the \$340 million Statewide Universal Full-day Prekindergarten Program and the \$2 billion Smart Schools Bond Act. The Budget also builds on the State’s first ever collection and reporting of school-level financial data by requiring school districts to dedicate a significant portion of their Foundation Aid increases to address inequities in their most underfunded, neediest schools.

Overview

As budgets are statements of values and priorities, it is clear New York’s highest priority is the education of its children. With total school district spending exceeding \$70 billion, education is both the largest area of State spending and the largest component of local property taxes. New York has ranked first nationally in per pupil spending for 12 straight years, a reflection of the State’s long-standing commitment to provide all students with the opportunity to excel as learners, workers, and citizens. With this Executive Budget, School Aid increases will total \$8.1 billion over eight years—a 42 percent increase over that period. Last year alone, the FY 2019 Budget included an additional \$914 million (3.6 percent) increase, by far the largest increase of any category of State spending.

The FY 2020 Executive Budget continues the progress made to strengthen New York’s educational offerings and increase access across the State. Building upon the State’s multi-year investments in high-quality full-day prekindergarten and after school programming, the Executive Budget provides additional funding to expand these vital programs in high-need school districts. In addition, the Budget reflects the Governor’s continued commitment to the transformation of high-need schools into community hubs. These initiatives, along with programs already underway, are improving public education across the State—reaching students earlier and ensuring they have access to highly effective teachers, programs, and schools.

Support for Public Education

New York's public schools spend more per pupil (\$22,366) than any other state in the country—almost double the national average (\$11,762). Several recent initiatives have focused on improving outcomes within the State's education system. These include:

- **School Funding Transparency.** Public education represents the largest investment of the State's resources. However, spending totals alone are an imperfect metric for ensuring all students have access to a high-quality education. Most school districts have multiple schools, each with a unique profile and student population. It is thus the State's obligation to ensure all schools, regardless of circumstance or challenge, are equitably funded. To do so, the FY 2019 Enacted Budget included landmark legislation directing school districts to report school-level financial data for every school in the State to the Division of Budget and State Education Department. This data has already uncovered funding inequities in some of the State's highest-need schools and is helping the public better understand how funding decisions made at the local level interact with school performance, race, poverty, and student need. Through this initiative, New York is taking an important step toward a more transparent, equitable education system.
- **Prekindergarten Programs.** New York State spends more than \$800 million annually on public prekindergarten programs for three- and four-year-old children, serving over 123,000 students statewide. In FY 2015, the Enacted Budget committed \$1.5 billion over five years to support the phase-in of a full-day prekindergarten program for four-year-old children across the State. That same year, New York received a grant award of \$100 million over four years from the United States Department of Education to expand access to full-day prekindergarten in high-need school districts. In FY 2016, the Enacted Budget included \$30 million to support the first State-funded full-day prekindergarten program for three-year-olds, while also expanding prekindergarten access for four-year-olds. The FY 2017 Enacted Budget further expanded prekindergarten access to three-year-old children in the State's highest-need school districts, and the FY 2018 and FY 2019 Enacted

Performance Profile

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

Increasing Opportunities for Early Childhood Education. In FY 2020, the State will serve 126,000 children in high-quality, publicly funded prekindergarten programs—75 percent of whom will be served in full-day spots.

Expanding Access to After School Programs. In FY 2020, 80,000 students across every region of the State will benefit from high quality, publicly funded after school care. Students will engage in safe activities such as sports, music, and other educational programming after school hours.

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

Building the Classrooms of the 21st Century. Over 600 Smart Schools Investment Plans totaling nearly \$1.3 billion have been approved, supporting classroom technology, high-tech security, and school and community connectivity.

Budgets promoted prekindergarten access for all high-need students by targeting funding to the few remaining high-need school districts without prekindergarten programs. Finally, reflecting the multi-year consolidation schedule enacted in FY 2018, the merger of the State's prekindergarten programs into Universal Prekindergarten will be fully realized in FY 2020.

- **After School Programs.** In FY 2018, Governor Cuomo made the State's largest investment in high-quality after school programming with the creation of the Empire State After School Program. His \$35 million commitment provided services to an additional 22,000 students in high-need communities in every region of the State—including the State's 16 Empire State Poverty Reduction Initiative (ESPRI) communities. In FY 2019, the State invested another \$10 million to fund a second round of Empire State After School awards, providing public after school care to 6,250 more students in school districts with high rates of childhood homelessness, and communities vulnerable or at-risk to gang activity with public after school care. Today, with these funds, the State's annual investment in after school programming totals more than \$110 million with 73,000 students across the State benefitting from high-quality extended learning and youth development opportunities in supportive, safe environments in the critical after school hours.
- **Smart Schools Bond Act.** In November 2014, the Smart Schools Bond Act, proposed by Governor Cuomo, was approved by voters. The Smart Schools Bond Act provides \$2 billion in funding for districts to reimagine classrooms and provide New York's students with the technological resources, skills, and learning environments necessary to succeed in the 21st century. Funding supports enhanced education technologies, including infrastructure improvements, high-speed broadband internet access, and active learning technologies. Additionally, the Smart Schools Bond Act supports the State's long-term investments in full-day prekindergarten through the construction of new prekindergarten classrooms, the replacement of classroom trailers with permanent classroom spaces, and high-tech school safety programs. To date, over 600 Smart Schools Investment Plans totaling almost \$1.3 billion have been approved by the Smart Schools Review Board.
- **Community Schools.** When schools and communities partner to provide students with health and social services, learning improves and students succeed. Over the past five years, the State has invested over \$600 million to transform schools across 240 higher-need districts into community schools. This funding supports services that are unique to each school's individual needs, including before- and after-school programs, summer learning activities, medical and dental care, and other social services.

Table 6: Summary of Spending (State Operating Fund)

Category	2018-19 School Year (millions)	2019-20 School Year (millions)	Change	
			Dollar (millions)	Percent
School Aid	\$26,734	\$27,690	\$956	3.6

Table 7: School Aid Increase

Category of Increase	Change (millions)
Additional Foundation Aid	\$338
\$50 Million Community Schools Set-aside	
Reimbursement for Expense-Based Aids / Other	\$411
Fiscal Stabilization Fund	\$157
Expanded Prekindergarten for Three- and Four-Year-Olds	\$15
Empire State After School Program	\$10
Early College High Schools	\$9
Expanded Advanced Placement Access	\$3
We Teach NY	\$3
Alternative Discipline Training	\$3
Other Education Initiatives	\$7
School Aid Increase	\$956
Charter School Tuition Reimbursement	\$12
Charter School Facilities Reimbursement	\$25
Estimated Smart Schools Bond Act Debt Service	\$16
Total Education Aid	\$1,009

Proposed FY 2020 Budget Actions

The Executive Budget reflects the Governor’s strong commitment to improved student outcomes and builds upon the achievements of prior years. In FY 2020, School Aid will continue to represent New York’s largest State-supported program, accounting for roughly 30 percent of total General Fund spending.

School Aid

The FY 2020 Executive Budget provides an overall School Aid increase of \$956 million (3.6 percent). This includes a \$338 million increase in Foundation Aid with a community schools set-aside increase of \$50 million for the continued transformation of high-need schools into community hubs, \$411 million in reimbursements for expense-based aids, a \$15 million expansion of high-quality prekindergarten for three- and four-year-old children, a \$10 million expansion of Empire State After School grants to high-need districts, and an additional \$9 million for early college high schools. In addition, to meet the challenges of all students and schools, the Budget

advances legislation to remedy local inequities and ensure the State's most underfunded high-need schools receive additional funding. In all, over 70 percent of this year's increase is directed to high-need school districts.

Ensuring School Funding Equity

While the vast majority of School Aid is directed to the State's highest-need districts, the School Funding Transparency initiative enacted with the FY 2019 Budget has revealed that districts' allocations to their highest-need schools are not always equitable. This year alone, multiple studies have used the newly available data to find the State's largest districts do not equitably fund the schools with the greatest challenges—schools with the highest concentrations of need and poverty. This undercuts the State's and taxpayers' investments in education, and has real consequences for children, families, and lifelong outcomes. To ensure all schools—no matter the challenge or circumstance—are funded appropriately, and to end the underfunding of the State's neediest schools, the FY 2020 Executive Budget advances legislation requiring school districts to dedicate a significant portion of their Foundation Aid increase to address inequities between their most underfunded, neediest schools and their other schools, based on a plan to be submitted to and approved by the State Education Department.

Community Schools

The Budget continues the Governor's push to transform New York's high-need schools into community schools. Last year's Budget invested \$200 million as a set-aside within Foundation Aid to support the Governor's community schools efforts across the State. This year, the FY 2020 Budget increases the community schools set-aside amount by \$50 million, to a total of \$250 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. In addition, the Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply community schools funds to a wide-range of activities, including hiring community school coordinators, providing before- and after-school mentoring services, offering summer learning activities, and providing health and dental care services.

Prekindergarten

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

Empire State After School Program

The FY 2020 Budget provides \$10 million to fund a third round of Empire State After School awards. These funds will provide an additional 6,250 students with public after school care in high-need communities across the State. Funding will be targeted to school districts with high rates of childhood homelessness and communities vulnerable or at-risk to gang activity. This expansion will provide more young people with safe environments to engage in sports, music, and other educational programming during after school hours.

Ensuring College and Career Readiness

Federal and State labor projections show tremendous job growth in areas where postsecondary education is required—especially as automation continues to dramatically alter the workforce. New York is making critical investments to ensure all students are college and career ready and prepared for this transition in the economy.

- **Early College High Schools.** New York currently has 70 early college high school programs serving thousands of students in every region of the State. These programs allow students to get a jump start on college by providing opportunities to earn college credit or an associate’s degree. To build upon the success of the existing programs, the Budget commits an additional \$9 million to create at least 15 new early college high school programs. This expansion will target communities with low graduation or college access rates and will align new schools with the in-demand public infrastructure and computer science sectors.
- **Advanced Placement and International Baccalaureate Access.** New York State has one of the highest rates of participation in Advanced Placement (AP) and International Baccalaureate (IB) coursework in the country. Unfortunately, the cost of assessments associated with these courses can serve as a barrier to student participation, especially for students from low-income households. While partial supports exist, the remaining costs can still be a burden. The FY 2020 Budget includes an additional \$1.8 million—\$5.8 million total—to subsidize AP and IB exam fees for thousands of low-income students across the State. The Budget also provides \$1 million in grants to support school districts and BOCES that wish to provide advanced courses and do not currently do so or else do so only on a very limited basis. Combined, these initiatives will provide further access to advanced coursework for low-income students and will promote educational equity across the State.

Charter Schools

Reflecting reforms enacted in FY 2018, the FY 2020 Executive Budget increases charter school tuition in alignment with public school spending and provides New York City charter schools with a total per pupil funding increase of 3.5 percent. This allows charter schools to continue to innovate, recruit high-quality teachers and staff, and provide strong educational options for New York’s families and students.

Nonpublic School Programs

Approximately 400,000 elementary and secondary students attend more than 1,600 nonpublic schools in New York State. The Executive Budget increases aid by 3.6 percent to \$193 million to reimburse nonpublic schools' costs for State-mandated activities, and provides a \$5 million increase for science, technology, engineering, and math (STEM) instruction.

In addition, the Budget provides \$25 million in new capital funding to boost safety and security at New York's nonpublic schools, community centers and day care facilities that are at risk of hate crimes or attacks because of their ideology, beliefs, or mission. This builds upon \$25 million that was included in the FY 2018 Budget for this purpose and \$15 million in annual capital funding provided to nonpublic schools for health and safety projects.

Ensuring Greater Stability in School Aid

Large swings and year-over-year volatility in annual State personal income growth have resulted in a School Aid growth index that is irregular and unpredictable for school districts and the State. The State has not adhered to the School aid growth index since FY 2013 when, in its first year of implementation, the cap was based on a multi-year average of State personal income growth. Since then, the growth index reflects only one year of personal income growth data, which allows for significant fluctuations. To reduce budgetary uncertainty for the State and school districts, the Executive Budget advances legislation to amend and align the School Aid growth cap to the 10-year average of State personal income growth (analogous to Medicaid's Global Spending Cap, which is based on the 10-year average of the Medical Care Consumer Price Index). This year's 3.6 percent Executive Budget School Aid increase reflects this proposal.

Simplifying Expense-Based Aids

In FY 2008, the Enacted Budget consolidated approximately 30 separate base-year aid categories into Foundation Aid. In the same vein, the FY 2020 Executive Budget advances legislation to merge 11 major expense-based aid categories into a new aid category—Services Aid—starting in the 2020-21 school year. Services Aid, which will grow annually based on inflation and district enrollment, will help ease the administrative burden on school districts, and will provide greater simplicity and flexibility in School Aid. In addition, the Executive Budget proposes a new tier of Building Aid for newly approved projects. These changes will offer more certainty over future funding, and provide additional State resources to support future Foundation Aid increases.

Other Budget Actions

- **Master Teachers Program.** Building on the success of the Governor's Master Teacher Program—which has awarded more than \$50 million to over 1,000 teachers—the Budget provides \$1.5 million to fund an additional cohort of master teachers in schools with high rates of teacher turnover or inexperience. Each master teacher is awarded \$15,000 per year for four years (\$60,000 total). Those selected as master teachers will pledge to engage in peer mentoring, participate in and lead professional development activities, work closely with pre-service and early career teachers to foster a supportive environment

for the next generation of teachers, and ensure the most innovative teacher practices are shared across all grades and regions.

- **Recovery High Schools.** The Executive Budget provides \$1 million in start-up grants for the creation of new recovery high schools. Recovery schools are alternative high schools that provide sober environments where students in recovery can learn in a substance-free, supportive environment. Outcome studies have found 70 percent of students attending recovery schools successfully maintain sobriety for a full year after treatment, compared to 30 percent of students who return to their community high schools. Recovery high schools are supported by BOCES, which are funded by sponsoring school districts. Enrollment is open to high school students diagnosed with a substance use disorder and a commitment to recovery.
- **Improving School Mental Health.** Trauma at early ages has been found to lead to learning difficulties and ongoing behavior problems. To better support students, the Budget invests \$1.5 million to create enhanced mental health and school climate support grants for middle schools and junior high schools. These funds can be used to provide wrap-around mental health services, improve school climate, combat violence and bullying, and support social-emotional learning.
- **Ending the School to Prison Pipeline.** Students who are suspended or expelled are three times more likely to be involved in the juvenile justice system the following year. To break this vicious cycle, Governor Cuomo provides \$3 million for support programs that train teachers and school leaders in alternatives to student suspension or expulsion, such as restorative justice. This change will help create more equity in New York's schools and help end the school to prison pipeline.
- **Refugee and Immigrant Student Welcome Grants.** In 2018, the Federal government implemented a policy that separated thousands of children from their parents after being caught illegally crossing the U.S. southern border. Under Governor Cuomo, New York is putting out the "welcome mat." To offer a broad array of services and resources for unaccompanied minor children, including immigrant children who have been separated from their parents, Governor Cuomo commits \$1.5 million in funding for Refugee and Immigrant Student Welcome Grants. These funds will allow school districts with large or increasing populations of refugees and immigrants to provide additional wrap-around community schools services including free English classes, health care and mental health services, and hiring additional counselors and psychologists.
- **State-Supported Schools for the Blind and Deaf:** The Executive Budget provides \$30 million in capital funding for health and safety projects at the 11 State-supported schools for the blind and deaf, which serve approximately 1,400 students with disabilities. Unlike other private schools serving students with disabilities that receive funding for their capital needs through a tuition rate supported by State and local funds, there is no such financing mechanism available for the State-supported schools for the blind and deaf.

- **We Teach NY.** To respond to the State’s ongoing shortage of teachers of color, the Executive Budget provides \$3 million to recruit and prepare a corps of 250 outstanding teacher candidates who are of color and would work in high-need subject areas. Candidates will have opportunities for paid educational summer internships and will receive a living stipend during graduate school. Those who successfully complete the program will be guaranteed a job upon graduation.
- **Building Mathematics Fluency.** The Executive Budget invests \$1.5 million to improve math fluency among elementary school students by providing them with access to fun online math learning games.
- **Three-Year Extension of Mayoral Control.** The Executive Budget advances legislation to extend the existing governance structure for New York City schools for an additional three years, until June 30, 2022.
- **Decoupling Test Scores from Teacher and Principal Evaluations.** The FY 2020 Executive Budget recommends reforming the teacher evaluation system so that schools will not be required to use a State test as the measure of student performance and instead will be able to locally select what assessments or student learning is the best way to measure growth.

The Truth about Foundation Aid

“Foundation Aid” is merely the title of the largest category of School Aid, the general operating aid for school districts. As of the FY 2020 Executive Budget, Foundation Aid accounts for \$18.1 billion of the Executive Budget’s \$27.7 billion School Aid proposal. Foundation Aid increases are determined annually by the Governor and Legislature based on factors such as school district type (Big Five city school district or Small City school district), district wealth, and metrics of student need, with greater amounts of funding directed to higher-need districts. In FY 2019, over 75% of the Enacted Budget’s Foundation Aid increase was allocated to high-need districts.

Unfortunately, public discourse on the history of Foundation Aid has been purposefully clouded by special interest groups that wrongfully invoke and conflate the 2006 Court of Appeals decision in the Campaign for Fiscal Equity (CFE) lawsuit against the State with the Legislature’s adoption of Foundation Aid in 2007.

In CFE, the Court of Appeals ruled that students in New York City—and New York City only—were not afforded the opportunity for a “sound basic education” under the State’s constitution due to inadequate funding of the city’s public schools.

In response, Governor George Pataki’s administration, through a special commission, concluded that \$1.93 billion in additional combined State, local and Federal revenues, to be phased in over a five-year period, was a valid determination of the cost of providing a sound basic education in New York City. The Court of Appeals agreed and found this funding amount, and the methodology used to calculate it, acceptable — “we conclude that this estimate was a reasonable one and that the courts should defer to this estimate.” This ruling ended the CFE case.

At the time of the Court's final ruling in CFE, the New York City school district's total budget was \$18.5 billion. By 2018-19, this had grown to \$32.3 billion, an increase of \$13.7 billion. The requirement for an additional \$1.93 billion in New York City funding from State, local and Federal revenues, as agreed to by the Court of Appeals, has been satisfied many times over. There is no other lingering court directive, and no other school district is, or ever was, involved.

In 2007, Governor Eliot Spitzer proposed a new School Aid formula called Foundation Aid, which consolidated approximately 30 existing aid categories. The formula was created by the Spitzer Administration for inclusion in his Executive Budget proposal. Neither the Spitzer Administration's Executive Budget proposal nor the School Aid plan ultimately enacted by the 197th New York State Legislature was ever considered by the Court of Appeals in CFE. Moreover, the formula enacted by the Legislature differed significantly from Spitzer's proposal. In other words, there is no legal connection between Foundation Aid and the CFE lawsuit. In a separate 2017 case, the Court of Appeals definitively stated just that.

Every year in the decade since CFE, each Governor has advanced a School Aid proposal in the Executive Budget and has worked with the Legislature to enact a plan for School Aid. Foundation Aid has appeared in each budget as the largest category of School Aid. The Legislature has annually determined and adjusted aid amounts to arrive at the distribution of funding for that particular year. Each year's formula likewise has no connection to the CFE lawsuit.



Division of
the Budget

ENVIRONMENT

Launch the

GREEN NEW DEAL



to put New York on the path to **economy-wide carbon neutrality** and provide a just transition to a clean energy economy.



The Executive Budget commits another **\$2.5 Billion**, for **clean water infrastructure**, doubling the State's investment.

Renews record high **\$300M** funding for

ENVIRONMENTAL PROTECTION FUND



Invests **\$110M** to further the **\$990M**



NY PARKS 2020 INITIATIVE

\$23M is provided to complete



THE HUDSON RIVER PARK

Budget Highlights

Launch the Green New Deal. As part of his Justice Agenda, the Governor is launching the Green New Deal to put New York on the path to economy-wide carbon neutrality and provide a just transition to a clean energy economy that prioritizes the needs of low- to moderate-income New Yorkers while spurring economic growth.

Expand Historic Clean Water Investment. Governor Cuomo is committing an additional \$2.5 billion for Clean Water Infrastructure over five years, doubling the State's investment in clean water.

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

Further the \$900 Million NY Parks 2020 Initiative. Invest an additional \$110 million to transform New York's parks, recreation and historic facilities.

Complete the Hudson River Park. Provide \$23 million to complete the Hudson River Park.

Enhance Food Safety and Inspection. To help ensure food inspection needs are being met, 29 new food safety inspectors will be added to the Department of Agriculture and Markets.

Climate change is the challenge of this generation and Governor Cuomo's Green New Deal puts New York State on a path to economy-wide carbon neutrality and a just transition to a clean energy economy. The FY 2020 Executive Budget commits an additional \$2.5 billion over the next five years for drinking water infrastructure, wastewater infrastructure, and water quality protection, doubling the State's already historic investment in clean water projects. The Budget also renews the historic funding level for the Environmental Protection Fund (EPF) and supports capital funding plans for environmental and recreational facilities. By providing the necessary resources to state agencies and public authorities focused on promoting the health of our environment, New York will continue as a leader in the clean tech economy, reduce emissions that contribute to climate change, and enable the transformation of the electric power transmission system to a distributed smart grid network.

Overview

The State's environmental, energy and natural resource agencies and authorities support and regulate land use planning and preservation, recreation and tourism, agricultural development, protection of water resources, food safety, and energy programs.

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

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe, enjoyable recreational and interpretive opportunities for New York State residents and visitors, and functions as a steward of New York's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of 180 State parks and 35 historic sites. In 2017, the system welcomed a record 71 million visitors.

Together, DEC and OPRHP oversee 5.35 million acres of open space statewide, including 2.6 million acres in the Adirondack Park and nearly 300,000 acres in the Catskill Forest Preserve.

The Department of Agriculture and Markets (Ag&Mkts) has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and control of agricultural runoff.

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 \$32 billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service. Additionally, DPS provides oversight of the New York State Energy Research and Development Authority’s (NYSERDA) implementation of the PSC-approved Clean Energy Fund and Clean Energy Standard.

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

Protecting the Environment and Investing in Agriculture

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

- Enacting the unprecedented \$2.5 billion Clean Water Infrastructure Act of 2017, to protect public health and the environment through investments in drinking water, wastewater and source water protection;
- Establishing the \$400 million Water Infrastructure Improvement Act of 2015, a municipal clean water infrastructure grant program;
- Extending the State Superfund hazardous waste cleanup program by \$1 billion;
- Creating the \$900 million NY Parks 2020 initiative;
- Investing over \$425 million in environmental projects through the New York Works program; and
- Increasing the EPF to a historic \$300 million level.

Performance Profile

Achieving the Nation’s Lowest Per Capita CO2 Emissions. New York has the lowest per capita carbon dioxide emissions of any state in the country.

Cleaning New York’s Water. To date, 433 municipalities have been awarded funding totaling \$817 million to improve water quality through the Water Infrastructure Improvement Act of 2015 and the Clean Water Infrastructure Act of 2017.

Breaking Parks Attendance Records. The Governor’s \$900 million investment through the NY Parks 2020 initiative has resulted in capital improvements at 178 parks statewide, spurring a record 71 million visitors in 2017.

Setting New Highs for State Fair Attendance. The \$120 million to modernize the State Fair has paid dividends. The 1.3 million visitors at the 2018 State Fair exceeded the previous record set in 2017.

Promoting New York Agricultural Products. The New York Grown and Certified Program, since its launching in 2016, has certified over 2,386 farms, representing over half a million acres of farmland.

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

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

The FY 2020 Executive Budget maintains support for critical environmental protection programs. To ensure that current and future New Yorkers have access to clean water, the Budget commits an additional \$2.5 billion in Clean Water funding over five years while continuing the original \$2.5 billion Clean Water Infrastructure Act, enacted in 2017, which supports drinking water, wastewater, and source water protection initiatives.

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

The Budget also includes \$172.75 million of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). These resources will be utilized to continue the State Fair modernization plan, accelerate improvements to the State's recreational assets, and fund infrastructure projects statewide, spurring the creation of jobs and leveraging private sector and Federal investment.

Leading the Fight Against Climate Change

The Governor has taken major actions to combat climate change and reduce greenhouse gas emissions, including establishing the most ambitious greenhouse gas emissions reduction targets in the nation and launching the program known as Reforming the Energy Vision, a comprehensive strategy to build a clean, resilient, and affordable energy system for all New Yorkers. New York has the lowest per capita carbon dioxide emissions of any state in the country, with 9 metric tons of carbon dioxide per person.

In June 2017, Governor Cuomo formed the U.S. Climate Alliance with the Governors of California and Washington State to ensure that New York State and 297 other willing partners continue to meet or exceed the targets of the Paris Agreement on climate change, even as the Presidential Administration has pulled the United States out of the accord.

To continue New York's progress in the fight against climate change, Governor Cuomo is launching as part of his Justice Agenda the Green New Deal, which has two core objectives: to put New York State on a path to economy-wide carbon neutrality, including by making New York's electricity 100 percent carbon neutral by 2040; and to provide for a just transition to a clean energy economy that prioritizes the needs of low- to moderate-income New Yorkers while spurring sustainable economic growth.

Components of the Green New Deal will actively explore actions to reduce emissions statewide, establish a Climate Action Council tasked with developing a roadmap for making New York carbon neutral as soon as possible, and ensure a just transition by harnessing the economic opportunities associated with a transition to clean energy.

In hastening the transition to a sustainable future, Governor Cuomo is also cultivating a vibrant clean energy economy that now employs more than 151,000 New Yorkers, proving once more that pursuit of a sustainable future brings tremendous opportunity. Currently, the rate of job growth in this sector far outpaces growth in the economy at large.

Following on Governor Cuomo's call on the Comptroller to divest the New York Common Fund from Fossil Fuel Investments in 2018, this year the Governor will direct State agencies and authorities to decarbonize their investment funds and ramp up investment in clean energy.

The Governor is also positioning New York State to lead on offshore wind power generation, drive competition, reduce costs, and create high quality jobs in this emerging industry. In November 2018, the Governor issued a comprehensive solicitation seeking 800 megawatts or more of new offshore wind projects for New York – enough clean, renewable energy to power 400,000 New York households.

The solicitation kicks off competition for New York State's first large-scale offshore wind development contracts. This is an initial step toward the program's goal of 2,400 megawatts from offshore wind by 2030 to help combat climate change. The solicitation marked an important new chapter in New York's nation-leading offshore wind planning efforts that will – in addition to providing clean, renewable energy – reduce costs, and create high quality jobs in this emerging industry.

New York is also a leader in deploying electric vehicles through the Zero Emission Vehicle MOU, Charge NY, the Drive Clean rebate and DEC's municipal ZEV rebate program.

Table 8: Summary of Spending (All Funds)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars (millions)	Percent
Department of Environmental Conservation	1,320	1,414	94	7%
Office of Parks, Recreation and Historic Preservation	370	391	21	6%
Department of Agriculture and Markets	169	114	(55)	(33)%
Department of Public Service	89	90	1	1%
Hudson River Valley Greenway	22	45	23	105%
New York Power Authority	5	36	31	620%
Energy Research and Development Authority	23	21	(2)	(9)%
Adirondack Park Agency	5	5	0	0%
Total Environment and Energy Spending	2,003	2,116	113	6%

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

- **Department of Environmental Conservation.** Total spending for DEC increases by \$94 million, reflecting spending growth from the Clean Water Infrastructure Act and increases in other capital program spending.
- **Office of Parks, Recreation and Historic Preservation.** Total funding for OPRHP increases by \$21 million, reflecting growth in New York Works spending and the creation of Enterprise funds for golf and gift shop purposes.
- **Department of Agriculture and Markets.** Total spending for Ag&Mkts decreases by \$55 million. The change primarily reflects the discontinuation of one-time appropriations for local initiatives and State Fair capital spending.
- **Department of Public Service.** Total spending for DPS increases by \$1million, reflecting growth in State Operations spending.
- **Hudson River Valley Greenway.** Total funding for the Greenway increases by \$23 million, reflecting capital spending growth for the Empire State Trail.
- **New York Power Authority.** Total funding for NYPA increases by \$31 million, reflecting increased capital spending for the Empire State Trail.
- **New York Energy Research and Development Authority.** Total funding for NYSERDA decreases by \$2 million, reflecting a reduction in Cleaner Greener Communities spending.

Proposed FY 2020 Budget Actions

- **Launch New Round of the Clean Water Infrastructure Investment.** The Executive Budget launches a second \$2.5 billion commitment for clean water, beginning with a new \$500 million appropriation to support drinking water infrastructure, wastewater infrastructure, and water quality protection.
- **Ban Single Use Plastic Bags.** The Executive Budget includes legislation to ban single-use plastic bags provided to customers. In March 2017, Governor Cuomo created the New York State Plastic Bag Task Force to develop comprehensive statewide recommendations. The ban will help reduce the greenhouse gas emissions associated with bag production and disposal, from petroleum used to produce the bags and emissions from the transportation of bags to landfills. DEC will work with stakeholders and community leaders to ensure the roll-out of this initiative does not disproportionately impact low and moderate income and environmental justice communities through the distribution of reusable bags and exemptions where appropriate.
- **Expand the Bottle Bill.** The Executive Budget includes legislation to amend the Returnable Container Act ("RCA" or "Bottle Bill") in the Environmental Conservation Law to expand the types of beverage containers covered under the RCA to include bottles from: sports drinks; energy drinks; fruit and vegetable beverages; ready-to-drink tea and coffee; and wellness beverages.

The Bottle Bill expansion includes some exceptions for containers of dairy milk, milk substitutes, infant formula, syrups and flavorings, medical prescriptions and dietary supplements. This proposal will also help reduce sorting and financial burdens on local government recycling programs. Additionally, the Governor will include amendments to the Bottle Bill legislation to address implementation issues and to respond to feedback from stakeholders, as well as enhanced penalties.

Since Governor Mario M. Cuomo enacted the Solid Waste Management Act 30 years ago, New York recycling laws have helped reduce waste in communities across the State. Under the Act, local municipalities adopted local recycling laws requiring source separation of recyclable, which have diverted more than 320 million tons of recyclables from disposal, reducing 1 billion metric tons of carbon dioxide in the process by decreasing methane emissions from landfills and reducing energy and fossil fuel use associated with the production of plastics and glass.

- **Protect Ocean Waters from Offshore Drilling.** The Executive Budget includes legislation that will protect New York State's environment and economy by prohibiting oil and gas development in the North Atlantic Planning Area.
- **Renew Record Funding for the Environmental Protection Fund.** The Executive Budget continues EPF funding at \$300 million, the highest level of funding in the program's history. Appropriations include \$38 million for solid waste programs, \$88 million for parks and recreation, \$153 million for open space programs, and \$21 million for the climate

change mitigation and adaptation program. This investment will provide funding for critical environmental programs such as land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, and an aggressive environmental justice agenda.

- **Advance the NY Parks 2020 Initiative and Create a New State Park.** In furtherance of the NY Parks 2020 initiative – which has delivered \$900 million of resources to our State Parks, the Executive Budget allocates \$110 million in New York Works capital funding for OPRHP. This funding will aid the ongoing transformation of the State’s flagship parks and support critical infrastructure projects. As part of Parks 2020, the State will invest \$20 million to complete Phase 2 of the Shirley Chisholm State Park. This new 407-acre park will transform the former Pennsylvania and Fountain Avenue landfills into the largest State Park in New York City, featuring 3.5 miles of paths and trails. This year’s investments will fund projects such as a new amphitheater, lawn patios and overlooks, kayak launches, and comfort stations.
- **Complete the Hudson River Park.** The Executive Budget includes \$23 million in capital funding for the Hudson River Park, which represents the final funding component necessary to fulfill the Governor’s commitment to complete the Hudson River Park, in partnership with New York City.
- **Support DEC Capital Projects through NY Works.** The Budget includes \$55 million for DEC to address a variety of capital needs to improve access to State lands, rehabilitate campgrounds, and upgrade its recreational facilities, all as part of the Adventure NY program. This funding will also provide for health and safety repairs to State infrastructure, including dams, wetland restoration, State lands, and fish hatcheries.
- **Make the Waste Tire Fee Permanent.** In order to avoid cuts to essential programs, the Budget permanently extends the Waste Tire Fee, which is scheduled to expire December 31, 2019. This \$2.50 fee, which has been in place since 2003, funds the abatement of waste tire sites and supports approximately 140 DEC employees involved in mission critical solid and hazardous waste cleanup activities.
- **Expand Access to New York Grown Agricultural Products.** Since its inception in 2013, the Taste NY program has helped 1,100 local companies reach consumers across the globe. The New York Grown and Certified program, since its launching in 2016, has 2,386 participating farms, representing over half a million acres of farmland. Building on this success, the Executive Budget continues funding for initiatives that connect New York’s food and beverage producers with consumers, including:
 - \$28.9 million for the New York State Grown and Certified program. This program is designed to strengthen consumer confidence in New York State products, address food product labeling, and assist New York farmers so they can take advantage of the growing demand for local, high quality food;

- \$6.2 million in spending for the Taste NY program, an increase of \$400,000 from FY 2019. This program promotes the wide variety of foods and beverages grown and produced in the State, making them readily available and recognizable to New Yorkers and the public around the globe.
- **Increase Core Agriculture and Markets Local Assistance Funding.** The Executive Budget proposes to increase Ag&Mkts local assistance appropriations by more than \$8 million from the FY 2019 Executive Budget. This increase will fund programs that provide the specialized technical assistance, industry promotion, and research investments to reduce farms' exposure to economic and climate inconsistency statewide. The Executive Budget also proposes support for the continued agricultural economic development and promotion of New York produced food and beverage goods and products. These core investments, in addition to programs that support food access, agricultural education, and workforce development, will continue to support our farms and communities.
- **Enhance Food Safety Inspections.** The Executive Budget includes funding for 29 new food safety inspectors at Ag&Mkts. As the number of establishments requiring inspection increases, more inspectors are needed to meet the need and reduce public health risks.
- **State Fair Capital.** The Executive Budget includes \$5 million in appropriations, an increase of \$2.5 million from FY 2019. This funding will be used to continue repair and rehabilitation of the Fair's facilities and allow for year-round operation of the Fairgrounds, including the Expo Center.
- **Meet Growing Workload Demands in Renewable Generation Siting.** The Executive Budget includes \$1.7 million in new appropriations to add eight new siting staff at DPS. The additional staff will enhance DPS's ability to properly ensure the safety and effectiveness of renewable energy projects that will collectively help to achieve Governor Cuomo's goals of having 50 percent electricity use in the State be met through renewable energy by 2030 and 100 percent clean electricity by 2040.
- **Establish New York as a Leader in Hemp Production.** The Executive Budget proposes a first-in-nation comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.

In the hemp cannabis market, the OCM will administer the licensing, extraction, and distribution of wellness and pharmaceutical grade cannabis products; including the establishment of the Canopy Growth Corporation's \$100 million Hemp Industrial Park, headquartered in the Southern Tier, that includes growing, processing, manufacturing and research facilities. The investment is facilitated by the passage of the Farm Bill and will establish New York State as the national leader in hemp production and innovation. This builds on the New York State Industrial Hemp Research Pilot the Governor launched in 2015.





Division of
the Budget

HEALTH CARE

The Budget supports Health Care services provided to more than **7 million** New Yorkers through **80,000 health care providers.**



PROTECT HEALTH CARE FROM FEDERAL ATTACKS



The Budget protects New York's health care by **codifying key provisions** of the Affordable Care

Act, including **protections for preexisting conditions.**

ADVANCE THE GOVERNOR'S WOMEN'S AGENDA

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



TOBACCO CONTROL



The Budget implements a comprehensive tobacco agenda to reduce use in New York, including **prohibiting the sale of tobacco to those under 21.**

Since
2014
→



has enrolled more than **4.7 million New Yorkers** in affordable health coverage.



IMPROVED OUTCOMES

In 2018, the Commonwealth Fund's Scorecard of Health System performance **ranked New York most improved in the nation.**



Budget Highlights

Protect Health Care from Federal Attacks. The Executive Budget takes steps to protect New York's health care by enshrining in State law key provisions of the Affordable Care Act, including protections for preexisting conditions.

Enhance Services to the Elderly. The Executive Budget supports a \$15 million investment in community-based services and supports to help older adults stay in their communities and support caregivers.

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

Tobacco Control. The FY 2020 Budget continues the success of the Governor's tobacco policies by implementing a comprehensive tobacco agenda to reduce tobacco use in New York, including prohibiting the sale of tobacco to those under 21.

Protect our Children from Exposure to Lead Paint. The FY 2020 Executive Budget lowers the acceptable blood lead level from 15 pg/dl to 5 pg/dl to continue the State's goal of eliminating sources of lead exposure before a child is injured.

The FY 2020 Executive Budget advances the Department of Health and the Medicaid Redesign Team's (MRT) critically important reforms aimed at improving the health of New Yorkers at a sustainable cost. The Budget enables health insurance for over seven million new Yorkers through Medicaid, the Essential Plan and the Child Health Plus through a network of over 80,000 healthcare providers. It does this by delivering more effective models of care, sustaining the State's health benefit exchange in the face of Federal action to undermine it, encouraging health care transformation and the transition to value-based payment arrangements, promoting the State's Prevention Agenda, expanding and promoting access to women's health care services and building on investments in health care infrastructure. In addition, the Budget enhances community-based services and supports to the elderly to address locally-identified capacity needs. It also advances proposals to enshrine in State law key provisions of the Affordable Care Act (ACA), including the protections against pre-existing conditions.

Overview

The Department of Health's (DOH) mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive health care and long-term care coverage for low- and middle-income individuals and families through the Medicaid, Child Health Plus (CHP), the Essential Plan (EP) and the Elderly Pharmaceutical Insurance Coverage (EPIC) programs.

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

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

Ensuring Quality Health Care for All New Yorkers

New York's Medicaid program is the State's largest payer of health care and long-term care. Over six million individuals receive Medicaid-eligible services through a network of more than 80,000 health care providers and over 75 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$73.9 billion in FY 2020.

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

Recognizing the need to control spending growth and improve health care outcomes, Governor Cuomo commissioned the MRT, a new and inclusive approach to developing health care policy. Composed of individuals representing virtually every sector of the health care delivery system, and with widespread public input, the MRT advanced proposals that create models of care to significantly improve health outcomes and tie future spending to a rational measure of growth – the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.0 percent). Each year, the MRT has introduced new proposals that control spending and improve outcomes for New Yorkers.

The MRT's innovative and collaborative work has significantly improved the health care quality. America's Health Rankings recently ranked NYS at 10th in the nation for quality compared to 20th in 2011. In the Commonwealth Fund's 2018 Scorecard of Health System Performance, ranked New York most improved for achieving an improved ranking on 18 indicators with an overall rating of 18th among states compared to 24th in 2012. Additionally, NY's performance on health disparities improved from 10th overall to 4th overall.

All of this was achieved while keeping costs in check. Since the beginning of the MRT in 2011, New York Medicaid spending per recipient has dropped about 27 percent when adjusted for

Performance Profile

Extending Coverage in the New York State of Health Marketplace. Since its inception in 2014, the NY State of Health has enrolled more than 4.7 million New Yorkers in affordable health coverage.

Continued Mandate Relief for Counties. The Budget maintains support for the takeover of county Medicaid costs by eliminating required growth over the prior year. In addition, the State is continuing its multi-year effort to assume Medicaid administrative responsibilities from the counties. Local Medicaid savings are estimated to total \$3.7 billion in FY 2020.

High Quality. America's Health Rankings recently ranked NYS at 10th in the nation for quality.

Improving Outcomes. In 2018, the Commonwealth Fund's Scorecard of Health System performance ranked New York 18th among states in overall health quality and most improved in the nation.

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

Medicaid Global Cap allowable growth. The MRT generated savings at the Federal level, too, resulting in New York being awarded an \$8 billion Federal waiver, which it is reinvesting in the health care system to produce further savings and raise the quality of care.

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

Table 9: Summary of Health Care Spending
(All Funds Unless Otherwise Noted)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars (millions)	Percent
Medicaid and Health Care Transformation Fund (State Funds)	\$18,920	\$19,600	\$680	3.6%
Medicaid (Total All Funds)	\$72,584	\$73,909	\$1,326	1.8%
Medicaid (Global Cap)	\$18,865	\$19,433	\$568	3.0%
Department of Health Spending (Excluding Medicaid and EP)	\$5,021	\$5,266	\$245	4.9%
Essential Health Plan	\$4,943	\$4,969	\$26	0.5%
Office of the Medicaid Inspector General	\$48	\$43	(\$5)	-10.9%
Office for the Aging	\$236	\$251	\$15	6.3%

Proposed FY 2020 Health Care Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. The cap ties growth to the 10-year rolling average of the Medical Consumer Price Index. The Budget achieves modest savings from public health and aging programs through program reforms and general cost-control efforts.

Transforming the Health Care System

The success of the MRT and other State initiatives demonstrates that through constructive collaboration, unsustainable spending trends can be reversed while improving care delivery and health outcomes. A groundbreaking Federal waiver positioned the State to reinvest \$8 billion in Federal savings generated by MRT reforms. The waiver is enabling New York to fully implement the MRT action plan, facilitate innovation, lower health care costs over the long term, and improve the financial sustainability of essential safety net providers. In the first four years, \$5.1 billion has been paid out under the Federal waiver, which has been extended through March 31, 2021. This includes \$3.6 billion to 25 Performing Provider Systems (PPSs) statewide so that these consortiums of regional providers can implement approved Delivery System Reform Incentive Payments (DSRIP) program transformation projects, among them: \$707.6 million for Health

Homes and other reform initiatives; and \$500 million for financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms.

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

In addition, the State will continue implementation of the State Health Innovation Plan (SHIP) under the terms of a \$100 million Federal award, extended in December 2017 through 2020. Currently, in the fourth year of a multi-year phase-in, SHIP is a multi-faceted approach that integrates care across all parts of the health care system, including behavioral and community health, by enhancing the capacity of primary care practices. SHIP complements and builds upon Medicaid reform efforts, including DSRIP, to achieve the “Triple Aim” for New York’s entire health care system of improving population health, improving patient experience, and reducing system costs.

Protecting Health Care from Federal Threats

Under Governor Cuomo’s administration, nearly 1 million more New Yorkers now have health insurance, but some New Yorkers still do not have access to quality affordable health care. Because the Federal government under the Trump administration has made clear that it will not defend the Affordable Care Act (ACA) and does not support universal access, New York must lead the effort to expand access to universal, high-quality health care.

Recognizing the importance of expanding health insurance coverage options for all New Yorkers, Governor Cuomo, is establishing a commission to be supported by the Department of Health and Department of Financial Services and comprised of health policy and insurance experts to develop options for achieving universal access to high-quality, affordable health care in New York. The review process will analyze options for advancing access to care, including strengthening our commercial insurance market, expanding programs to include populations that are currently ineligible or cannot afford coverage, as well as innovative reimbursement models to improve efficiency and generate savings to support expanded coverage. The commission will report its findings to the Governor by December 1, 2019.

Additionally, in light of the continued Federal attacks on the ACA, the Budget codifies key provisions of the ACA and enhanced State regulatory protections into State law. Specifically, the Budget will ban insurance limitations for preexisting conditions, ensure that all insurance policies sold in New York cover the 10 essential benefits as defined in the ACA, require that insurers publish an up-to-date list of all formulary drugs accessible to consumers, prohibit discriminatory benefit designs, and create a standard and expedited formulary exception process for prescription drugs not on the insurer’s formulary.

Finally, the Budget codifies the New York State of Health, the official health plan marketplace that was established in 2013, in accordance with the Federal Affordable Care Act, by Executive Order (#42) under the Governor’s leadership to expand access to health care for New Yorkers.

Continuing Medicaid Redesign

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

Medicaid Budget highlights include:

- **Fiscal Intermediary Payment Reform.** There are currently over 500 fiscal intermediaries receiving differing levels of reimbursement for providing various administrative and payroll services to self-directing Medicaid recipients receiving personal care. The Executive Budget seeks to consolidate and establish uniform reimbursement for these services.
- **Efficiencies in Long Term Care.** Consistent with Federal law, the Budget requires legally responsible relatives to support the cost of caring for a non-institutionalized family member receiving Medicaid. Additionally, the State will transform the nursing home patient acuity data collection process to provide improved rate adequacy.
- **Minimum Wage.** In April 2016, the Governor signed into law the nation's first statewide \$15 minimum wage plan. The Budget includes more than \$1.1 billion to fully support the direct cost of the FY 2020 minimum wage increases for health care workers that provide Medicaid services reimbursed by the Department of Health. This includes funding to reconcile any identified underpayments in prior years.
- **Electronic Visit Verification.** The Budget provides a \$10 million investment, in addition to Federal funding, to support the implementation of a federally-required system to verify when home care services occur to reduce inappropriate billing of in-home Medicaid services and to eliminate fraud, waste, and abuse in the Medicaid program.
- **Pharmaceutical Pricing Efficiencies.** With enactment of the FY 2018 Budget, New York became the first state in the nation to pass sweeping legislation to control the skyrocketing cost of prescription drugs by setting the growth in Medicaid drug spending to an annual limit and providing the DOH with enhanced authority to negotiate additional rebates with manufacturers to maintain spending within the spending limit. Manufacturers that don't reach rebate agreements are subject to Drug Utilization Review (DUR) Board referral for a value-based review and recommendations for targeted supplemental rebates.

The FY 2020 Executive Budget continues efforts to limit the rising cost of prescription drugs by extending the Medicaid drug cap through FY 2021 with additional modifications to accelerate rebate negotiations and collections through the following proposed changes: Using established cost effectiveness thresholds for drugs identified as piercing the cap, as

a basis for target supplemental rebate amounts, prior to DUR Board referral; removing statutory language that prohibits a high-cost drug from being referred to the DUR Board, if there is an existing supplemental rebate contract in place; and eliminating the rebate adjustment where manufacturers are given “credit” for other rebates for different drugs received by the Department. These changes will further reduce the rate of pharmaceutical cost growth within the Global Cap. Additionally, the Budget includes authorization to regulate pharmacy benefit managers and limit spread pricing by pharmacy benefit managers.

- **Support Essential Health Care Providers.** The Budget provides continuing funding to support critical health care providers through the State’s Vital Access Provider (VAP), Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement (VBP QIP) programs. This funding provides transitional operating assistance to financially distressed health care providers to facilitate the redesign of health care delivery systems, improving financial stability and the availability of vital health care services. Additional funding may be made available to support financially distressed healthcare providers subject to approval of financial sustainability plans.
- **Care Management for All.** The Budget continues the goal of Medicaid care management for all enrollees. Proposals will incentivize providers and Medicaid Managed Care plans to establish new value-based payment arrangements and strengthen existing ones. Care management of additional populations will be synchronized to improve benefit coordination, quality of care, and patient outcomes over the full range of health care, including mental health, substance abuse, developmental disability, and physical health care services. Additionally, the Budget will amend regulations in order to provide plans with greater flexibility to manage care by clarifying that reductions may be appropriate when a prior authorization allowed more services than were medically necessary.
- **State Takeover of Local Medicaid costs.** The Budget continues the Governor’s commitment to relieve local districts of Medicaid expenditure growth. In FY 2020 the State will assume nearly \$3.7 billion in costs that would have otherwise been incurred by local districts.
- **State Takeover of Third Party Insurance Reviews.** The Budget transfers the Medicaid disenrollment function from local social service districts to the State, consistent with the State’s effort to takeover local district administration of the Medicaid program, to increase the efficiency by which individuals are disenrolled from Medicaid when alternative insurance coverage is identified.
- **Reimburse National Diabetes Prevention Program.** The Budget implements the National Diabetes Prevention program for all Medicaid members and offers trainings and non-clinical settings through community-based organizations. The National Diabetes Prevention Program is an evidence-based program focused on helping participants make positive lifestyle changes, such as eating healthier and getting more physical activity.

- **Recognize Applied Behavioral Analysts.** The Budget supports expanding Medicaid to cover Applied Behavioral Health Analysis treatment for over 4,000 children with autism, including those who have aged out of the Early Intervention program, to ensure they are able to continue receiving necessary services.
- **Health Home Quality, Innovation, and Performance Improvement.** The Budget supports efforts to reform the Health Homes program, which provides enhanced care management and service coordination to the State's most vulnerable populations, by streamlining the outreach reimbursement rate for care managers after initial contact has been established. This reform will incentivize care managers to enroll new members in programs and connect them to the services they require while disincentivizing intense care management over an extended period.
- **Transportation Reforms.** The Budget supports investments in emergency ambulance reimbursement rates for Medicaid providers, based on recommendations contained within the Department of Health's Medicaid Transportation Rate Adequacy Report. Through these investments, the Budget ensures access to critical services for New York's Medicaid enrollees.
- **Continue Implementation of the State's Transportation Manager.** The Budget continues the success of the State's transportation manager, which has saved the State over \$300 million gross since implementation in 2011. Coordination through the State's transportation manager will be required in order to promote program efficiency and align with other Medicaid members for Managed Long Term Care and Adult Day Health Care recipients receiving Medicaid reimbursed transportation. These efforts will ensure the most efficient and cost-effective modes of transportation for New York's Medicaid beneficiaries.
- **Additional SUNY Hospital Support.** The Budget provides an additional \$60 million for Disproportionate Share Hospital (DSH) payments for uncompensated care provided by the three State University of New York teaching hospitals. These hospitals are at SUNY Upstate Medical Center, SUNY Downstate Medical Center, and Stony Brook University Hospital.
- **Medicare Part B Cost-Sharing.** The Budget supports aligning Medicaid payment of Medicare Part B cost-sharing for dual eligible members in order to ensure appropriate reimbursement for medical services and to ensure that Medicaid is the payor of last resort.
- **Discontinue the Population Health Improvement Program (PHIP).** PHIP provides population health data, evidence-based practice research and support for coordinated regional strategies to the State's Performing Provider Systems, which are partnerships of health care providers within a particular region or service area usually led by a large hospital network. These entities were provided seed money to support Delivery System Reform Innovation Program (DSRIP) goals and should be self-sustainable, consistent with the timeline for DSRIP implementation.

- **Seek Federal Funding for Supportive Housing.** The MRT Supportive Housing Initiative invests into housing as a social determinant of health to improve the quality of care to the vulnerable Medicaid population. As a part of this year's Budget initiatives, the State will apply for a waiver to leverage Federal funding for certain supportive housing services currently funded with State-only dollars including: 1) housing transition services; 2) tenancy support services; and 3) housing-related collaborative activities.
- **Federal Claiming for Medicaid in Prison.** In an effort to ensure quality health care for all New Yorkers, the Department of Health will apply for a Federal waiver to secure Federal Medicaid funding to support a range of medical services for inmates 30 days prior to release from a Department of Corrections and Community Supervision facility. This initiative puts necessary health care services in place prior to an inmate's release, ensuring coverage stability and adherence to treatment regimens upon re-entry into the community.

Promoting the Essential Plan

The Essential Plan (EP) was launched in January 2016 as a more affordable health insurance option for low- and moderate-income New Yorkers. The program has been extraordinarily successful, with over 740,000 New Yorkers enrolling in three years. It has also generated over \$1.5 billion in State savings by transitioning certain individuals from State-only Medicaid benefit to federally funded coverage in the EP. Despite the continued uncertainty with regard to Federal cost-sharing reduction payments, the State continues to promote this important public health insurance program to preserve affordable health insurance options for New Yorkers.

Supporting the New York State of Health

The Exchange – NY State of Health – serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan. The health plans offered through NY State of Health are, on average, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace.

To date, over 4.7 million New Yorkers have enrolled in coverage through the marketplace. The number of uninsured New Yorkers declined by nearly one million. The Executive Budget includes \$575 million in total funding for the operation of the NY State of Health.

Strengthening Public Health and Aging Programs

DOH and SOFA administer programs that support New York's public health and senior care systems. The Executive Budget provides more than \$353 million to support services provided by local governments, makes new investments, and reduces costs by restructuring programs and implementing administrative efficiencies. Savings actions will save an estimated \$84.6 million in FY 2020 and \$79.7 million in FY 2021. Key initiatives include:

- **Enhance Elderly Supports.** Governor Cuomo’s commitment to older New Yorkers is unprecedented. Under his leadership, New York State government has shown a continued dedication to the State’s more than 3.7 million older adults and the informal caregivers who support them. This focus centers around healthy aging and maintaining independence through the expansion and better coordination of community-based services. The FY 2020 Executive Budget includes a \$15 million investment to address locally-identified capacity needs in NYSOFA support services targeted to maintain the elderly in their communities, support family and friends in their caregiving roles, and delay future Medicaid costs by intervening with less intensive services earlier.
- **Authorize Private Pay Models.** Older New Yorkers above certain income thresholds have fewer options for accessing long-term services and have limited access to government programs under the SOFA network. Historically, the SOFA network has focused on serving lower-income individuals. The Executive Budget authorizes counties to work with SOFA to allow middle-income New Yorkers to purchase SOFA services with private dollars to expand access to services in their communities.
- **Early Intervention (EI) Rate Increase.** The Budget supports a five percent rate increase for licensed rehabilitation early intervention service providers to improve access to care and expand service delivery for infants and toddlers with disabilities and their families.
- **General Public Health Works (GPHW).** The FY 2020 Executive Budget modifies reimbursement of certain public health funding for New York City to reflect the availability of alternative funding sources.
- **Defer Cost of Living Adjustment (COLA) Payment.** The Budget defers FY 2020 SOFA COLA payment saving \$5.1 million in FY 2020. The \$5.1 million is net of an increase of \$809,000, which reflects a re-estimate of the FY 2020 COLA from 2.5 percent to 2.9 percent.
- **Capital Financing for Essential Health Care Providers.** The FY 2020 Executive Budget continues \$3.8 billion in capital investments for health care providers to transition into fiscally sustainable systems and to support capital projects, debt retirement, working capital and other non-capital projects. Of this amount, \$5 million will be made available for regional perinatal care centers or other health providers to establish rural telehealth applications.
- **Life Sciences Laboratory Public Health Initiative.** The FY 2020 Budget continues \$750 million in support for a life sciences laboratory public health initiative in the Capital Region, which will develop life science research, innovation and infrastructure through a joint effort between Empire State Development and the DOH. This initiative positions New York to attract private investment and jobs, a key component of the life science initiative.
- **Ending the AIDS Epidemic.** New York’s investments in the prevention and care for individuals with HIV/AIDS have linked more people to care and decreased new infections.

The number of people newly diagnosed with HIV has fallen to historic lows, with the number of new cases dropping nine percent from 2015 to 2016. The decrease is more than double that of the five years leading up to the 2014 launch of the Ending the Epidemic initiative. The FY 2020 Executive Budget continues the \$200 million multi-year commitment towards these efforts.

Ensuring Safe Staffing and Patient Safety

The Department of Health regulates hospitals and nursing homes to ensure patient safety. In recent years, nursing and patient advocates have advanced legislation to establish staffing enhancements in hospitals and nursing homes in an effort to improve patient safety and enhance the quality health care services. The Department of Health will conduct a study, which examines how staffing enhancements and other initiatives can be used to improve patient safety and the quality of healthcare service delivery. The study will also analyze the range of potential fiscal impacts of various patient safety and staffing enhancement strategies. The Department will engage industry stakeholders and other experts to evaluate the impact of staffing on patient safety and the quality of healthcare delivery.

Advancing the Women's Agenda

- **Defend Reproductive Rights.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that codifies the Supreme Court's Roe v. Wade decision and subsequent rulings into State law to secure women's access to reproductive health options. The legislation safeguards the right of women to make personal health care decisions to protect their health and ensures that health care professionals can provide these crucial services without fear of criminal penalty.
- **Ensure Comprehensive Contraceptive Coverage.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that protects the rights of New Yorkers to access contraception, including emergency contraception. Contraception has been a critical tool for women to gain economic and social independence. The use, accessibility, and availability of contraception also reduces the rate of unintended pregnancy and abortion.
- **Establish the Maternal Mortality Review Board.** As part of Governor Cuomo's Women's Agenda, the Budget includes the creation of a Board of experts within the Department of Health that will implement an enhanced multidisciplinary analysis to review each and every maternal death in the New York State and to develop actionable recommendations to improve care and management.
- **Expand Coverage for In Vitro Fertility Services.** As part of Governor Cuomo's Women's Agenda, the FY 2020 Executive Budget requires large group (employers with 100 or more full-time staff) insurance policies in New York State to provide coverage for three cycles of in vitro fertilization. This coverage promotes safe and affordable reproductive health care while removing a barrier to family planning. The bill also expands coverage for medically-appropriate fertility preservation.

Other Initiatives

- **Enact a Comprehensive Tobacco Control Policy.** The Executive Budget raises the minimum age to purchase cigarettes from 18 to 21; prohibits the sale of tobacco products in all pharmacies; prohibits the acceptance of price reduction instruments for both tobacco products and e-cigarettes; prohibits the display of tobacco products or e-cigarettes in stores; clarifies that the Department of Health has the authority to promulgate regulations that prohibit or restrict the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor, or the use of names for characterizing flavors intended to appeal to minors; prohibits smoking inside and on the grounds of all hospitals licensed or operated by the Office of Mental Health; and requires that e-cigarettes be sold only through licensed dealers. The policy also imposes a 20 percent tax on the retail sale of vapor products.

This comprehensive tobacco control policy will prevent death and disease associated with tobacco use, as well as save the State money due to the high cost of health care expenses for tobacco-related illnesses, estimated at \$10.4 billion annually, including \$3.3 billion in Medicaid costs. Smoking prematurely kills over 28,000 New Yorkers each year – more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined. In a 2012 report on youth tobacco use, the U.S. Surgeon General characterized tobacco use as a pediatric epidemic.

The tobacco industry continues to invest over \$9 billion annually marketing cigarettes and scientific evidence establishes that tobacco industry marketing causes youth tobacco use. The industry devotes countless resources to keep existing customers and recruit new customers, most of whom are youth, while undermining the proven effective public health measures already put in place.

In addition to combustible tobacco products, e-cigarettes, vapor products, and similar devices are emerging as the latest public health threat to youth and young adults. Uptake of vapor products by youth is dramatically increasing and more high school age youth are now using vapor products than smoking combustible cigarettes. Dual use by youth and adults is common, showing that they are not substituting vapor products for cigarettes, but using both to maintain and strengthen addiction. New York has the opportunity to save lives, save money, and become the first state in the nation to create a tobacco-free generation.

- **Rural Telehealth.** The Executive Budget includes \$5 million for regional perinatal centers or other healthcare providers to establish telehealth capabilities.
- **Protect our Children from Exposure to Lead Paint.** The FY 2020 Executive Budget implements measures to help reduce the risk of exposure to lead paint. This includes lowering the acceptable blood lead level from 15 µg/dl to 5 µg/dl to continue the State's goal of eliminating sources of lead exposure before a child is injured. The Budget also commits an additional \$9.4 million annually for the DOH and local health departments to

implement this initiative. Lastly, the Budget proposes a lead prevention measure to ensure residential rental properties statewide are maintained in a condition that protects children from the dangers associated with exposure to lead based paint hazards.

- **Consumer and Personal Products Disclosure.** The Executive budget includes legislation to require manufacturers of certain consumer and personal care products to disclose information related to the human health and environmental effects of chemicals in such products. The legislation will also authorize establishment of a standard for consumer products labeling and establish a public education program to ensure New Yorkers have easy access to this information.
- **Centralize Medical Marijuana Supervision.** The Executive Budget proposes a first-in-nation comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.

In the medical cannabis market, the OCM will supervise the continued expansion of the current medical cannabis program and institute reforms that expand patient access and product affordability while also encouraging research opportunities among medical cannabis providers, health care providers, and medical insurers.



Division of
the Budget

HIGHER EDUCATION

The Executive Budget provides a **\$143 million** increase in funding for higher education in New York, bringing total support to nearly **\$7.6 billion.**



An increase of

\$1.6 BILLION

since 2012.

The Excelsior Scholarship **income eligibility threshold increases** for the 2019-2020 academic year

TO \$125,000



210,000

or approximately

55%

of full-time students will attend SUNY and CUNY **tuition-free.**



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



PROTECT STUDENT LOAN BORROWERS

New reforms will alleviate the crushing burden of student loans, including stronger consumer protection standards and **transparency for the student loan industry.**



KEEPING TUITION PREDICTABLE AND AFFORDABLE



Average tuition and fees at New York's public four-year colleges are **20 percent less** than the national average and **lower than 40 other states.**

Budget Highlights

\$7.6 Billion for Higher Education. The Executive Budget provides a \$143 million increase in funding for higher education in New York, bringing total support to \$7.6 billion – an increase of \$1.6 billion or 27 percent since FY 2012.

Launch the Third Phase of the Excelsior Free Tuition Program. The Excelsior Scholarship income eligibility threshold increases for the 2019-20 academic year to include New Yorkers with household incomes up to \$125,000.

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

Protect Student Loan Borrowers. A series of new reforms will alleviate the crushing burden of student loans, including stronger consumer protection standards and transparency for the student loan industry.

Hold For-Profit Colleges Accountable. Governor Cuomo is proposing to fill the gap created by the absence of federal regulations by holding for-profit schools accountable and protecting students that attend for-profit schools in New York.

The FY 2020 Executive Budget expands access to higher education and strengthens student protections by launching the third phase of the Excelsior free tuition program, establishing the DREAM Act, holding for-profit colleges accountable in the absence of Federal leadership, and advancing sweeping protections for student loan borrowers. The Budget provides record overall funding for the State's institutes of higher education and includes strategic investments that will help New Yorkers develop the tools and skills they need in the 21st century economy.

Overview

New York State's higher education institutions educate over 1.2 million students. The State University of New York (SUNY) and the City University of New York (CUNY) administer 47 four-year colleges and graduate schools that provide more than 410,000 full- and part-time students with an array of undergraduate, graduate, and first professional educational opportunities. SUNY and CUNY also support 37 community colleges, serving nearly 309,000 students. In addition, 517,000 students attend the more than 100 private colleges and universities across the State. Over the past 10 years, enrollment at New York's public and private higher education institutions has increased by 68,000 (6 percent).

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

The Higher Education Services Corporation (HESC) is New York State's student financial aid agency and a national leader in helping make college affordable for New York residents. HESC oversees numerous State-funded financial aid programs, including the Excelsior Scholarship, the Tuition Assistance Program (TAP), the Aid for Part Time Study program, and 26 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 400,000 students. HESC also partners with the Office of the State Comptroller in administering the College Choice Tuition Savings program.

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

Expanding Access to Higher Education

Under Governor Cuomo's leadership, New York is leading the nation in expanding access to a quality and affordable college education.

Funding for higher education has increased by \$1.6 billion since 2012 (27 percent) from \$6.0 billion to \$7.6 billion in the FY 2020 Executive Budget. This investment includes \$1.2 billion for strategic programs to make college more affordable and encourage the best and brightest students to build their future in New York.

The average tuition at the State's four-year public institutions is currently lower than 40 other states, and New York State has been aggressively reducing financial barriers to college. In 2011, the State enacted Governor Cuomo's plan to end decades of unpredictable and sudden tuition hikes with a rational tuition system that limits SUNY and CUNY tuition increases. In 2015, Governor Cuomo created the Get On Your Feet Student Loan Forgiveness Program to provide up to two years of student loan payments for recent college graduates.

In 2017, building on the State's already generous tuition assistance, New York launched the groundbreaking Excelsior Scholarship to provide tuition-free college for middle class families. The first-of-its-kind program covers tuition at New York's public colleges and universities for families making up to \$125,000 a year, ensuring that more than 55 percent of full-time SUNY and CUNY in-state students can go to school tuition-free.

SUNY and CUNY campuses have received significant support for their capital assets. Since FY 2012, the State has provided over \$10 billion in capital appropriations to maintain and improve campus facilities, including \$800 million to enhance the learning structures and facilitate new innovations through the SUNY and CUNY 2020 programs.

These investments serve as a key driver of the New York State economic engine. SUNY's annual economic impact in New York State is \$28.6 billion, a 27 percent growth in overall state economic impact since 2008. CUNY is recognized as a national

Performance Profile

Improving Access to a College Education. Along with other sources of tuition assistance, including the generous New York State Tuition Assistance Program, the Excelsior Scholarship will allow approximately 55 percent of full-time SUNY and CUNY in-state students, or more than 210,000 New York residents, to attend college tuition-free when fully phased after this year.

Keeping Tuition Predictable and Affordable. New York's predictable tuition plan has kept public college tuition affordable. Average tuition and fees at New York's public four-year colleges are among the lowest in the nation – \$2,040 or 20 percent less than the national average and lower than 40 other states.

Improving On-Time Graduation. On-time completion is a cornerstone of the Excelsior Scholarship, helping to alleviate the crushing burden of student debt. Since 2016, SUNY and CUNY have experienced a notable increase in the percentage of full-time freshmen taking 15 credits or more in their first semester, the amount necessary to graduate on-time. CUNY increased from 31 percent to 43 percent, while SUNY increased from 58 percent to 62 percent.

leader in social mobility, helping generations of low-income, underserved and immigrant students succeed.

Table 10: Summary of Higher Education Spending (General Fund)

Category	Academic FY 2018 (millions)	Academic FY 2019 (millions)	Change	
			Dollars (millions)	Percent
SUNY State-Operated Campuses (a)	2,977	3,009	32	1.1
CUNY Senior Colleges (a)	1,324	1,365	41	3.1
SUNY and CUNY Debt Service	1,218	1,268	50	4.1
HESC Financial Aid Programs	1,090	1,157	67	6.1
Community Colleges (b)	741	713	(28)	(3.8)
SED Programs (c)	128	109	(19)	(14.8)
General Fund Total	7,478	7,621	143	1.9

(a) Includes funding for campus operations and employee fringe benefits.

(b) Decrease is largely attributable to changes in enrollment.

(c) Decrease reflects the expiration of one-time appropriations.

Proposed FY 2020 Budget Actions

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

- Launch the Third Phase of the Excelsior Free Tuition Program.** In 2017, Governor Cuomo created the historic Excelsior Scholarship, a first-in-the-nation program that provides free tuition at New York’s public colleges and universities for middle class families. In FY 2020, the Excelsior Scholarship will enter the third and final year of a three-year phase-in. For the 2019-20 academic year, the Excelsior Scholarship income eligibility threshold will increase, allowing New Yorkers with household incomes up to \$125,000 to be eligible. To continue this landmark program, the Budget includes \$119 million to support free tuition for an estimated 30,000 students. Along with other sources of tuition assistance, the Excelsior Scholarship and State tuition assistance programs will allow approximately 55 percent of full-time SUNY and CUNY in-state students, or more than 210,000 New York residents, to attend college tuition-free.
- Pass the DREAM Act.** The Executive Budget includes legislation to implement the Senator Jose R. Peralta DREAM Act, opening the doors of higher education to thousands of New Yorkers. Since 2002, undocumented students qualify for in-state tuition at SUNY and CUNY if they graduated from a New York high school or received a GED in the state. Yet, each year, many talented students who graduate from New York high schools remain unable to fulfill their potential simply because they cannot afford the tuition and lack access to tuition assistance to help pay for school. The DREAM Act will give undocumented students access to the Excelsior Scholarship, the Tuition Assistance Program, as well as

other state-administered scholarships. A \$27 million FY 2020 investment in young immigrants' futures is an investment in New York's future.

- **Protect Student Loan Borrowers.** Governor Cuomo has been a leading voice in protecting access to higher education and a champion for increasing protections for the approximately 2.8 million student loan borrowers in New York. Those 2.8 million borrowers have tens of billions of dollars in outstanding student loan debt, which is serviced by about 30 student loan servicers. These servicers, however, are neither licensed nor regulated in New York, even though the student loan servicer industry has repeatedly been cause for serious consumer protection concerns. A 2016 Federal Consumer Financial Protection Board report identified extremely problematic conduct by the industry resulting in a very high number of complaints from borrowers. Exacerbating the problem, the Trump administration has been systematically rolling back student protections established by the Obama administration, and recently went so far as to shutter the Federal office tasked with investigating student loan abuses. This leaves recent graduates and the careers they are beginning more vulnerable than ever.

Through the Executive Budget, Governor Cuomo is advancing sweeping protections by requiring that companies servicing student loans held by New Yorkers to obtain a state license and meet standards consistent with the laws and regulations governing other significant lending products. The new statute will also ensure that no student loan servicers can mislead a borrower or engage in any predatory act or practice, misapply payments, provide credit reporting agencies with inaccurate information, or any other practices that may harm the borrower.

- **Hold For-Profit Colleges Accountable in Absence of Federal Leadership.** The State is committed to expanding access to higher education and combatting student debt across all sectors of colleges and universities. The challenge of student debt is disproportionately high at for-profit colleges, where schools can be more influenced by profit motives than the best interests of their students and helping them achieve a degree. Unfortunately, bowing to pressure from for-profit colleges, the current Federal administration is expected to eliminate regulations designed to ensure minimum performance standards are met by for-profit colleges. Governor Cuomo is proposing to fill the gap created by the absence of Federal regulations by holding for-profit schools accountable and protecting the 33,000 students attending degree-granting for-profit schools and the 180,000 students in non-degree granting proprietary schools in New York.

The For-Profit College Accountability Act in the Executive Budget will:

- Require for-profit schools to report their funding sources and demonstrate that they are not receiving more than 80 percent of their revenue from taxpayers, including Federal grants, loans and TAP. That threshold, which is lower than the Federal government's 90 percent maximum, aims to reduce reliance on taxpayer dollars.

- Require that for profit schools spend at least 50 percent of their revenues on instruction and learning as opposed to recruiting, marketing, and advertising to ensure these institutions are putting the interests of their students first.
 - Require that schools report the salaries of the college presidents and senior leadership, as well as any salary incentives and bonuses, to ensure the administration is putting its students ahead of the financial interests of the school leadership.
 - Prohibit any school leadership from serving on an accreditation board of an organization responsible for oversight of the for-profit college to avert potential conflicts of interest.
- **Launch Family Empowerment Community College Program.** New York State is a national leader in ensuring pay equity between genders. However, women in the State of New York continue to be impacted by the gender wage gap, especially women of color and single mothers. Public policy efforts have often focused on breaking through the “glass ceiling”—but the majority of working women are “stuck to the floor” in low wage jobs with little opportunity for advancement. To close the gender wage gap and neutralize the “sticky floor,” Governor Cuomo will launch a pilot program providing customized supports for single parents attending SUNY and CUNY community college campuses. This innovative program will support 400 parents a year for three years. Participants will receive on-campus childcare, intensive personalized advisement, educational supports including tutoring, career counseling and assistance in transitioning to a 4-year school. These comprehensive systems of support will ensure that single parents are able to access higher education opportunities and help move themselves and their children out of poverty.



Division of
the Budget

HUMAN SERVICES

Foster care caseload **declined** from

37,000 in FY 2003 to



16,000 in FY 2018

due to the New York's emphasis on preventive services.



Since 2012, the New York Youth Jobs Program has incentivized the employment of **37,000 jobs** filled by young adults at over **2,500 businesses** in areas with high youth unemployment.

\$20 BILLION AFFORDABLE AND HOMELESS HOUSING AND SERVICES INITIATIVE

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



\$200 million

to support raising the age of criminal responsibility, including comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system.



Budget Highlights

Fight for Equality. The Budget advances the Governor’s Justice and Women’s agendas with a constitutional amendment to protect against discrimination on the basis of sex, and legislation requiring equal pay for equal work, protecting workplace breastfeeding rights, increasing protection against sexual harassment in the workplace, barring discrimination on the basis of gender identity or expression, and banning conversion therapy.

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

\$200 Million to Implement Raising the Age of Criminal Responsibility. Funding provides support for raising the age of criminal responsibility and reform measures, including comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system.

The FY 2020 Executive Budget advances Governor Cuomo’s Justice and Women’s agendas that deliver on the promise of progressive government and open doors of opportunity for all New Yorkers. It continues the unprecedented \$20 billion investment in affordable housing, supportive housing, and homeless services. The Budget also funds services for the needy and protects youth involved in the criminal justice system through implementation of raising the age of criminal responsibility.

Overview

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

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

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

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

The Division of Veterans’ Affairs (DVA) connects veterans, members of the armed forces, and their families to various economic, medical, and social benefits and services available as the result of active duty military service.

The Nonprofit Infrastructure Capital Investment Program (NICIP) makes targeted investments in capital projects that improve the quality, efficiency, and accessibility of nonprofit human services organizations that provide direct services to New Yorkers.

Providing Opportunity for All New Yorkers

The obligation of a caring, compassionate society is to ensure that all people can share in economic growth. The FY 2020 Executive Budget delivers on the promise of progressive government and provides the necessary services to open doors of opportunity for all New Yorkers.

Under the Governor's leadership, progress continues on a slate of critical social and economic policies that are improving lives. This includes the efforts to provide New York's most vulnerable residents with affordable, safe, and secure housing, and to restore fairness to hard work by raising the minimum wage to \$15 per hour. In addition, the state's youth are afforded every opportunity to work and succeed while youth ages 16 and 17 are protected from the adult justice system.

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

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

The Governor also established a \$175 million Workforce Initiative for investments that will continue to support strategic regional efforts to meet businesses' short-term workforce needs, improve regional talent pipelines, extend apprenticeships, address the long-term needs of expanding industries, and provide opportunities for job seekers.

Performance Profile

Providing Economic Security. The FY 2020 public assistance caseload is estimated at 532,000 recipients, a decrease of approximately one million since enactment of the Federal Welfare Reform Act of 1996.

Reducing Foster Care Caseload. The foster care caseload declined from 37,000 in FY 2003 to 16,000 in FY 2018 due to the State's emphasis on preventive services.

Delivering Jobs for Youth. Since 2012, the Governor's New York Youth Jobs Program has incentivized the employment of 37,000 jobs filled by young adults at nearly 2,500 businesses in areas of New York with high youth unemployment.

Table 11: Summary of Spending (All Funds)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars	Percent
			(millions)	
Human Services	9,865	9,337	(528)	(5.4)
OTDA	5,300	5,187	(113)	(2.1)
OCFS	3,022	2,749	(274)	(9.0)
DOL	566	557	(9)	(1.6)
HCR	880	752	(128)	(14.5)
DVA	18	16	(2)	(10.7)
NCS	17	17	0	0.0
DHR	14	14	0.0	0.0
NICIP	48	45	(3)	(6.3)

Proposed FY 2020 Human Services Budget Actions

Fighting for Equality

- Pass the Equal Rights Amendment.** Nearly a century after it was first proposed, New York State has still not passed the Equal Rights Amendment to protect against discrimination on the basis of sex in the State Constitution. As part of the Governor’s Justice Agenda, the FY 2020 Budget advances an amendment to the State Constitution to prohibit discrimination based on an individual’s sex.
- Ensure Equal Pay for Equal Work.** In 2017, the Governor directed the Department of Labor to produce a report on the state of the gender pay gap. Released in April 2018, the report found that in New York women earn the equivalent of 89 cents to each dollar earned by men, the narrowest gap of any state in the nation and higher than the national average of 80 cents. However, for women of color in New York, the gap was much wider. Black and African American women, the report found, are paid the equivalent of 64 cents on the dollar and Hispanic and Latina women are paid 55 cents on the dollar.

As part of the Governor’s Women’s Agenda, the Executive Budget advances legislation to expand the definition of “equal pay for equal work” in both the public and private sectors to require that equal pay be provided for all substantially similar work. To help address the gender wage gap, it would also ban questions on salary history.

This legislation builds on two executive orders signed by the Governor in 2017 to eliminate the wage gap by prohibiting state entities from evaluating candidates based on wage history and requiring state contractors to disclose data on the gender, race, and ethnicity of employees – leveraging taxpayer dollars to drive transparency and advance pay equity statewide.

- **Guarantee Workplace Breastfeeding Rights.** In June 2018, the Governor directed the Division of Human Rights to investigate allegations of pregnancy-related discrimination by several major companies, following reports of widespread instances of pregnant employees being passed over for promotions, demoted, denied reasonable accommodations, or fired. In addition, the Governor directed the Division of Human Rights, the Department of Labor and the Workers' Compensation Board to launch a comprehensive, multiplatform, multilingual education and outreach campaign for employees to know their rights, and for employers to know their responsibilities to prevent unlawful pregnancy discrimination.

Building on these efforts, and as part of the Governor's Women's Agenda, the Budget advances legislation to make absolutely clear that lactation is a pregnancy-related condition covered by the Human Rights Law and that employers must make reasonable accommodations for it in the workplace.

- **Increase Protections Against Sexual Harassment in the Workplace.** As part of the Governor's Women's Agenda, the Budget advances legislation to increase protections against sexual harassment in the workplace by eliminating the restriction that the harassment be "severe or pervasive," mandating that all pre-dispute non-disclosure agreements allow for filing a complaint, and requiring employers to conspicuously post a sexual harassment educational poster.

This builds on legislation enacted in the FY 2019 Budget that expanded workplace protections in the State's Human Rights Law to include contractors, subcontractors, vendors, consultants, or others providing services in the workplace; required employers to adopt a sexual harassment prevention policy and training; and mandated that as of January 2019 all State contractors must submit an affirmation that they have a sexual harassment policy and that they provide annual training to all of their employees.

- **Defend Gender Expression and Non-Discrimination.** With Governor Cuomo's leadership, New York became the first large state to pass marriage equality. As part of the Governor's Justice Agenda, the Budget advances the Gender Expression Non-Discrimination Act (GENDA), which amends Human Rights Law to bar discrimination on the basis of gender identity or expression.

This proposal will codify into law state-wide regulations that the Governor was the first executive in the nation to issue that prohibited harassment and discrimination on the basis of gender identity, transgender status, or gender dysphoria.

- **Ban Conversion Therapy.** Conversion therapy, which refers to programs intended to change an individual's sexual orientation or gender identity, has been repudiated by leading medical and professional organizations, including the American Academy of Pediatrics; the American Counseling Association; the American Psychiatric Association; the American Psychological Association; the American School Counselor Association; the National Association of School Psychologists; and the National Association of Social Workers.

As part of the Governor's Justice Agenda, the Budget advances legislation that would ban such practice. This statutory change builds on comprehensive regulations the Governor announced in 2016 to prevent conversion therapy, including regulations barring New York insurers from providing coverage for conversion therapy given to an individual under 18 years old, by making it a professional misconduct to provide conversion therapy to a minor.

- **Extend Anti-Discrimination Protections to All Students.** The Budget advances legislation to define "educational institutions" to include public schools to reaffirm that DHR has jurisdiction to investigate claims of discrimination, harassment, and bullying in public schools.
- **Protect Workers.** The Budget advances critical worker protection proposals, including an increase in penalties for knowing failures to pay wages and removing disincentives to work part-time for unemployment insurance recipients.

Expanding Access to Affordable Housing and Combatting Homelessness

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

To ensure progress, the FY 2020 Budget continues the capital resources needed for the following:

- **Supportive Housing.** \$950 million for the construction or operation of 6,000 supportive housing units throughout the State;
- **New Construction.** \$472 million for new construction or adaptive reuse of rental housing affordable to households that earn up to 60 percent of area median income (AMI);
- **Senior Housing.** \$125 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 60 and above;
- **Rural and Urban Community Investment Fund (CIF).** \$45 million for mixed-use affordable housing developments that may include retail, commercial or community development components;
- **Middle Income Housing.** \$150 million for new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn between 60 and 130 percent of AMI;

- Affordable Housing Preservation. \$146 million for substantial or moderate rehabilitation of affordable multi-family rental housing currently under a regulatory agreement;
 - Mitchell-Lama Rehabilitation. \$75 million to preserve and improve Mitchell-Lama properties throughout the State;
 - Public Housing. \$125 million for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of public housing authority developments outside of New York City;
 - Small Building Construction. \$62.5 million for rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units;
 - Home Ownership. \$41.5 million for promoting home ownership among families of low and moderate income and stimulating the development, stabilization, and preservation of New York communities;
 - Mobile and Manufactured Homes. \$13 million for mobile and manufactured home programs;
 - Main Street Programs. \$10 million for stimulating reinvestment in properties located within mixed-use commercial districts located in urban, small town, and rural areas of the State;
 - New York City Housing Authority (NYCHA). \$200 million for projects and improvements related at housing developments owned or operated by NYCHA; and
 - New York City Affordable Housing. \$100 million for the preservation, restoration or creation of affordable housing units in New York City. All units must be affordable to households earning up to 60 percent of AMI.
- **Protect Against Housing Discrimination.** The Budget advances legislation to prohibit housing discrimination based on lawful sources of income and place reasonable caps on security deposits.
 - **Ensuring Availability of Disaster Assistance.** The FY 2020 Budget proposes \$72 million in capital funding to continue projects related to ongoing Superstorm Sandy reconstruction efforts at the Governor's Office of Storm Recovery (GOSR). The Budget also continues the availability of State and Municipal Facilities funds for reconstruction projects related to Lake Ontario flooding and expands eligibility to include Seneca Lake flooding that occurred last August.

- **Provide Mobile and Manufactured Homes.** The FY 2020 Budget provides an additional \$5 million for the Manufactured Home Advantage program to ensure the State's commitment to all forms of affordable housing.

Providing Quality Human Services

- **Ensure Child Care Availability.** As part of the Women's Agenda, the Governor launched in December 2018 the Child Care Availability Task Force, a group of experts focused on developing innovative solutions that will improve access to quality, affordable child care in New York. The Task Force has begun its work examining access to affordable child care, the availability of child care for parents with non-traditional work hours, statutory and regulatory changes that could promote or enhance access to child care, business incentives to increase child care access, and the impact on tax credits and deductions relating to child care.
- **Improve Child Care Health and Safety Requirements.** The Federal Child Care Development Block Grant's (CCDBG) 2014 reauthorization enacted new requirements related to health and safety. The estimated cost to implement the health and safety requirements is \$78 million and will be supported with Federal child care funding. The FY 2020 Executive Budget proposes legislation to authorize background checks and to amend licensing and registration requirements for child care programs to comply with the health and safety requirements.
- **Extend and Expand Temporary Operator Authority.** The Budget extends for three years the State's authority to appoint a temporary operator for emergency shelters that have serious financial or health and safety deficiencies. The Budget also expands this authority to include foster care agencies licensed by OCFS. This expansion allows for the State to better respond and ensure that the children in the care of these agencies are protected.
- **Expand Kinship and Foster Care Capacity.** Enacted in 2018, the Federal Families First Prevention Services Act (FFPSA) adds new restrictions on Federal room and board support for foster children placed in group care settings. FFPSA also mandates that states conduct background checks on any individual working in a group care setting, regardless of their contact with children. The FY 2020 Budget prepares for these new requirements with legislation to expand background checks to comply with FFPSA as well as creating the Family First Transition Fund. This fund will leverage Federal and private foundation funds to provide counties and foster care agencies with support to expand kinship and foster care capacity, helping the State comply with these requirements.
- **Restructure Youth Facility Billings.** Counties are billed for 50 percent of youth facility costs. Since FY 2016, the State has capped the amount billed annually at \$55 million statewide. The FY 2020 Budget changes the method of making the payment. Instead of

issuing bills to counties, the State would reflect what the county would be billed in the local assistance program payments to counties. This approach will provide administrative relief to both the State and counties as a result of not having to process billings and payments for youth facility operations. There is no change in the cost to counties for youth facilities.

- **Fund New York City HIV/AIDS Rent Cap through Safety Net Assistance.** The FY 2015 Budget authorized a limit on rent paid by New York City residents living with HIV/AIDS who receive Public Assistance. The State cost for this limit, no more than 30 percent of monthly income toward rental costs, was paid for with funds from financial settlements in FY 2016 through FY 2019. The FY 2020 Budget would shift the cost of this program to Safety Net Assistance – creating a permanent funding source for the program.
- **Establish a New York City Share for Family Assistance to Needy Families Expenditures.** The FY 2020 Executive Budget establishes a 10 percent local share for New York City for the Family Assistance program. This is consistent with the existing 10 percent local share that the City pays for the Emergency Assistance to Families program.
- **Reform the Persons in Need of Supervision (PINS) Process.** Under existing law, family courts can place youth who are the subject of PINS proceedings into detention facilities or foster care based solely on allegations relating to non-criminal behavior (i.e., alleged to have been truant from school, incorrigible, disobedient or beyond the control of their parents). There is no equivalent model in the adult criminal justice system whereby an adult may be held in jail, or be removed from their home against their will, based on an allegation that the adult engaged in conduct which did not violate any law. Moreover, PINS detention is costly and produces negative outcomes for youth. The FY 2020 Executive Budget advances legislation that prohibits the detention and placement of most youth who are alleged to be PINS.
- **Reform Residential Domestic Violence Shelter Requirements.** Statutory provisions that require domestic violence victims to apply for Public Assistance and permit providers to charge victims with sufficient resources a fee for services have been determined by the Federal government to contradict Federal rules for Family Violence Prevention Services Act (FVPSA) funding. To ensure that all victims have access to vital emergency services with no strings attached, the FY 2020 Budget eliminates these requirements.
- **Support Human Services Training within the State.** The FY 2020 Executive Budget supports a redesign of the State’s human services training program. With the establishment of a centralized training center in Rensselaer, OCFS will be better positioned to meet the increased and changing demand for human services trainings. This transformative approach will expand opportunities for curriculum development and delivery and maximize training effectiveness through increased use of simulation-based trainings at the new, state-of-the-art training facility.

- **Provide Additional Opportunities for Work.** The Budget authorizes local social services districts to provide Public Assistance recipients with the opportunity for 90-day job try-outs as work experience assignments. These programs will provide training and skill learning opportunities that will lead to permanent employment at the end of a trial period.
- **Increase Funding for the Summer Youth Employment Program.** The Budget increases funding for the Summer Youth Employment Program by \$4 million, to \$44 million, to ensure that the State can continue to create job opportunities, while keeping pace with minimum wage increases. In 2018, approximately 19,000 youths were employed through the program.
- **Continue HIV/AIDS Rent Cap Outside of New York City.** The Budget continues the authorization for counties to provide a rent supplement that would limit the rent paid by residents living with HIV/AIDS who receive Public Assistance. New York City had previously opted to authorize this supplement, which limits the rent to no more than 30 percent of monthly income. The State would continue to have the ability to mandate this supplement if sufficient savings to offset the cost are demonstrated. In addition, the Budget expands this initiative by authorizing a new voluntary pilot program in which counties would work with Medicaid managed care organizations to provide funding for the supplement, which would be matched by the State.
- **Protect Veterans from Financial Exploitation.** The FY 2020 Executive Budget advances legislation that would protect New York State's elderly and disabled veterans, and their family members, against "pension poaching." Under this legislation, an entity would be prohibited from charging or receiving compensation for assisting veterans with preparing a claim for Federal veterans' benefits. This measure would also prohibit anyone from charging unreasonable fees for those services where Federal law permits fees as well as require anyone offering such services for a fee to inform their customers that DVA and county veterans services organizations can provide them free services regarding veterans benefits.



Division of the Budget

LOCAL GOVERNMENT



NY eliminated growth in local share of Medicaid.

Counties will save \$3.7 billion in 2020.



PROPERTY TAX CREDIT

Local property taxes down about **\$530** for **2.6 million homeowners** in 2019.



County-Wide Shared Services Initiative resulted in 567 proposals equaling



\$260.6 million

in projected savings in 2018 and 2019. The Budget includes matching funds for the first-year savings.

Tier VI pension reform has already saved

\$879 million

for local governments (not including New York City) and school districts.

This is saving State and local governments more than **\$80 billion over 30 years.**



Under the Property Tax Cap, the typical taxpayer saved

\$3,200

in just the first six years.



Budget Highlights

Permanent Property Tax Cap. The Budget advances a proposal to make the State's property tax cap permanent. Since enactment of the cap, property tax payers have saved \$3,200.

County-Wide Shared Services Initiative. The Budget includes a State match of savings from shared services actions included in property tax savings plans.

Eliminates the Internet Sales Tax Advantage. Local governments will benefit by \$390 million annually from eliminating the internet sales tax advantage.

Local Impact. Executive Budget actions will provide a net positive impact of \$1.2 billion for all local governments on a local fiscal year basis in 2020. Additionally, local governments will receive a total of nearly \$42.2 billion in State support through major local aid programs and savings.

Continued Mandate Relief for Counties. The Budget maintains support for the takeover of county Medicaid costs by eliminating required growth over the prior year. Local Medicaid savings will total \$3.7 billion in FY 2020.

The FY 2020 Executive Budget continues Governor Cuomo's commitment and track record of reducing property taxes, improving local government efficiency, and assisting distressed local governments. The Budget makes the Governor's property tax cap permanent, matches local savings associated with the County-Wide Shared Services Initiative, eliminates the internet sales tax advantage, and extends binding arbitration for public safety unions.

Overview

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

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

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

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

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

Continuing the Focus on the Property Tax Burden

For too long, New York residents have faced some of the highest property tax burdens in the nation. Since taking office, Governor Cuomo has fought this burden by capping property taxes, investing in shared services and efficiencies, restructuring distressed local governments, and relieving mandates.

State Property Tax Relief Programs

In his first year in office, Governor Cuomo advanced and secured approval of the State's property tax cap. Since enactment of the cap, property taxes have grown by an average of just 1.9 percent per year – less than half the average annual growth from 2000 to 2010. The FY 2020 Budget advances legislation to make the tax cap permanent, which will result in sustained savings for property taxpayers.

To provide further relief, in 2014 the Governor worked with the Legislature to enact the Property Tax Freeze. As a result of the tax cap and freeze program, local taxpayers have saved more than \$25 billion. The freeze program also encouraged local shared services, cooperation agreements, and mergers. Taxpayers continue to benefit from these efficiency measures.

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

Reducing Property Taxes through Investing in Local Government Shared Services and Efficiencies

As a measure to curb the duplicative and overlapping local government structure, and thereby reduce the pressures on local property taxes, Governor Cuomo advanced and secured approval of the County-Wide Shared Services Initiative, which requires local governments in each county to meet to discuss and pursue opportunities for shared services that will permanently reduce the local property tax burden. The initiative requires the chief executive officer of each county to create a shared services panel composed of representatives from all the cities, towns, and

Performance Profile

Encouraging Local Shared Services. So far, 53 counties have identified a total of 567 projects with \$260.6 million in recurring local property tax savings through the County-Wide Shared Services Initiative.

Controlling Property Tax Growth. Under the Property Tax Cap, the typical taxpayer saved \$3,200 in just the first six years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$25 billion.

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

Encouraging Consolidation and Tax Relief. To date, \$14 million has been delivered through the Citizen Empowerment Tax Credit program to 19 local governments across New York where voters approved a village dissolution within their boundaries.

villages in each county, with schools and special districts as optional members. The panels are tasked with creating property tax savings plans that consist of new shared services actions.

In total, over the past two years, 53 counties – approximately 93 percent of counties subject to the Initiative – filed shared services plans with the State. These 53 counties contain 98.5 percent of the State's population outside of New York City and have identified a total of 567 projects with \$260.6 million in recurring local property tax savings.

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

- **Local Government Efficiency Grants.** These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as consolidation or shared services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.
- **Citizens Reorganization Empowerment Grants.** Funding of up to \$100,000 is available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.
- **Citizen Empowerment Tax Credits.** For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used for direct relief to property taxpayers.
- **Municipal Restructuring Fund.** Funding is provided to help local governments implement projects that will substantially transform the delivery of services or consolidate government entities, yielding permanent property tax reductions.

Restructuring Distressed Local Governments

The Financial Restructuring Board for Local Governments was created in 2013 to help distressed local governments restructure and regain solvency before the strict enforcement of a control board is needed. The 10-member board is chaired by the Budget Director and includes the State Comptroller, the Attorney General, the Secretary of State, and six other members appointed by the Governor. Of these six appointees, one is recommended by the Temporary President of the Senate, and one is recommended by the Speaker of the Assembly.

Any eligible county, city, town, or village may request a Comprehensive Review from the Board. The Review will assess the local government's operations, finances, and management structure. Based on this information, the Board may make recommendations on restructuring municipal operations to improve the local government's finances and efficiency. In addition, the Board can offer grants and/or loans of up to \$5 million per municipality through the Local Government Performance and Efficiency Program to implement the recommendations, which the Executive Budget continues support. To receive the aid, the local government must agree to fulfill the terms

of the recommendations. To date, the Board has completed Comprehensive Reviews for 20 local governments and is currently undertaking Comprehensive Reviews for five additional municipalities.

Relieving Local Government Mandates

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

- **Medicaid Relief.** The State has eliminated growth in the local share of Medicaid, saving counties \$3.7 billion in FY 2020, alone. All growth in the Medicaid program for counties is being absorbed by the State. The State is also assuming Medicaid administrative responsibilities for counties. This will result in greater efficiencies and help achieve health care reform initiatives.
- **Pension Reform.** In recent years, pensions have been one of the fastest growing costs for local governments and school districts. In 2012, a new pension tier was created in the State pension system that will save the State, local governments, and school districts more than \$80 billion over 30 years. Tier VI pension reform has already lowered taxpayer pension costs through FY 2020 by \$879 million for local governments (not including NYC's savings) and \$534 million for the State.
- **Binding Arbitration.** After decades of local government calls for change to the binding arbitration process with police and fire unions, reforms were enacted in 2013 to require arbitrators to give significant weight to a distressed local government's ability to pay and to consider the property tax cap when making awards. This is helping ensure that awards reflect the high burden already faced by property taxpayers in these communities. The FY 2020 Budget extends these reforms for an additional five years, until 2024.

Table 12: Summary of Spending

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars (millions)	Percent
AIM	714.7	655.5	(59.2)	(8)
County-Wide Shared Services Initiative	0.0	40.0	40.0	-
Citizens Empowerment Tax Credits and Grants*	4.3	5.0	0.7	16
Local Government Efficiency Grants*	4.0	5.1	1.1	28
Local Government Performance and Efficiency Program*	6.3	14.3	5.3	233
VLT Impact Aid	28.9	28.9	0.0	0
Miscellaneous Financial Assistance	12.0	2.3	(9.7)	(81)
Small Government Assistance	0.2	0.2	0.0	0

* Beginning in FY 2018, some Citizens Re-Organization Empowerment Grants, Local Government Efficiency Grants and the Local Government Performance and Efficiency Program were funded out of the Special Infrastructure Account instead of the General Fund. A portion of anticipated spending for these programs in FY 2020 will also be funded in this manner.

Proposed FY 2020 Budget Actions

- Make the Property Tax Cap Permanent.** The Budget advances legislation to make the two percent Property Tax Cap permanent, which will result in sustained savings for property taxpayers. Under the Property Tax Cap, the typical taxpayer saved \$3,200 in just the first six years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$25 billion.
- County-Wide Shared Services Initiative Match.** The Budget continues the Governor’s efforts to relieve the property tax burden by providing a State match of first-year savings from county-wide shared services plans. Counties that implemented shared services plans in 2018 are eligible to receive matching funds from the State in calendar year 2019.
- Binding Arbitration Extension.** The Budget extends binding arbitration for public safety unions for an additional five years, until 2024. Reforms enacted in 2013, which require arbitrators to consider the implications of the property tax cap and place more emphasis on a municipality's ability to pay during the arbitration award process, have benefited municipalities in fiscal stress.
- Eliminate Internet Tax Advantage.** Currently, sales taxes are not being collected uniformly, which diminishes revenues for local governments. Online providers such as Amazon, eBay, and many others supply a marketplace for third-party retailers to sell their products to consumers. The Executive Budget will provide a consistent framework for collection of required sales taxes by marketplace providers, which will simplify sales tax enforcement and ease collection burdens for the retailers who sell through these platforms.

In addition to the marketplace providers proposal, and consistent with the United States Supreme Court ruling in *South Dakota v. Wayfair, Inc.*, out-of-state retailers whose sales in New York exceeds \$300,000 or 100 transactions will be reminded via notice by the Tax Department that they are required under the New York Tax Law to collect and remit sales tax.

These actions will produce needed revenue to support local governments. Additional sales taxes from marketplace transactions is expected to generate over \$280 million annually in additional revenue for local governments. The Wayfair decision, when combined with the shifting of tax collection responsibilities to the marketplaces that facilitate online sales is expected to generate over \$110 million annually in additional revenue for local governments, including New York City. Further details on this proposal can be found in the "Revenue Actions" section.

- **Discontinue the Energy Services Sales Tax Exemption.** The Executive Budget eliminates the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO). Enacted in the early 2000s to incentivize consumer choice, this exemption is no longer necessary now that ESCOs are established entities (New York City eliminated this tax exemption in 2009). This will have a positive tax revenue impact for local governments.
- **Interest Rate on Court Judgments.** The Budget changes the interest rate paid by the State and local governments on court judgments or accrued claims from the current fixed nine percent rate to a market rate. Eliminating the fixed rate will generate savings for local governments and encourage timely court proceedings.
- **Continue Restructuring Programs.** The Budget continues funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, the Local Government Performance and Efficiency Program, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants.
- **Adjust AIM Payments to Towns and Villages Based on Reliance.** The Budget proposes to eliminate AIM payments to towns and villages that have a low reliance on the funding. Towns and villages scheduled to receive payments that are less than two percent of their total local fiscal year 2017 expenditures, as reported to the State Comptroller, will be removed from the AIM program. For affected municipalities, AIM is not a significant source of revenue – the typical impact is just 0.65 percent of expenditures.

The affected municipalities have nearly \$1.6 billion in reserves, more than 26 times the loss in revenue. They would also continue to be eligible for additional State programs and incentives, including the County-Wide Shared Services Initiative, Local Government Efficiency Grants, and the Citizen Empowerment Tax Credit.

\$655.5 million in AIM to all other cities, towns, and villages would be continued at the same level as last year.

Overall Fiscal Impact on Local Governments

The Executive Budget results in a year-to-year net positive local impact of \$1.2 billion for municipalities and school districts for their fiscal years ending in 2020. This net local benefit is primarily the result of a statewide school aid increase of \$956.3 million, including new competitive grants and a fiscal stabilization fund.

The FY 2020 Budget provides local governments with nearly \$42.2 billion in State support through major local aid programs and savings initiatives.

Table 13: Impact of the FY 2020 Executive Budget on Local Governments

(Local Fiscal Year Ending in 2020, Includes Major Local Aid Programs, in Millions)	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid - Total SFY 2020 Executive Budget Impact on LFY 2020	749.3	282.6	466.7	0.0	0.0	0.0
School Aid - Total SFY 2020 Major Local Aid Programs	27,299.0	11,204.1	16,094.9	0.0	0.0	0.0
Other Education - Total SFY 2020 Executive Budget Impact on LFY 2020	0.0	0.0	0.0	0.0	0.0	0.0
Other Education - Total SFY 2020 Major Local Aid Programs	390.7	TBD	TBD	0.0	0.0	0.0
Special Education - Total SFY 2020 Executive Budget Impact on LFY 2020	0.0	0.0	0.0	0.0	0.0	0.0
Special Education - Total SFY 2020 Major Local Aid Programs	1,341.5	686.6	246.5	408.4	0.0	0.0
STAR - Total SFY 2020 Major Local Aid Programs	2,186.0	166.4	2,019.6	0.0	0.0	0.0
Medicaid - Total SFY 2020 Executive Budget Impact on LFY 2020	(4.0)	0.0	0.0	(4.0)	0.0	0.0
Medicaid - Total SFY 2020 Major Local Aid Programs	3,676.6	1,682.1	0.0	1,994.5	0.0	0.0
Human Services - Total SFY 2020 Executive Budget Impact on LFY 2020	(75.3)	(75.3)	0.0	0.0	0.0	0.0
Human Services - Total SFY 2020 Major Local Aid Programs	4,288.2	2,719.6	0.0	1,568.6	0.0	0.0
Health - Total SFY 2020 Executive Budget Impact on LFY 2020	(9.6)	(22.4)	0.0	12.8	0.0	0.0
Health - Total SFY 2020 Major Local Aid Programs	464.1	268.9	0.0	195.2	0.0	0.0
Mental Hygiene - Total SFY 2020 Executive Budget Impact on LFY 2020	0.3	0.0	0.0	0.3	0.0	0.0
Mental Hygiene - Total SFY 2020 Major Local Aid Programs	74.5	37.0	3.0	34.5	0.0	0.0
Transportation - Total SFY 2020 Executive Budget Impact on LFY 2020	23.7	10.3	0.0	12.9	0.0	0.5
Transportation - Total SFY 2020 Major Local Aid Programs	841.6	240.1	0.0	351.8	50.1	199.6
Municipal Aid - Total SFY 2020 Executive Budget Impact on LFY 2020	(59.2)	0.0	0.0	0.0	0.0	(59.2)
Municipal Aid - Total SFY 2020 Major Local Aid Programs	684.5	0.0	0.0	2.7	669.4	12.4
Public Protection - Total SFY 2020 Executive Budget Impact on LFY 2020	0.0	0.0	0.0	0.0	0.0	0.0
Public Protection - Total SFY 2020 Major Local Aid Programs	318.9	76.6	0.0	242.3	0.0	0.0
Environment - Total SFY 2020 Executive Budget Impact on LFY 2020	0.0	0.0	0.0	0.0	0.0	0.0
Environment - Total SFY 2020 Major Local Aid Programs	209.0	0.0	0.0	0.0	0.0	0.0
Economic Development - Total SFY 2020 Executive Budget Impact on LFY 2020	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development - Total SFY 2020 Major Local Aid Programs	0.0	0.0	0.0	0.0	0.0	0.0
All Other - Total SFY 2020 Executive Budget Impact on LFY 2020	0.2	0.1	0.0	0.1	0.0	0.0
All Other - Total SFY 2020 Major Local Aid Programs	420.0	188.0	150.0	82.0	0.0	0.0
Revenue Actions						
Revenues - Total SFY 2020 Executive Budget Impact on LFY 2020	448.3	181.6	7.5	213.0	23.7	22.4
Total SFY 2020 Executive Budget Impact on LFY 2020	1,073.7	376.9	474.2	235.1	23.7	(36.3)
- Fiscal Stabilization Fund for Schools	157.0	TBD	TBD	0.0	0.0	0.0
- New Competitive School Grants	50.0	TBD	TBD	0.0	0.0	0.0
Grand Total SFY 2020 Executive Budget Impact on LFY 2020	1,280.7	376.9	474.2	235.1	23.7	(36.3)
Grand Total SFY 2020 Major Local Aid Programs/Savings	42,194.6	17,269.4	18,514.0	4,880.0	719.5	212.0



Division of
the Budget

MENTAL HYGIENE

\$200 million

**for OASAS to address the
heroin & opioid crisis**



to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities.

More than **360,000 individuals** Statewide are trained to administer naloxone, and over



7,000 lives



have been saved in the past 24 months with the overdose-reversing medication.

SUPPORT FOR FAMILIES

Since 2014, New York has provided respite services to families that support nearly **45,000 enrollments** – a **17 percent increase**.



Expanding **COMMUNITY BASED SERVICES**

Since 2015 > **50,700 new individuals** are receiving services
1,305 additional housing beds



Budget Highlights

Combat Addiction. The Budget includes an increase of nearly \$26 million (4.1 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities. Over \$200 million in funding is being used to address the heroin and opioid crisis.

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

Improve OMH Housing Services. For the fourth consecutive year, \$10 million in additional funding will benefit existing supportive housing residential programs. In addition, \$60 million in capital funding will preserve community-based housing that allows people to live in the most integrated setting possible.

Invest in Infrastructure. A \$100 million appropriation will support the replacement of the Mid-Hudson Forensic Psychiatric Center in Orange County.

The FY 2020 Executive Budget supports expansion of community-based care, strengthens the oversight of services for vulnerable persons, and makes investments to ensure that individuals are served safely in the most integrated and cost-effective setting possible. The Budget also combats the heroin epidemic through an expansion of prevention, treatment, and recovery programs.

Overview

The Mental Hygiene agencies and associated community-based programs provide services to individuals with mental illness, developmental disabilities, and addictions. These agencies are composed of the Office of Mental Health (OMH), the Office for People With Developmental Disabilities (OPWDD), the Office of Alcoholism and Substance Abuse Services (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). The Mental Hygiene agencies support services for more than one million individuals, including more than 800,000 people with mental illness, 240,000 individuals with substance use disorders or gambling problems, and nearly 140,000 people with developmental disabilities.

Caring for New York's Vulnerable Citizens

The State's Mental Hygiene system provides care and services for individuals in institutional facilities, community residences and community settings. The State operates institutional and community-based services and research facilities. It also oversees residential, outpatient, employment, clinic, habilitative, and treatment programs operated by community-based provider agencies that help individuals live in the setting they desire and lead full and productive lives.

The Budget reflects the Governor's ongoing efforts to fundamentally improve the protection and care of vulnerable individuals. Strategic investments are funded by programmatic efficiencies and system-wide solutions to reduce State operations costs in service delivery, purchasing, business services, information technology, and other areas. To ensure individuals receive appropriate services tailored to individual needs and

circumstances in a cost-effective manner, the Budget increases funding for community-based programs, and redirects funding from high-cost institutional services to more effective lower-cost programs that provide expanded services to more people.

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

The Executive Budget proposals result in Mental Hygiene system spending of \$7.4 billion in FY 2020, reflecting annual spending growth of \$177 million (2.4 percent).

Table 14: Summary of Mental Hygiene Spending (All Funds)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollar (millions)	Percent
OPWDD	3,601.8	3,699.7	97.9	2.7
OMH	2,937.7	2,990.0	52.3	1.8
OASAS	627.1	652.8	25.7	4.1
JUSTICE CENTER	43.8	44.4	0.6	1.4
DDPC	4.2	4.2	0.0	0.0
Subtotal	7,214.6	7,391.1	176.5	2.4
Adjustments - OPWDD ¹	(1,653.4)	(1,814.0)	(160.6)	N/A
Adjustments - OMH ¹	0.0	(220.0)	(220.0)	N/A
Total	5,561.2	5,357.1	(204.1)	(3.7)

¹Adjustments reflect OPWDD and OMH programmatic spending that is paid for with available resources under the Medicaid Global Cap. There are no budgetary reductions or impacts to mental hygiene program spending as a result of these interactions. In addition to these amounts, Federal Medicaid spending for these agencies is reflected in the DOH budget.

Proposed FY 2020 Budget Actions

The Executive Budget combats the heroin epidemic through an expansion of prevention, treatment, and recovery programs, it expands community-based care and strengthens the oversight of services for vulnerable persons, and it makes investments to ensure that individuals receiving mental hygiene services are in the most integrated and cost-effective setting possible.

Performance Profile

Addressing the Opioid Crisis. More than 360,000 individuals Statewide are trained to administer naloxone, and over 7,000 lives have been saved in the past 24 months by this overdose-reversing medication. Since 2011, OASAS has added more than 4,500 new Opioid Treatment Program slots in underserved communities.

OMH Expanding Community-Based Services. Since FY 2015, roughly 50,700 new individuals are receiving services, including 1,690 305 additional supported housing beds. These investments have resulted in the reduction of over 650 unnecessary and expensive inpatient beds.

Growing Respite Services Help More People with Developmental Disabilities Live at Home. Since 2014, the State has provided respite services to families that support the enrollment of nearly 45,000 individuals—an increase of over 17 percent.

OPWDD Building Support for More Independent Living. OPWDD has helped 5,900 individuals with developmental disabilities to live independently since 2013, an increase of 140 percent.

The Budget recommends significant investments in the OPWDD, OMH and OASAS not-for-profit workforce. These investments include resources to leverage \$214 million (an annual increase of \$107 million) to support provider costs for minimum wage and related fringe benefit cost increases associated with the movement to a \$15 an hour living wage.

Addressing the Opioid Crisis

Over the past eight years, Governor Cuomo has taken substantial steps through the Office of Alcoholism and Substance Abuse Services to combat the heroin and opiate crisis plaguing our communities by adding services, removing barriers and improving access to care. In FY 2019, statutory and regulatory changes were enacted to prohibit prior authorization and concurrent review restrictions for outpatient addiction treatment services for the first two weeks of continuous treatment; to include Credentialed Alcoholism and Substance Abuse Services Counselors (CASACs) as telehealth and early intervention providers; and to make permanent the highly successful Certified Peer Recovery Advocate Program. The Executive Budget further expands access to care by including provisions to enforce Federal behavioral health parity laws, prohibiting insurance companies from creating barriers to necessary services.

The Executive Budget also provides an increase of nearly \$26 million (4.1 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness and education activities. The Budget supports the following:

- **Residential Treatment Beds.** In FY 2019, the State will complete its efforts to add nearly 200 new residential beds. These new beds are integral for ensuring widespread service availability for those in need of residential care. An additional 260 beds are in capital development and are expected to open over three fiscal years.
- **Opioid Treatment Program (OTP) Slots.** The Budget fully funds over 1,200 new OTP slots added in FY 2019. These programs will provide individuals with the medications they need, including buprenorphine, to help with the State's whole-patient approach to services and care.
- **Prison and Jail Based Substance Use Disorder Services.** The Budget continues \$3.75 million in funding to support medication-assisted treatment (MAT) in local jails and leverages federal funds to expand MAT to three additional DOCCS facilities. These effective programs will support inmates in recovery and link them to community-based services prior to their release, increasing their chances of success and reducing recidivism.
- **Substance Use Disorder and Mental Health Ombudsman.** The Budget makes permanent \$1.5 million in funding to support the newly created ombudsman, a joint program between OASAS and OMH, which helps individuals and their families navigate the behavioral health care system to ensure people have access to necessary care and services. The ombudsman program also helps resolve issues when care has been delayed or denied.

Supporting People with Developmental Disabilities and their Families

Governor Cuomo's commitment, demonstrated by budget investments within the Office for People With Developmental Disabilities (OPWDD) and important policy reforms, has ensured the continued health and safety of individuals with developmental disabilities and improved the overall quality, availability and cost-effectiveness of community-based, person-centered services. This Budget continues the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings and reflects a 2.7 percent increase in annual spending. Specifically, the Executive Budget will:

- **Make \$120 Million Available for Program Priorities, Including New Service Opportunities.** For the sixth consecutive year, the Executive Budget includes State resources that could leverage up to a total of \$120 million in new funding on an annualized basis. This investment supports program reforms and will continue to meet the needs of individuals with intellectual and developmental disabilities and their families who require OPWDD supports and services, as well as individuals whose needs have changed. OPWDD has leveraged new funding and other resources to:
 - **Expand the Availability of Certified Housing Supports in the Community.** OPWDD oversees and operates one of the largest community-based residential programs in the nation, ensuring some of New York's most vulnerable residents have safe and affordable places to live. Both the State and its network of not-for-profit provider agencies offer residential opportunities that provide 24/7 supervision as well as homes that offer less intensive staffing supports. In total, OPWDD currently supports more than 37,000 individuals in certified community-based residential programs that use \$5.1 billion in public resources annually.
 - **Support More Independent Living.** OPWDD also supports people who reside on their own by providing rental subsidies to individuals who wish to live in an apartment in their community. Since FY 2013, OPWDD has more than doubled the number of people who are authorized to receive rental subsidies, bringing the total to more than 5,900 individuals.
 - **Provide More Day Program and Employment Options.** Day and employment services are a crucial aspect of offering participants the personal, social, and vocational supports needed to live in their community. OPWDD has invested significantly in these services, steadily increased community-integrated supported employment opportunities and enhanced the array of available employment readiness programs over the past five years. There are currently almost 77,000 enrollments in day and employment supports.
 - **Increase Respite Availability.** Respite services provide temporary relief to family caregivers, helping people with developmental disabilities live at home with their families for longer periods. Over the past five years, the State has increased the number of enrollments in respite services by over 17 percent to nearly 45,000 current enrollments.

- **Commit an Additional \$15 Million to Develop Housing.** Building on prior investments, the Budget provides another \$15 million in capital funding to expand independent living opportunities. Cumulatively, the State has invested \$65 million to support OPWDD's effort to develop safe and accessible residential opportunities for individuals with intellectual and developmental disabilities to live independently. These funds are in addition to resources that are available from the five-year, \$20 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with intellectual and developmental disabilities.
- **Support OPWDD's Transition to Managed Care.** With the successful transition in July 2018 to an enhanced care coordination model through the development of regional Care Coordination Organizations (CCOs), the multi-phase transition of the OPWDD service delivery system to managed care is underway. Enrollment on a voluntary basis will begin in FY 2020. The Budget applies ongoing Department of Health (DOH) Global Cap resources to support the initial costs of transitioning the OPWDD service delivery system to managed care, with long-term savings expected through improved efficiency in the coordination and delivery of services. In addition, the FY 2020 Budget includes a targeted investment of \$5 million in new resources to improve provider readiness for managed care through the development of best practices and performance measurement and outcome monitoring tools.
- **Promote More Efficient Use of State Resources.** In FY 2020, OPWDD will seek to leverage Medicaid funding, and other supplemental aid where available, to more cost-effectively support the provision of person-centered programs.

Promoting Mental Health

The Executive Budget builds on Governor Cuomo's effort within the Office of Mental Health to expand community services and transition individuals to more appropriate and cost-effective community settings. With substantial investments in community-based services made in recent years, OMH developed new mobile crisis teams, established first episode psychosis programs, provided additional peer support services, and funded the expansion of supported housing units throughout the State. The expansion in community-based capacity since FY 2015 has resulted in 50,700 new individuals receiving services and funded over 1,305 additional supported housing beds. Since FY 2015, the success of these community investments has resulted in the reduction of over 650 unnecessary, vacant inpatient beds. The Budget continues efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

- **Enhance Support for Existing Residential Programs.** The Budget provides an additional \$10 million for existing supported housing and single residence occupancy programs. This investment will help preserve access and maintain current housing capacity as the State brings new housing units online through the Empire State Supported Housing Initiative. Since FY 2014, annual funding to enhance support for these existing housing programs has increased by over \$50 million.

- **Expand Community-Based Services.** The Budget continues to support the expansion of community-based programs serving individuals in less restrictive settings that are closer to family and other natural supports by capturing efficiencies in operating inpatient programs. New investments offset by equivalent spending efficiencies in inpatient and other services will bring the full annual investment since FY 2015 to more than \$100 million.
- **Support High-Need Individuals.** The Budget provides an additional \$10 million for specialized supports, such as peer support and in-reach, to engage individuals with mental illness who require a higher level of care to transition and live successfully in the community. These resources will be utilized for individuals currently residing in impacted adult homes.
- **Invest in Infrastructure.** The Budget provides an additional appropriation of \$100 million to support the replacement of the Mid-Hudson Forensic Psychiatric Center in Orange County, which includes buildings over 100 years old that are not designed for current standards of care. The Budget also includes \$60 million to maintain and preserve community-based residential facilities that allow people with mental illness to live in the most integrated setting possible.
- **Establish Jail-Based Restoration Programs for Certain Defendants.** The Executive Budget establishes the authority to provide mental health restoration services to inmates in jail awaiting trial. Currently, defendants who are deemed incompetent to stand trial are treated at an OMH inpatient psychiatric hospital until they are restored to competency and returned to jail to await trial. This cycle often repeats itself with multiple inpatient stays at a psychiatric hospital, extending the time individuals are detained prior to trial. OMH will work with counties on a voluntary basis to develop specialized residential treatment units within their jails, ultimately reducing the time individuals with mental illness spend in jail awaiting justice. The Executive Budget invests \$850,000 to assist up to two county jails in making any necessary infrastructure improvements to provide these separate treatment units. This program has been identified as a best practice by the National Judicial College and has been implemented successfully in ten other states including California, Colorado, and Virginia.

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, Office of Children and Family Services (OCFS), and the State Education Department (SED). The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the over 3,000 facilities or service providers overseen by the six State agencies. The FY 2020 Executive Budget includes legislation which will streamline agency operations and eliminate duplicative jurisdiction where other agencies already have significant oversight. To support the

Justice Center's efforts, the Budget includes an increase of more than \$1 million in funding, including centralized resources available to support agency responsibilities associated with the Raise the Age (RTA) initiative.

Multi-Agency Budget Actions

The Budget supports expanding Medicaid to cover Applied Behavioral Health Analysis treatment for over 4,000 children with autism, including those who have aged out of the Early Intervention program, to ensure they are able to continue receiving necessary services.



Division of the Budget

PUBLIC SAFETY

ADVANCES THE GOVERNOR CUOMO'S JUSTICE AGENDA



Ends cash bail



Reforms the discovery process



Ensures a speedy trial

ADVANCE THE WOMEN'S AGENDA

The Budget includes legislation that **fighters sexual harassment** in the workplace, **removes firearms** from domestic abusers, and **ends revenge porn**.

As part of the Governor's Justice Agenda, the Budget **supports the Child Victims Act**.

CUT OFF THE PIPELINE TO MS-13

New York will launch a



\$13 million



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

IMPROVING PUBLIC SAFETY

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



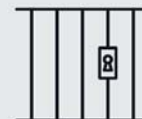
From **2007** to **2017**

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

35%



drop in **New York's prison population**, from a peak of **72,600** in 1999 to a current **population of approximately 47,000** – the lowest level in more than two decades.



Budget Highlights

Ensure Fairness in the Criminal Justice System.

As part of the Governor's Justice Agenda, the Budget advances legislation to end cash bail, reform the discovery process, ensure access to a speedy trial, remove barriers to re-entry, continue New York's efforts to reduce solitary confinement, and provide judges with the discretion of lowering sentences for victims of domestic violence when it played a significant role in the crime they committed.

Advance the Women's Agenda. The Budget includes legislation that fights sexual harassment in the workplace, outlaws non-consensual revenge porn and removes the statute of limitations on rape crimes.

Support the Child Victims Act. As part of the Governor's Justice Agenda, the Budget advances legislation that increases the amount of time during which perpetrators of these crimes may be held accountable and allows the victim to commence a civil lawsuit at any time before they reach 50 years of age.

Establish a Cannabis Regulatory Framework. The Budget proposes a first-in-nation comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management.

The FY 2020 Executive Budget advances the Governor's Justice Agenda and affirms New York's progressive values within the criminal justice system by reforming the bail system, the discovery process, and access to a speedy trial. To promote public safety, the Budget advances the Women's Agenda, and invests in prevention, diversion, treatment, re-entry and supervision services at the State and local level.

Overview

The Public Safety agencies assist local communities with crime prevention, supervise criminal offenders both in prison and in the community, patrol the highways, protect critical State assets, and respond to natural disasters and terrorist threats.

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

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

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

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

Improving Public Safety and Fairness

New York has one of the lowest crime rates in the country and the lowest imprisonment rate of any large state. The crime rate in New York State has continued to decline, reaching an all-time low in 2017 since reporting began in 1975. This makes New York the safest large state. The significant decline in crime coincides

with a 35 percent drop in the State’s prison population from a peak of 72,600 in 1999 to a current population of approximately 47,400 – the lowest level in more than two decades.

As part of the Governor’s Justice Agenda, the Budget reforms the discovery of evidence process, the right to a speedy trial, and ends cash bail.

The Budget also includes legislation that advances the Governor’s Women’s Agenda to support equality, expand access to health care, and combat sexual assault. These efforts include ending new forms of sexual exploitation known as revenge porn and removing the statute of limitations for 2nd and 3rd degree rape.

Due to an increase in violent gang-related crime, particularly involving MS-13 on Long Island, the Governor has launched an aggressive campaign to expand access to State intelligence resources, and to provide additional investigators and Troopers to assist local municipalities with gang-related investigations. The FY 2020 Executive Budget also invests \$13 million in a comprehensive strategy to engage at-risk youth in social and educational programs to cut off the gang recruitment pipeline.

Table 15: Summary of Spending (All Funds)

Category	FY 2019 (million s)	FY 2020 (million s)	Change	
			Dollar (million s)	Percent
Department of Corrections and Community Supervision	3,128	3,127	-1	0.0%
Division of State Police	826	829	3	0.4%
Division of Criminal Justice Services	274	228	-46	-16.8%
Division of Homeland Security and Emergency Services	1,104	1,019	-85	-7.7%
All Other	350	449	99	28.3%
Total Public Safety	5,682	5,652	-30	-0.5%

Spending for public safety agencies is projected at \$5.7 billion for FY 2020. The DCJS year-to-year decrease is primarily due to reimbursement from the Federal government for security detail

Performance Profile

Improving Public Safety.

New York has one of the lowest crime rates of any large state in the country. From 2007 to 2017, the crime rate in New York declined 20 percent, reaching an all-time low since reporting began in 1975.

Declining Prison

Population. The significant decline in crime coincides with a 35 percent drop in the State’s prison population, from a peak of 72,600 in 1999 to a current population of approximately 47,400 – the lowest level in more than two decades.

Improving Interoperable

Communications. In 2018, DHSES- OIEC awarded \$45 million in state grant funding to 57 counties and New York City to improve emergency communications statewide and deploying new technology that helps counties link their systems together. The grant has awarded more than \$450 million in seven rounds to 57 counties and New York City since 2010.

related to President Trump's visit in FY19 and legislative adds that are included FY19 but are negotiated later in the FY20 budget cycle. The DHSES year-to-year change is primarily due to the timing of large FEMA Public Assistance payments related to Superstorm Sandy.

Proposed FY 2020 Budget Actions

Ensuring Fairness in the Criminal Justice System

The FY 2020 Executive Budget proposes comprehensive reforms from arrest to trial that will help ensure equal justice for all citizens.

- **End Cash Bail.** New York is one of only four states in the nation that does not allow public safety to be taken into consideration in release and bail decisions. This approach means people in New York who do not present a risk to public safety, but cannot afford bail, are detained while those who may present a risk to public safety can post bail and gain release. As part of the Governor's Justice Agenda, legislation submitted with the Budget will end cash bail so that no one is detained because they cannot afford the cost of bail.
- **Reform the Discovery Process.** New York is one of only 10 states that enables prosecutors to withhold evidence until the day a trial begins. As part of the Governor's Justice Agenda, legislation submitted with the Budget will require prosecutors and the defense to share information in a multi-stage time frame prior to the start of the trial.
- **Ensure Access to a Speedy Trial.** As part of the Governor's Justice Agenda, the Executive Budget advances legislation to codify the waiver process, require court reviews of statements of readiness, and prevent undue delay by last minute motion practice. Too often, defendants are held in custody and/or pretrial for excessive periods of time and courts are overburdened with the number of pending criminal cases, leading to backlogs that disrupt the justice system.
- **Remove Barriers to Re-entry.** Individuals with criminal convictions face significant economic and social barriers to their successful reintegration into society. Legislation advanced by the Budget removes outdated suspensions and bans on driver's licenses and occupational licenses; prevents the sharing of mugshots that do not have a specific law enforcement need; enhances criminal history reports; expands opportunities for compassionate release, merit release and limited credit time allowances; and reduces financial burdens on those recently released from prison.
- **Reduce New York's Use of Solitary Confinement.** During the past year, New York has gone above and beyond the parameters of the settlement reached between the New York Civil Liberties Union and the New York State Department of Corrections and Community Supervision by advancing regulations providing stricter oversight of the use of solitary confinement. This has resulted in a 30 percent reduction in the number of inmates serving sanctions in a Special Housing Unit (SHU). Legislation introduced with the Budget would gradually decrease the amount of consecutive days an incarcerated

individual can spend in traditional SHU confinement. It also creates more progressive, therapy-based sanctions that help inmates understand the cause of their actions to reduce recurrent infractions and help them live productive lives.

- **Consider Domestic Violence in Sentencing.** There is a strong connection between domestic violence and incarcerated women, with nine out of 10 female inmates having experienced severe physical or sexual violence in their lifetime, according to the Correctional Association of New York. To help address the ongoing harm caused to these survivors by the pain inflicted upon them, the Executive Budget as part of the Governor's Justice Agenda advances the Domestic Violence Survivors Justice Act (DVSJA), which would give judges discretion to lower sentences for survivors of domestic violence whose abuse is determined to be a significant contributing factor to their crime.

Protecting New Yorkers

The FY 2020 Executive Budget targets known threats to public safety.

- **Outlaw Non-Consensual Revenge Porn.** As part of Governor Cuomo's Women's Agenda, the Executive Budget includes legislation to prohibit the unlawful publication of sexual materials consensually shared when the person had a reasonable expectation that such material would not be disclosed. Legislation also holds digital communications—including texts, e-mails, and social media messages—with the intent to harass another person to the same standard as phone calls.
- **Cut off the Pipeline of MS-13 Recruitment.** In 2017, the Governor launched an aggressive campaign to crack down on the violent gang MS-13 in Long Island by expanding access to State intelligence resources, providing additional resources to local law enforcement, and mobilizing State Troopers to assist. Furthering the fight against this dangerous gang, the Executive Budget provides \$13 million to support a comprehensive strategy of engaging at-risk youth in social and educational programs in order to cutoff the MS-13 recruiting pipeline.
- **Support the Child Victims Act.** Under current law, child sexual abuse offenses cannot be prosecuted after five years from their occurrence and civil lawsuits for this conduct must be brought within three years from the victim's 18th birthday. As part of the Governor's Justice Agenda, the Act will ensure those who abuse children are held accountable criminally and civilly and that survivors of childhood sexual abuse have a path to justice. Legislation advanced in the Budget that increases the amount of time during which perpetrators of these crimes may be held accountable and allows the victim to commence a civil lawsuit at any time before they reach 50 years of age.

Establish a Comprehensive Cannabis Regulatory Framework

In January 2018, Governor Cuomo directed the Department of Health (DOH) to conduct an impact study in consultation with other state agencies to review the potential impact of regulated cannabis in New York State. The report issued in July 2018, concluded that the positive impacts of a regulated cannabis program in New York State outweighs the potential negative aspects.

The report states that the regulation of cannabis benefits public health by enabling government oversight of the production, testing, labeling, distribution, and sale of cannabis. The creation of a regulated cannabis program would enable New York State to control licensing, ensure quality control and consumer protection, and set age and quantity restrictions. Moreover, the report found that a regulated program would reduce racial disparities in criminalization and incarceration rates, noting that there have been more than 800,000 arrests for possession of small amounts of cannabis in New York with the majority of those arrested people of color.

Based on the findings of the impact study, the Governor charged a Regulated Marijuana workgroup to provide advice to the State on legislative and regulatory approaches and launched a series of listening sessions on regulated cannabis across the State that drew approximately 2,400 community members.

The FY 2020 Executive Budget establishes a regulated adult-use cannabis that protects public health, provides consumer protection, ensures public safety, addresses social justice concerns, and invests tax revenue.

To best achieve these goals, the Governor proposes a first-in-nation comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.

In the adult-use cannabis market, the OCM will implement a three-tier model of distribution. Similar to the market for alcohol, the OCM will issue licenses for producers, distributors and retailers. Producers will be prohibited from also owning retail cannabis establishments. The program will limit the number of producers and retail dispensaries to guard against a market collapse, encourage equity through craft growers and cooperatives, and provide training and incubators to ensure meaningful and sustained participation by communities disproportionately harmed by cannabis prohibition.

In the hemp cannabis market, the OCM will administer the licensing, extraction, and distribution of wellness and pharmaceutical grade cannabis products; including the establishment of the Canopy Growth Corporation's \$100 million Hemp Industrial Park, headquartered in the Southern Tier, that includes growing, processing, manufacturing and research facilities. The investment is facilitated by the passage of the Farm Bill and will establish New York State as the national leader in hemp production and innovation.

In the medical cannabis market, the OCM will supervise the continued expansion of the current medical cannabis program and institute reforms that expand patient access and product affordability while also encouraging research opportunities among medical cannabis providers, health care providers, and medical insurers.

To ensure the broadest possible inclusion in all aspects of this new industry, the OCM will administer social equity licensing opportunities, implement an egalitarian adult-use market structure, and facilitate market entry through technical assistance, mentorship, and access to capital.

The OCM will also supervise a first-in-nation restorative justice initiative that will correct past harms to individuals and communities that have been disproportionately targeted by the war on drugs. New York will launch a program to review and seal cannabis convictions as recommended by the DOH study, eliminate collateral consequences of conviction, such as parole violations, and encourage reinvestment in harmed communities.

The OCM will implement its overarching public health mandate by administering stringent quality and testing regulations for the production of recreational, medical, and health and wellness products, limiting the excessive commercialization of THC products, driving a comprehensive public education campaign, implementing harm reduction strategies, and working with OASAS and OMH to protect vulnerable populations.

The OCM will additionally fulfill its public safety mandate by working with law enforcement to stop unlicensed production and distribution, out-of-state trafficking, and underage distribution. The OCM will work with the Department of Motor Vehicles and the Governor's Traffic Safety Committee to ensure road safety by implementing a driving while impaired campaign, funding research on roadside testing for impairment, and funding new Drug Recognition Experts, law enforcement professionals who are specially-trained to identify persons impaired by drugs when driving.



Division of
the Budget

STATE WORKFORCE

IMPROVING GOVERNMENT EFFICIENCY



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

7 YEARS



SAVING THROUGH PENSION REFORM

Tier VI pension reform has **lowered taxpayer pension costs** through 2020 by more than

\$1.4 billion



(\$534 million for State and \$879 million for local governments – not including NYC).



The Budget proposes reforms to control growth in employee and retiree health care costs, which have **increased by 14 percent** in **three years**.

Budget Highlights

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

Support Unions; Protect Public Workers. As part of the Governor’s Justice Agenda, the Executive Budget advances a proposal that prohibits public employers from disclosing personal contact information of public employees as certain organizations target them in an effort to convince them not to support the unions that represent them in collective bargaining.

State Retiree Health Insurance Reforms. Over the past three fiscal years, employee and retiree health care costs have increased by approximately 14 percent. The Budget proposes reforms targeted towards moderating the cost increases associated with higher income members and other retirees.

Interest Reform. The Budget proposes to provide a market rate of interest on court judgments paid by public and private entities. A prevailing market interest rate – rather than the current fixed 9 percent rate that was established when interest rates were at 15 percent annually – is fairer to all parties and will facilitate timely court decisions.

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. The FY 2020 Executive Budget assumes stable staffing levels in the fiscal year and includes proposals to help restrain the growth in State retiree health care costs.

Overview

There are about 184,000 full-time equivalent State employees within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), and in the Offices of the Attorney General and State Comptroller. Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments. The Executive has direct control over roughly 65 percent of the State workforce, with the balance of the workforce in the University Systems and agencies run by independently elected officials.

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

Table 16: Summary of Workforce Levels

	Current Actual FY 2019 PP 19	Year End Estimate 3/31/19	Year End Estimate 3/31/20	Current Actual to 3/31/20 Year End Estimate (Decr)/Incr	3/31/19 Year End Estimate to 3/31/20 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	117,381	119,327	120,005	2,624	678
University Systems	60,294	59,876	59,876	(418)	0
Independently Elected Agencies	4,416	4,502	4,502	86	0
Grand Total	182,091	183,705	184,383	2,292	678

The Budget recommends workforce increases in select State agencies to support emerging programmatic priorities, including: the Department of Health (+154) to support the continued take-over of Medicaid operations, administration of new lead enforcement standards, assumption of the Medical Indemnity Fund program, and Behavioral Health Parity; the Department of Corrections and Community Supervision (+153) for Special Housing Units related to agreements with the New York Civil Liberties Union and codification of solitary confinement reform; the Department of Taxation and Finance (+110) to increase Audit Program staff; New York State Housing and Community Renewal

(+94) to support rent regulation reform; the Department of State (+40) to support call center activities; the Office of Mental Health (+40) to support the growing forensic needs within OMH facilities; the Department of Agriculture and Markets (+29) for required annual food safety inspections; the Gaming Commission (+19) for legally mandated 24/7 presence at casinos; Parks, Recreation and Historic Preservation (+17) to support the Penn & Fountain/Shirley Chisholm Park; the Division of Homeland Security and Emergency Services (+9) to support expanding Emergency Services programs; the Department of Public Safety (+8) to support the siting of Article 10 generation facilities; the Department of Environmental Conservation (+5) to support operations at the Frontier Town Campground, Equestrian and Day Use Area; the Board of Elections (+4) to support cyber enhancements to election infrastructure; the Office of Indigent Legal Services (+2) to support grant management and administrative operations; and the Financial Control Board (+1) to strengthen analytical capabilities.

Promoting Workforce Fairness and Affordability through Collective Bargaining

The State has multi-year labor agreements in place with several unions, while negotiations are underway with other unions.

The Civil Service Employees Association (CSEA) and DC-37 Rent Regulation employees have five-year labor contracts that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and in overtime.

The State and the United University Professions (UUP) have a six-year collective bargaining agreement that covers academic years 2017 through 2022. The agreement provides for a 2 percent general salary increase in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

Members of the Police Benevolent Association of the New York State Troopers (NYSPBA) have a five-year collective bargaining agreement that provides a 2 percent general salary increase in FYs 2019 through 2023.

Performance Profile

Improving Government Efficiency. The State workforce under Executive control has declined via attrition by roughly 7,400 positions (-5.8 percent), since Governor Cuomo took office as agencies streamline operations, enhance efficiencies, and target new hires to achieve specific programmatic goals on behalf of New Yorkers.

Saving through Pension Reform. Tier VI pension reform (effective April 1, 2012) has lowered taxpayer pension costs through FY 2019 by \$1.4 billion (\$534 million State and \$879 million for local governments excluding NYC).

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

Employees represented by PEF and the Graduate Student Employees Union (GSEU) have three-year collective bargaining agreements providing 2 percent annual salary increases in FYs 2017 through 2019. Salary increases provided to the Public Employees Federation (PEF) and Graduate Student Employees Union (GSEU) employees were also extended to Management/Confidential (M/C) employees. Negotiations on the next contracts with PEF and GSEU are expected to commence later in the year.

The State is in negotiations with all other employee unions whose contracts concluded prior to FY 2019, including the New York State Police Investigators Association (NYSPIA), Council 82, and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA). Negotiations also continue with the Police Benevolent Association of New York State (PBANYS), whose contract expired at the end of FY 2015.

Employee Fringe Benefits and Fixed Costs

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

All Governmental Funds spending on fringe benefits is projected to increase by \$263 million (3.0 percent). This growth is primarily attributable to the health insurance and workers' compensation programs, offset by relatively flat spending for pensions and social security, and reductions in other fringe benefits and fixed costs.

Growth in the health insurance program of \$116 million (2.8 percent) is reflective of medical inflation and current enrollment levels. Workers' compensation costs are increasing by \$51 million (8.9 percent) due to growth in the average weekly wage for benefit calculations and medical costs. Overall pension costs are projected to remain relatively stable due to improved investment returns and ongoing savings from the 2012 pension reforms. Social Security spending is also relatively stable due to steady workforce levels.

Table 17: Summary of Fringe Benefits Spending (All Funds)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,196	4,312	116	2.8
Pensions	2,422	2,462	40	1.7
Social Security	1,032	1,065	33	3.2
Gross Workers' Compensation	576	627	51	8.9
All Other	684	707	23	3.4
Total	8,910	9,173	263	3.0

Proposed FY 2020 Budget Actions

Supporting Unions by Protecting the Personal Privacy of Public Sector Employees

The decision by the Supreme Court in *Janus v. AFCME* overturned more than 40 years of precedent in deciding that government workers cannot be required to contribute to the labor unions that represent them in collective bargaining. In the aftermath, certain organizations seeking to erode union membership and weaken them have targeted public sector workers at their homes and workplaces in an effort to convince them to stop paying their dues, even as their unions continue to represent them and provide workplace support and protections.

As part of the Governor's Justice Agenda, the Executive Budget advances a proposal to protect the privacy of all public employees by prohibiting public employers from disclosing the personal contact information of public employees. This aligns with the Governor's pledge to protect union members and ensure the labor movement continues to deliver on the promise of the American Dream.

State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 14 percent, from \$3.2 billion in FY 2016 to \$3.7 billion in FY 2018 (retirees and dependent survivors comprise about half of this cost). This growth is significant comparative to the benchmark growth rate of two percent per year. The Executive Budget includes three proposals to help restrain this growth.

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed the supplemental IRMAA premium in 2007 to require high income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high income retirees. This subsidy is worth \$649 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a taxpayer subsidy of \$3,900 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2019. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$2.9 million in FY 2020 (due to the lag in reimbursement), increasing to \$12.4 million in FY 2021.
- **Establish a Floor for State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2019, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$135.50 per month. The cost of this reimbursement is \$249 million. This proposal maintains State reimbursement at \$135.50 per month, consistent with CY 2019 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provide savings of \$2.3 million in FY 2020 and \$12.3 million fully annualized in FY 2021. Only five other states reimburse the

Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.

- **Implement Differential Health Care Premium Contributions for New Civilian Hires at Retirement Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post April 1, 2019 civilian hires in approximately 30 years once the current retiree group is largely replaced.

Provide a Market-Rate of Interest on Court Judgments

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgements is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at a time when interest rates were at 15 percent as a way to protect taxpayer costs. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.



Division of
the Budget

TRANSPORTATION

IMPLEMENT CONGESTION PRICING

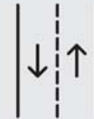
Charge fees for vehicles in the most congested area of New York City



Reinvest funds in subway and bus system and in underserved areas



Combat gridlock



The **\$30.3 billion** MTA capital program includes a record **\$8.6 billion** in New York State funding.

Mario M. Cuomo Bridge has both spans open to traffic since **September 2018** – completed on-time and on-budget.

The Budget supports the **\$29.3 BILLION** capital plan for



and maintains record funding for local roads at **\$477.8M.**



No toll hikes on the Thruway through 2020

Budget Highlights

Overhaul the MTA Bureaucracy. The MTA lacks a single leader to guide the organization, leaving it without accountability.

Implement Congestion Pricing. The Budget initiates the design and construction of the infrastructure needed to implement congestion pricing in New York City.

Continue Support of the MTA Capital Plan. The Budget provides all remaining appropriation authority to fully fund the State's \$8.6 billion commitment towards the MTA's \$30.3 billion capital program.

Continue Support for Roads and Bridges. The Budget continues the State's unprecedented \$29.3 billion investment in DOT and Thruway Authority programs and maintains record CHIPS and Marchiselli funding for local roads at \$477.8 million.

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

The FY 2020 Executive Budget continues New York State's historic investments in the State's transportation system, which are improving our transit systems, roads and bridges, increasing mobility, and supporting economic growth. The Budget reflects the fifth year of a \$59 billion transportation capital plan, which is enhancing and expanding the Metropolitan Transportation Authority (MTA) network, and improving roads, bridges, airports rail facilities, ports and transit systems funded through the Department of Transportation (DOT) budget. This commitment also includes State-funded investments in the Thruway to lessen the capital burden on New York's toll payers.

In addition, legislation included with the Budget expands on reforms in the FY19 budget to provide additional funding directly to the MTA, enhances safety for limousines, buses, motor carriers, and other liveries, and continues to modernize the Department of Motor Vehicles (DMV) by authorizing online testing for the 5-hour pre-licensing course.

Overview

The State's transportation system is operated, maintained, and administered by a network of State and local agencies and public authorities. DOT is responsible for construction, reconstruction, maintenance, and snow and ice removal for approximately 44,500 State highway lane miles and nearly 7,900 bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

The Department also provides coordination and funding for more than 130 public transportation operators including the MTA, the four Upstate regional transportation authorities, and other (usually county-sponsored) transit systems. These systems provide bus, subway, commuter rail and light rail services as well as "paratransit" services designed to meet the needs of the disabled.

The MTA provides transit and commuter services in the New York City region to 2.6 billion passengers who ride the subways, buses and commuter rail systems each year, and facilitates 320 million annual bridge and tunnel crossings. It includes the Metro North Railroad (MNR) and Long Island Railroad (LIRR) commuter lines.

The State's transportation programs also include the Department of Motor Vehicles (DMV), which operates 27 district and branch offices and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, non-driver identification cards and vehicle registrations, conducts road tests, monitors driver training, and performs enforcement activities. DMV conducts more than 20 million customer transactions annually and is projected to collect more than \$2 billion in revenue for the State and localities in FY 2019. New Yorkers rely on credentialing and identification documents issued by DMV to conduct financial transactions, obtain employment, and board aircraft, among other uses.

The Thruway Authority operates a 570-mile highway system, which includes the 426-mile mainline from Buffalo to New York City, as well as the new Mario M. Cuomo Bridge crossing the Hudson River.

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

Investing in a Safe, Reliable Transportation System

Reimagining the MTA

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

Governor Cuomo intervened to declare a state of emergency at the MTA and begin the process of reversing the decline. Many improvement projects were already underway through the record \$30.3 billion MTA Capital Program, funded in part through the State's record contribution of over \$8.6 billion. But the subway system required additional immediate investments. To jump start the turnaround, the Governor pushed for passage of a new \$836 million MTA Subway Action Plan for 2017 and 2018, and committed the State to fund half, with the City of New York supporting the other half. In addition, to fund the Subway Action

Performance Profile

Completing the Mario M Cuomo Bridge. The \$3.9 billion design-build project to replace the Tappan Zee Bridge is in use. The westbound span of the bridge opened to traffic August 2017, and the eastbound span opened in September 2018.

Improving the DMV customer experience. The DMV continues to enhance the customer experience by employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction.

Renewing State Roads and Bridges. During FY 2018, the Department of Transportation replaced or rehabilitated a total of 204 State bridges and completed 5,973 corrective and preventive bridge treatments to slow deterioration. In addition, 1,815 lane miles of State highway were resurfaced or reconstructed.

Freezing Tolls on the Thruway. The \$2 billion Thruway Stabilization fund is supporting capital improvements on the entire system, allowing the Authority to freeze tolls until at least 2020. This marks at least ten years since the last increase took effect.

Plan's operating components in 2019 and beyond, as well as reduce congestion, the FY 2019 Enacted Budget instituted For-Hire Vehicle surcharges south of 60th Street in Manhattan. This sets the stage for further modernization.

In 2019, the MTA will advance the fifth-year of their 2015-2019 Capital Program, which is providing major investments throughout the system. Ongoing capital investments are protecting the safety, reliability, and quality of existing service by replacing trains, buses, and subway cars, and renewing track, signals, yards, depots, bridges, and stations. Capital investments are also modernizing and expanding the MTA network through upgrades such as the construction of four new Metro-North stations in underserved areas of the Bronx with service to Penn Station, extension of the Second Avenue Subway to East Harlem, a new fare payment system, and advancement of the East Side Access project to bring Long Island Rail Road riders into Grand Central Terminal. The Long Island Rail Road second track was completed in 2018. The MTA is also moving forward on its Third Track project, on one of the busiest sections of the LIRR, to increase capacity and speed commutes.

The convergence of historic economic and population growth along with a transit system in crisis has resulted in the remarkable growth of for hire vehicles in New York City. There are now over 100,000 for hire vehicle drivers making more than 20 million trips every month, producing unprecedented traffic congestion. The average vehicle speed in Manhattan's Central Business District (below 60th Street) has dropped to 7 miles per hour, and during the workday, it is often faster to walk to your destination in Midtown Manhattan than it is to drive.

Acting upon the recommendations of two expert panels, the Fix NYC Advisory Panel and the Metropolitan Transportation Sustainability Advisory Workgroup, the Executive Budget will implement congestion pricing to establish a reliable funding stream to transform the subway system, improve bus service, and reduce congestion in Manhattan.

The Governor's congestion pricing plan is the first of its kind in the nation. Last year's Budget addressed the growth in usage of for hire vehicles and provided funding for the Subway Action Plan. This year's Budget initiates the design and construction of the infrastructure needed for the cordon pricing zone, which will apply to all vehicles, and creates the congestion program.

By charging fees for vehicles to move within the most congested area of New York City and then reinvesting those funds into transit improvements in underserved areas and upgrading the subway and bus system to modern standards, this plan will combat gridlock and deliver to the city's residents and visitors the world-class transit system they deserve.

For real, lasting improvement to the MTA, however, a realignment of management responsibility and accountability is required.

Currently, the board of 17 members gives no single person a clear majority of nominees. The Governor selects the Chairman and five other members, which is not a majority. Of the remaining members, the Mayor selects four and the regional County Executives outside of New York City select seven, casting four votes. Furthermore, the MTA Board itself does not control the Capital Plan. Even after board passage, the Governor, Senate Leader, Assembly Speaker, and Mayor are

each able to veto all or part of the plan for the MTA at their discretion. This essentially gives each of them control in their ability to veto the Capital Plan. When everyone is in charge, no one is in charge. To overhaul this bureaucracy and fix the system, the Governor will work with the Legislature to establish clear authority over the MTA, while continuing to solve the need for dedicated funding and splitting capital funding shortfalls between New York City and New York State.

Strengthening 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 State’s unprecedented \$29.3 billion investment in DOT and Thruway Authority programs, first enacted with the FY 2017 Budget, will continue to ensure stronger State and local roads and bridges for years to come. The plan included new initiatives for BRIDGE NY and PAVE NY, in addition to the \$2 billion in Thruway Stabilization funding that supports capital investments across the entire Thruway system.

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

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

Table 18: Summary of State Funds Spending

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollar (millions)	Percent
Department of Transportation	3,777	3,940	163	4
Metropolitan Transportation Authority	5,778	5,940	162	3
Department of Motor Vehicles	313	353	40	13
Transportation Spending (Total)	9,868	10,233	365	4

For comparability, MTA numbers include revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For-Hire Vehicle surcharges, and MTA Aid Trust.

Proposed FY 2020 Transportation Budget Actions

Improving Roads, Bridges, and Safety

In support of the transportation plan period that began in FY 2016, the Executive Budget provides \$4.4 billion for the fifth year of DOT's capital program, which will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Progress continues on two new initiatives launched in FY 2017 – BRIDGE NY and PAVE NY which are further improving conditions on State and local roads and bridges.

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

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

To help the State realize the full value of its assets, the Budget includes legislation that would authorize DOT to enter into agreements with fiber-optic utility companies to occupy State rights of way. Such agreements are projected to provide potential revenue to the State of \$15 million in FY 2020, \$30 million in FY 2021, and \$50 million annually thereafter.

The FY 2020 Budget includes legislation to substantially improve the safety of limousines, buses, taxies, and liveries throughout New York State. The legislation would ban certain types of stretched or modified vehicles, strengthen civil and criminal penalties for violations, and significantly enhance the Department of Transportation's authority to take dangerous vehicles off the road. The Budget also increases the maximum Notice of Violation fine from \$5,000 to \$25,000 per occurrence for vehicles regulated under Section 140 of State Transportation Law, such as limousines, issued as the result of one or more Out-of-Service violations.

In the interest of public safety for bus passengers and other drivers and passengers that share the road, the Executive Budget imposes a \$120 inspection fee on for-profit vehicles included in the Bus Inspection Program. These vehicles are currently being inspected semi-annually by, and at the expense of, the Department of Transportation. Bus owners, with the responsibility for the inspection fee and the re-inspection fee should they fail inspection, would be more likely to properly maintain their vehicle.

Investing in Transit

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

The FY 2020 Executive Budget provides over \$5.8 billion in operating support to transit systems, including off-budget resources that are collected by the State and sent directly to the MTA. The MTA will receive \$5.3 billion from all State sources, an increase of \$287 million (6 percent) over the FY 2019 Enacted Budget.

The \$30.3 billion 2015-2019 MTA Capital Program is the largest and most expansive plan in the authority's history. The State's \$8.6 billion contribution to the plan was memorialized in state law with the FY 2017 Enacted Budget, and the FY 2020 Executive Budget includes the 5th year of appropriation authority – \$1.5 billion – to fully fund the State's commitment. This unprecedented level of State support is many times greater than under any previous MTA capital plan.

To support local aid levels and expedite the transfer of revenue to the MTA so that funds may be used more quickly, the FY 2020 Budget provides MTA Aid Trust Account revenues directly to the MTA. This reform has a number of advantages for the MTA. By moving these revenues out of the State Financial Plan, a natural payment processing lag is eliminated. This reform will also provide credit enhancement for the MTA, which will lower capital financing costs as the revenues will not be subject to appropriation.

In addition to MTA-oriented legislation, the FY 2020 Budget raises new revenues for Upstate transit systems by expanding an auto rental surcharge currently limited to the Metropolitan Commuter Transportation District (MCTD) to the entire State. This Statewide expansion raises revenues of \$11 million, which will be used to provide added support for Upstate systems that serve many of the most economically disadvantaged, disabled, and elderly riders throughout the State.

For non-MTA transit systems, the FY 2020 Budget provides \$218 million in operating support for Upstate transit, for a 5.3 percent increase year over year, and \$339 million for downstate systems, representing a year over year increase of 7.2 percent. Additional downstate transit aid includes \$11 million to continue to fund the Lower Hudson Transit Link serving the Mario M. Cuomo Bridge and parts of Rockland and Westchester counties.

Modernizing DMV Customer Service

Accounting for the steady increase in the volume and complexity of its transactions, DMV has utilized electronic and internet-based services to increase the efficiency of transaction processing. These services also provide customers with a faster and more convenient alternative to visiting DMV offices. Currently, close to seven million transactions per year are processed through the

DMV website, and this number is expected to continue to rise as customers take advantage of online transactions.

Building on the success of previous customer service initiatives, DMV continues to enhance the customer experience by employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction. DMV's website is continuously improving to provide a more responsive design for its customers.

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

Additional motor vehicle Budget actions include the following:

- **License Renewal Cycle.** The Budget continues funding for the second year of the license renewal cycle and programmatic mandates that include conversion to REAL ID by October 2020.
- **Public Safety.** As part of continued public safety awareness, the Budget proposes legislation to extend for two years the ignition interlock program for those convicted of an alcohol related traffic violation. Additionally, the Department is implementing a 10-year plate replacement program, which will assist law enforcement and ensure use of cash-less tolling.
- **Autonomous Vehicles.** Expands on the 2017 Autonomous Vehicle legislation to encourage more autonomous vehicle manufacturers to operate in New York by extending the authorization to test for two years, and make permanent reporting requirements
- **Locally Authorized Scooters.** This Budget authorizes local governments to allow certain lower speed scooters and motorized bicycles within their jurisdiction. This authorization includes provisions that apply traffic and safe operating procedures for those operating such scooters and motorcycles.

Education, Labor and Family Assistance

- Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs in the Executive Budget
- Allow public accounting firms to have minority ownership by individuals who are not Certified Public Accountants
- Amend the education law, in relation to authorizing school bus stop cameras; and to amend the vehicle and traffic law, in relation to increasing fines for passing a stopped school bus
- Enact the Senator Jose R. Peralta New York State DREAM Act
- Enact the For-Profit College Accountability Act
- Establish an arts capital grants fund
- Authorize Mortgage Insurance Fund (MIF) Utilization
- Authorize compliance with Child Care Development Block Grant (CCDBG) health and safety requirements
- Authorize Family First Preventive Services Act background clearances
- Remove Certain Requirements for Domestic Violence Victims Seeking Shelter in a Domestic Violence Shelter
- Reform Persons In Need of Supervision (PINS) provisions
- Authorize the pass-through of any Federal Supplemental Security Income Cost of Living Adjustment
- Extend and expand temporary operator authority
- Authorize time-limited job try-outs as an eligible work activity for Public Assistance recipients
- Increase Criminal Penalties for Wage Theft
- Reduce Penalties for Unemployment Insurance Recipients Working Part-Time
- Ensure Equal Pay
- Pass the Gender Expression Non-Discrimination Act
- Extend New York Human Rights Law to Cover All Students
- Prohibit Source of Income Discrimination
- Limit Security Deposits
- Increase Protections Against Harassment in the Workplace
- Protect veterans from financial exploitation
- Ensure Breastfeeding is Protected in the Workplace
- Prohibit Conversion Therapy for Minors
- Enact Provisions Related to Rent Regulation

Health and Mental Hygiene

- Transportation-related Medicaid Redesign Team recommendations
- Pharmaceutical related Medicaid Redesign Team recommendations
- Managed Care related Medicaid Redesign Team recommendations
- Extend the Medicaid Global Cap
- Extend various provisions of the Public Health and Social Services Laws
- Extend the Physicians Excess Medical Malpractice Program for one year
- Long-term care related Medicaid Redesign Team recommendations

- Hospital related Medicaid Redesign Team recommendations
- Authorize the regulation of pharmacy benefit managers
- Codify of the Affordable Care Act
- Extend enhanced rates for the Medical Indemnity Fund and transfer administration of the Medical Indemnity Fund from the Department of Financial Services to the Department of Health
- Require insurance policies to provide coverage for medically necessary fertility preservation and large group insurance policies to provide coverage for in vitro fertilization
- Enact the Comprehensive Contraception Coverage Act
- Establish a commission to evaluate options for achieving universal access to high-quality, affordable health care in New York
- Reduce Department of Health's General Public Health Work Program reimbursement to New York City from 36 percent to 20 percent
- Lower blood lead levels and establish lead based paint standards
- Authorizing Additional Awards for Statewide II Applications
- Establish the Maternal Mortality Review Board to review and assess the cause of death and factors leading to each death to reduce the risk of maternal mortality and severe maternal morbidity in New York State
- Enact the Reproductive Health Act
- Codification of the NY State of Health Marketplace
- Create an Optional Private Pay Model in the State Office of the Aging
- OMIG Managed Care Program Integrity
- Authorize the Office of Mental Health to continue to recover Medicaid exempt income from providers of community residences
- Establish voluntary jail-based restoration to competency programs within locally-operated jails
- Defer Human Services COLA
- Eliminate duplicate license requirements to render integrated services for OPWDD providers and at Article 16 clinics
- Jurisdictional Changes to Eliminate Duplicative Oversight of Article 28 Hospitals and DOH Summer Camps
- Behavioral Health Insurance Parity Reforms

Transportation Economic Development and Environmental Conservation

- Clarifies DASNY's authority to finance certain health care projects
- Make permanent the authorization of the Dormitory Authority of the State of New York to enter into certain design and construction management agreements
- Provides authority for a DASNY subsidiary to sell, exchange, transfer, lease and convey real property located in Brooklyn, New York
- Extend the Infrastructure Investment Act and expand the definition of an authorized entity that may utilize design-build contracts and other alternative project delivery methods
- Eliminate the sunset applicable to the waste tire management and recycling fee
- Expansion of the State's Bottle Bill

- Provide DEC with the authorization to accept gifts and enter into public-private partnerships
- Ban Single-Use Plastic Bags
- Prohibit offshore drilling and protect New York State's waterways
- Update the notification process for wetland mapping
- Consumer and Personal Products Disclosure
- Empower the Superintendent of the Department of Financial Services (DFS) to license and regulate student loan servicers
- Extend the authorization for testing of autonomous vehicles for an additional two years and makes other changes to support autonomous vehicle development
- Extend the Ignition Interlock Program
- Extend the State surcharge on motor vehicle infractions
- Authorizing local governments to allow certain scooters and motorized bicycles
- Shift responsibility for mailing a copy of service of process to plaintiffs rather than the Department of State
- Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents
- Assess Fees for Fiber Optic Cables in Highway ROW
- Increase Limousine, Bus, and Livery Safety
- Authorize expenses of the Department of Health to be reimbursed by a cable television assessment, and expenses of the Office of Parks, Recreation and Historic Preservation, and of the departments of Agriculture and Markets, Environmental Conservation, and State, to be reimbursed by a utility assessment
- Incorporate internet neutrality principles into the State's procurement process
- Authorize the New York State Energy Research and Development Authority to finance a portion of its energy research, development and demonstration program, and its energy policy and planning program, as well as the Department of Environmental Conservation's climate change program and the Department of Agriculture and Markets' Fuel NY program, from an assessment on gas and electric corporations
- Advancing the "Climate Leadership Act"
- Extend the general loan powers of the New York State Urban Development Corporation
- Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund
- Reauthorize and extend the provisions of law relating to participation by minority and women-owned business enterprises in state contracts and expands upon those provisions based upon the findings of the 2016 Disparity Study
- Congestion Tolling Program
- New York City Speed Enforcement Cameras
- Gateway Development Commission
- MTA Organizational Reforms
- MTA Aid Trust Fund Reforms
- New York City Bus Lane Enforcement Cameras and New Camera Enforcement Program
- Extend Binding Arbitration by the Public Employment Relations Board for disputes between the Metropolitan Transportation Authority and its labor representatives
- Increase Transportation Worker Assault Protections
- Increase Toll Payer Protections

- Authorize the New York Power Authority to provide energy- related projects, programs and services to any of its power customers, and to take actions necessary to develop electric vehicle charging stations
- Amend the public authorities law, relating to the provision of renewable power and energy by the New York Power Authority
- Establish a Parks, Recreation and Historic Preservation retail stores enterprise fund and a golf enterprise fund
- Extend authority of the New York State Olympic Regional Development Authority to enter into contracts or agreements containing indemnity provisions in order to host Olympic or other national or international games or events
- Air Train Technical Amendment

Revenue

- Make the e-File Mandate Permanent
- Expand the Employee Training Incentive Program Credit
- Provide a Sourcing Rule for GILTI Apportionment
- Decouple from IRC Federal Basis for NYS Manufacturing Test
- Extend the Workers with Disabilities Tax Credit for Three Years
- Extend Three-Year Gift Addback Rule & Require Binding NYS QTIP Election
- Eliminate Internet Tax Advantage
- Discontinue the Energy Services Sales Tax Exemption
- Continue efforts to avoid large, unexpected tax shifts due to equalization rate changes
- Make real property tax administration more effective and efficient
- Technical cleanup related to repeal of tax freeze credit program
- Create the NYS Employer-Provided Child Care Credit
- Include Certain NYS Gambling Winnings in Nonresident NYS Income
- Make Technical Changes to the Farm Workforce Retention Credit
- Permanently Extend the Tax Shelter Provisions and Update Tax Preparer Penalties
- Extend Higher PIT Rates for Five Years
- Extend PIT Limitation on Charitable Contributions for Five Years
- Extend the Clean Heating Fuel Credit for three years
- Extend Authorization to Manage Delinquent Sales Tax Vendors Permanently
- Repeal License Fees on Certain Co-Ops
- Expand the Current Historic Rehabilitation Credit
- Extend certain sales tax exemption related to the Dodd-Frank Protection Act
- Employer Recovery Hiring Tax Credit
- Exclude from Entire Net Income Certain Contributions to the Capital of a Corporation
- Close the carried interest loophole
- Make technical corrections to various provisions of the Tax Law and the New York City Administrative Code
- Allow an Exemption from Real Property Taxation for Qualified Energy Systems
- Gaming Commission Employment Restrictions
- Retired Racehorse Aftercare
- Make Technical Changes to Gaming Provisions

- Simplify Video Lottery Gaming (VLG) Rates and Eliminate Additional Commission Provisions
- Impose a Statutory Cap on Casino Free Play
- Impose Off-Track Betting Reforms
- Extend certain tax rates and certain simulcasting provisions for five years
- Mid-Atlantic Drug Compact
- Extend Advisory Committee on Equine Drug Testing and Remove the Morrisville Equine Drug Lab Restriction
- Streamline Occupational Licensing for Casino Employees
- Cap annual growth in STAR exemption benefits
- Allow Disclosure of Certain Information on Cooperative Housing Corporation Information Returns
- Clarify Calculation of New York City Enhanced Real Property Tax Circuit Breaker Credit
- Require Mobile Home Park Reporting to Tax Department
- Prevent STAR fraud and abuse
- Disclosure of STAR-related information to assessors
- Lower Basic STAR income limit to \$250,000 – Exemption Program only
- Clarify STAR check tax bill notices
- Improve the STAR administrative process to be more responsive to taxpayer needs
- Enacts a comprehensive tobacco policy
- Enact the Cannabis Regulation and Taxation Act
- Expand Supplemental Auto Rental Surcharge to Fund Upstate Public Transportation Systems

Public Protection and General Government

- Implement a sliding scale reimbursement of health care costs for future New York State civilian hires at retirement
- Cease Reimbursement of the Medicare Income Related Monthly Adjustment Amount (IRMAA) to high income State retirees
- Provide State reimbursement of the Standard Medicare Part B (Medical) premium paid to eligible NYSHIP retirees and their dependents at the 2019 level of \$135.50 per month
- Provide a market-based interest rate on court judgments and accrued claims.
- Protecting the Personal Privacy of Union Members
- Extend Binding Arbitration until July 1, 2024
- Make the Property Tax Cap Permanent
- Extend authorization for eight municipalities to operate red light cameras
- Adjust AIM to Certain Towns and Villages Based on Reliance
- Authorize Nassau County Class One Reassessment Exemption
- Authorization for transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps
- Extend the Service-Disabled Veteran Owned Business Development
- Stabilize State Insurance Fund's investments
- Strengthen compliance with State Insurance Fund audits
- Extend various criminal justice and public safety programs that would otherwise sunset
- Child Victim's Act

- Prohibiting a sexual orientation panic defense
- Amend the Rape Shield Law
- End Revenge Porn
- Eliminate the Statute of Limitations for Rape in the 2nd and 3rd degrees
- Domestic Violence Survivors Justice Act
- Increase criminal penalties for assault on the press
- Eliminate the death penalty
- Prohibit rapid-fire modification devices
- Establish a waiting period before firearms may be delivered to a purchaser
- Establish Extreme Risk Protection Orders
- Pre-Trial Justice Reform Act
- FOIL Reform
- Workers' Compensation Medical Providers
- Increase the biennial registration fee for attorneys and the criminal history search fee
- Grand Jury Reform
- Authorize the Alienation of Certain Parklands in Hastings, New York
- Permanently Provide Energy as a Centralized Service
- Permanent Emergency Construction Authority
- Enact a Comprehensive Reentry Package to Improve Outcomes for Formerly Incarcerated Individuals
- Reform segregated confinement by creating a more progressive, therapy-based sanction in an effort to reduce recurrent infractions.
- Shock Incarceration
- Continuous Recruitment Exams
- Non-Competitive and Labor Class Promotional Exams
- Grant Salary Protection for Provisional Employees
- Reducing Certain Misdemeanor Sentences to 364 Days
- Asset Forfeiture
- Establish the child-parent security act
- Create an Office of Special Investigation within the Department of Law

Good Government and Ethics Reform

- Disclosure of Tax Returns by Candidates for Public Office
- Public Campaign Financing and Additional Campaign Finance Reforms
- Online Voter Registration
- No Excuse Absentee Ballots
- Same Day Voter Registration
- Early Voting Implementation
- Unified Primary Election
- Ban on Corporate and LLC Contributions
- Agency-Based Automatic Voter Registration
- Election Day Holiday
- Upstate Primary Voting Hours
- Pre-registration of Minors
- Prohibitions on Vendor Contributions During Procurement

- Registration Portability
- Lobbyist Loans to Candidates
- Electronic Poll Books
- Lobbyist Disclosure of Campaign Contributions
- Ban Political Consultants from Lobbying Certain Elected Officials
- Disclosure Requirements for Certain Nonprofit Entities
- Lower Lobbyist Disclosure Thresholds to \$500
- Increase Lobbyist Penalties
- Increase the “two year” to Five years, cover Elected officials, and explicitly prohibit lobbying
- Restrictions on Campaign Activity
- Financial Disclosure for Local Elected Officials
- Lobbyist Code of Conduct
- Automatic Voter Registration - DMV

Concurrent Resolution

- No Excuse Absentee Ballot Constitutional Amendment
- Equal Rights Amendment Concurrent Resolution
- Same Day Voter Registration Concurrent Resolution



Division of
the Budget

DELIVERING HIGH PERFORMANCE GOVERNMENT



46 state agencies and authorities are participating in the **Lean program**, having executed thousands of process-improvement projects.

Examples include:

DOCCS

improved the processing of Certificates of Release, **eliminating a backlog** that would have taken more than 3 months to process and they **reduced the processing cycle time from 3 months to 8 days.**

JUSTICE CENTER

improved process for Administrative Death Reviews, **reducing the backlog by 80 percent** and **shortening the cycle time from 376 days to 80 days.**

DOL

Improved the processing of Work Opportunity Tax Credits, **eliminating a backlog of 7,500 units within just three weeks.**

OCFS

reduced the lead time for caseworkers to complete a Child Protective Services investigation and identify next steps for the child and family. **The cycle was reduced from 130 days to 71.**

Performance Profile

Continuous Improvement Through Lean. To date, 46 state agencies and authorities are participating in the Lean program, having executed thousands of process-improvement projects. Examples include:

- **DOCCS:** improved the processing of Certificates of Release, eliminating a backlog that would have taken more than 3 months to process and they reduced the processing cycle time from 3 months to 8 days.
- **Justice Center:** improved process for Administrative Death Reviews, reducing the backlog by 80 percent and shortening the cycle time from 376 days to 80 days.
- **DOL:** Improved the processing of Work Opportunity Tax Credits, eliminating backlog of 7,500 units within just three weeks.
- **OCFS:** reduced the lead time for caseworkers to complete a Child Protective Services investigation and identify next steps for the child and family. The cycle was reduced from 130 days to 71.

Since taking office, Governor Cuomo has remained steadfast in his commitment to right-size state government, improve performance, increase accountability and save taxpayers money. Under his leadership, New York State is focused on delivering service outcomes that not only meet the needs of New Yorkers, but also restore the public's trust in government.

In support of these efforts, the Division of the Budget (DOB) is using performance management to align State resources with program, policy, and service delivery objectives, focusing on improving agency activities and providing a continued emphasis on outcomes across the State. This synthesis of management and budget functions continues to ensure that the policies, programs and projects contained in the Budget are delivered in a timely, cost-effective manner and achieve the expected results.

Overview

DOB's performance management approach includes a strategic framework for making the State more efficient, accountable, and transparent. This approach, called Lean, commonly utilized by high-performing private-sector and public-sector organizations, enables a more efficient, cost-effective, transparent, and accountable delivery of services.

Today, New Yorkers demand speedy transactions and accurate information supported by technology, and expectations will only continue to grow. The State is at the forefront of delivering superior service through innovative and collaborative approaches to project management and accountability.

State agencies are working across the enterprise to collaborate on efforts that support their core missions, align with strategic priorities and leverage best practices. Staff are developing performance strategies to achieve service delivery goals and are measuring performance outcomes against those goals to deliver a streamlined, smarter and more effective government.

Building Capacity Across the State

Strategic planning is an essential component of performance management. Strategic plans allow an organization to reflect on their core mission objectives – the services they deliver to their customers; identify their strengths, opportunities for innovation and growth; and pinpoint areas where improvements are critical.

In the summer of 2018, DOB and the Executive Chamber partnered to host hands-on training workshops to help agencies continue to refine and strengthen their strategic plans. The workshops focused on the link between specific performance strategies and quality service outcomes; Lean process improvement techniques; and Enterprise Risk Management.

During the strategic planning process, 34 percent of New York State agencies identified the rapidly evolving information technology environment as both an opportunity to provide improved services and a threat to on-going operations. Given this emphasis on technology, DOB asked agencies to align all agency information technology initiatives with the core mission and vision of the agency. Agencies prioritized IT projects based on:

- goals, risks, costs and return on investment;
- enterprise standards, leveraging expertise and enhanced security;
- project's cost, including recurring operations; and
- replacement need for vulnerable, mission critical systems.

In addition to the strategic planning process, DOB's performance management efforts include coordinated guidance to agencies in areas including procurement, asset management and project planning, helping agencies work to deliver priority projects on-time and within budget. DOB is helping agencies coordinate and communicate more effectively across the enterprise and with external partners. DOB is also encouraging agencies to ensure that all agency policies and procedures reflect best practices for effective internal controls.

Policies supporting effective internal controls in operations should:

- support the agency's mission;
- be well documented;
- be frequently updated; and
- be consistent across departments.

Through performance management DOB also provides agencies with coordinated assistance in planning for, participating in, responding to, and complying with the results of performance audits. The passage of the New York State Governmental Accountability, Audit and Internal Control Act of 1987 (Internal Control ACT) requires State agencies and other organizations to promote and practice good internal control and to provide

Performance Profile

The massive effort to modernize and expand Upstate airports is being completed in less than two years for each project.

Elmira-Corning Airport used a total combined investment of \$61.5 million to complete renovations that feature a larger terminal, improved baggage handling, enhanced security and new food and beverage options.

Greater Rochester International Airport used a total combined investment of \$79.4 million to provide, enhanced accessibility, state-of-the-art security monitoring and a new passenger drop off area.

Hancock International Airport used a total investment of \$62.4 million to build larger terminal, modernized ticketing and baggage handling facilities, and enclosed pedestrian bridges.

Plattsburgh International Airport used a combined investment of \$42.9 to complete a customs facility and air cargo receiving and distribution center. Projects are currently in design for Albany International Airport and Ithaca Tompkins Regional Airport.

accountability for their activities. Under the State Constitution, the Office of the State Comptroller has the authority to conduct financial, compliance and performance audits of all State Agencies. In addition, Federal law, under the Single Audit Act, requires each state to obtain an annual, independent audit of all its Federal expenditures.

As agencies continue to adopt a more strategic approach to operations, they must consider Enterprise Risk Management (ERM). ERM provides a roadmap to navigate the varied and complex forms of risk. ERM allows agencies to methodically identify and prioritize the full spectrum of risks across their organizations and strategically manage risk holistically, rather than in a siloed approach.

The Special Counsel for Ethics, Risk and Compliance is facilitating the integration of ERM, helping agencies to leverage opportunities and avoid, mitigate, and transfer risk, resulting in more resilient, effective, and efficient programs. The benefits of ERM include a more efficient use of State resources, more substantive compliance with internal control and audit filings, and ultimately, a process that allows Agencies to identify and mitigate issues on an on-going basis.

Fostering a Culture of Continuous Improvement

The New York State Lean Program is delivering on the Governor's commitment to improve government service and reduce costs for taxpayers. Lean is a process improvement tool inspired by private-sector manufacturers to streamline their operations. Originally made popular by Toyota, today almost every Fortune 100 company has a Lean or Lean Six Sigma program.

Governor Cuomo launched the program for the State in 2013 at the recommendation of his Spending and Government Efficiency (SAGE) Commission. Lean engages frontline state workers to improve their own processes to remove unnecessary steps and streamline government services, instead of using expensive outside consultants.

To date, 46 state agencies and authorities are participating, and have executed more than 1,000 process-improvement projects. More than 45,000 state employees have been engaged and more than 1,100 of these employees have been trained as NYS Empire Belts.

During 2018, the program executed large-scale accelerated agency transformation with roll-out of the NYS Lean In-situ process improvement model. In situ is rooted in the belief that the employees who perform the work are the most knowledgeable and best situated to recommend change. Utilizing this model, agencies were positioned to speed up problem-solving to create results. Agencies used the data to inform problem solving and leverage minimal resources for maximum return on investment.

The NYS Lean Program will continue to aggressively tackle issues facing New York State by working with agencies, authorities and other partners to evaluate current processes and provide guidance on efficient ways to improve service.

Ensuring a Return on Investment

Performance is now at the core of every State investment, and continued funding is dependent on achieving results. A prime example is the State's chief economic development vehicle, the Excelsior Jobs Program, designed specifically to protect taxpayer investments. Excelsior encourages vigorous economic development activity while having a strict job creation component, a certification process for business investments, and limited eligibility criteria focused on attracting and developing high-performing industries. Outcomes are all but assured.

Excelsior provides credits to businesses that invest in New York tax savings, but such credits are authorized only after the pledged business investments have been made and the jobs have been created and filled. This ensures that the project receiving Excelsior credits is already generating tax revenues that far exceed the value of the tax credit, and that may be invested in other public priorities.

The Excelsior Jobs Program was the primary economic development vehicle for attracting Amazon, the largest economic development project in New York State history. Amazon's establishment of a new corporate headquarters in Long Island City, Queens is creating up to 40,000 jobs over the next 15 years with an average salary of more than \$150,000. In 2019, Amazon will occupy up to 500,000 square feet at One Court Square while working to construct 4 million square feet of commercial space on Long Island City's waterfront over the next decade, with expansion opportunities for up to 8 million square feet over the next 15 years. The project is expected to create an average of 1,300 direct construction jobs annually through 2033 and to create more than 107,000 total direct and indirect jobs overall. The project provides a 9:1 return on investment; more than \$14 billion in new tax revenue for the State and a net of \$13.5 billion in new City tax revenue over the next 25 years. As with all Excelsior projects, tax credits are tied to job creation and investment.

Increasing Opportunity through State Contracting

Governor Cuomo is committed to increasing opportunity, including by encouraging Minority and Women Owned Business Enterprises (MWBE). The Governor's MWBE program set aggressive utilization goals and is monitoring New York State's procurement process to ensure achievement. In 2010, the MWBE utilization rate for State contracting was just under 10 percent of the State's total discretionary spending by contracting agencies. In 2014, Governor Cuomo set the MWBE utilization goal to 30 percent of State contracting. State contract spending with MWBE firms has grown from less than \$100 million in 2010 to \$2.6 billion. More than \$14 billion in State contracts have been awarded to MWBEs in areas including transportation, construction, information technology, and financial and professional services, making New York State's MWBE participation the highest in the nation. The key to the success of the program are efforts that both promote the development of business enterprises and monitor the engagement of MWBE businesses in every arena of State contracting.

In addition, the State offers programs that provide MWBEs with the capital necessary to win larger contracts. The New York State Surety Bond Program, launched in 2012, was established to provide technical and financial assistance to help MWBEs and small businesses secure the surety bonding required to bid on State contracts. Additionally, since 2014, the Bridge to Success Loan Program has invested more than \$20 million to expand access to short term bridge loans for New York State Certified MWBEs. Qualified businesses are provided the short-term support they need to access State contracts. Since its inception, the program has provided 153 loans totaling over \$24 million supporting more than \$201 million in contracts for New York State MWBEs.

Improving Transparency in Education

New York schools are funded at the highest level per pupil of any state— 86 percent above the national average. But spending totals alone are an imperfect metric for ensuring access to high-quality education. The more important question is whether poorer schools are funded equitably.

The School Aid formula is highly progressive at the school district level, directing the vast majority of aid to school districts identified by the State Education Department as being high-need, but most school districts have multiple schools, each with a unique profile and student population. Yet the State had never collected and disseminated data on how funds are distributed within a school district at the school building level. As a result, neither the sufficiency of funding for all students nor the efficacy of the existing local/State partnership for education funding was fully understood.

At Governor Cuomo's insistence, the FY 2019 Enacted Budget included landmark legislation directing school districts to report school-level financial data for every school in the State to the Division of Budget and State Education Department. This data has already uncovered funding inequities in the State's highest need schools and is helping the public better understand how funding decisions made at the local level interact with school performance, race, poverty, and student need. Through this initiative, New York is taking an important step towards a more transparent, more equitable education system as this data will help inform parents, lawmakers and the public about how school funding decisions interact with school performance, race, poverty and student need.

Working Together Across Local Governments

Through Governor Cuomo's County-wide Shared Services Initiative local governments are provided with resources to consolidate services, create efficiencies and save taxpayer money. Beginning in 2017, eligible counties can generate property tax savings through collaboration among local governments across the State. The Initiative provides local governments with the specific tools required to work together.

First, the Chief Executive Office of each eligible county must establish a Shared Services Panel including representation from mayors, school districts, and special improvement districts. Next, the panel must develop a Property Tax Savings Plan outlining new actions to achieve savings. Plans that create and demonstrate savings across multiple local jurisdictions may be eligible for

a one-time match of the net savings resulting from new actions implemented pursuant to the plan.

Actions could include the sharing or consolidation of general government departments, public safety or transportation functions, or other resources. Last year, New York counties collaborated to share municipal engineering departments, telecommunications and asset management; consolidated fire districts, waters system metering and highway services; and reorganized regional water infrastructure.

In total, over the past two years, 53 counties – approximately 93 percent of counties subject to the initiative – filed shared services plans with the State. These 53 counties contain 98.5 percent of the State's population outside of New York City and have identified a total of 567 projects with \$260.6 million in recurring local property tax savings.

Delivering on the Promise of a High-Performance Government

Governor Cuomo's unwavering commitment to ensuring New York State government is both effective and efficient has been the catalyst for realigning and modernizing the way State agencies do business and continues to drive new reform efforts.

- **Eliminating Duplicative Efforts and Driving Enterprise-wide Shared Services.** State agencies will be required to enter all agency functions into a database, creating full transparency into agency operations. DOB will perform an analysis of the data and begin designing enterprise-wide shared services that not only consolidate functions, but use Lean techniques and evidence-based programs to improve performance and customer service. Agencies will also complete a process inventory of their processes.
- **Harnessing the Power of Financial Data.** New York State will invest \$10 million in the Statewide Financial System (SFS) over the next 3 fiscal years to fund enterprise projects that enhance planning improvements in DOB's Capital Database; automate inter-agency billing to decrease manual oversight; and enhance the SFS data analytics platform, agency business functions and the employee travel process. This initiative will reduce redundancy and improve transaction times, freeing staff to perform higher value tasks. It will also identify optimization opportunities statewide to achieve better spending management, productivity gains and internal controls.
- **Enterprise-wide Emergency Response Asset Management.** The State's commitment to maintaining the health and safety of every New Yorker is exemplified in Governor Cuomo's efforts to ensure emergency response assets and equipment are prepared and ready to be deployed. Furthering these efforts, New York State will establish the Enterprise-Wide Equipment Fund. This dedicated funding source will allow for the centralization and prioritization of equipment, including heavy equipment, across the state enterprise. In addition to new funding for equipment, the State will create 10 Fleet Maintenance Centers, located regionally and staffed to ensure that all state equipment and assets are appropriately maintained and ready to be deployed. Fleet Maintenance Centers are the first step forward in creating New York State facilities that

can be used by all agencies – breaking down barriers to collaboration, maintaining a focus on disaster response – while building the management capacity needed to leverage the State’s enterprise-wide purchasing power, maintenance contracts, parts and inventory supply chain, and warranty dollars.

Restoring Public Trust, Strengthening Democracy

The public’s faith in its government is fundamental to a successful democracy that truly represents the people. To restore the people’s power in New York State government, the Executive Budget as part of the Governor’s Justice Agenda advances measures that cut out the influence of corporate donors and opens up the democratic process by knocking down barriers to voting.

Increasing Trust in the Democratic System

- **Establish Public Campaign Financing.** The Executive Budget establishes public campaign financing that provides State matching grants for small dollar donations from individuals and restricts participating candidates from taking corporate donations. For those seeking to represent New Yorkers this means they can spend more time listening to and working for ordinary voters.
 - Provides 6:1 public matching funds for small donations of up to \$175 per candidate.
 - Public matching funds are limited based on the office sought and are as follows:
 - Governor – \$8 million
 - Lieutenant Governor, Attorney General, and Comptroller – \$4 million
 - Senate – \$375,000
 - Assembly – \$175,000
- **Close the LLC Loophole.** For too long, Limited Liability Corporations (LLCs) have been treated as individual people rather than as corporate entities. This creates a loophole through which one individual can set up multiple LLCs and make maximum campaign contributions through each, providing them with outsized influence. The Budget closes this LLC loophole.
- **Ban Corporate Donations.** The Supreme Court’s decision in the United Citizens case tore down barriers to corporate money, enabling it to take over the elections system. The Budget bans corporate campaign contributions, restoring power to the people.
- **Expose Dark Money in Politics.** The Citizens United case also opened the door for outside groups to influence elections by funneling money through 501(c)(4) groups, which then use those funds to engage in issue advertising, disseminating sophisticated ads that bypass traditional disclosure requirements. These groups also funnel millions of dollars to Super PACs. The Budget requires that these 501(c)(3) and 501(c)(4) organizations that choose to inject themselves in the political marketplace disclose the

extent and nature of their expenditures used to influence the debate on public issues, and the identity of large donors who facilitate that speech. The provision imposes no limitations on the speech of these non-profit organization or the amount of money that may be donated to, or spent by, them.

- **Require State Office Candidates to Disclose Tax Returns.** Currently, candidates face no requirement to disclose their tax returns, which provide a critical window into whether politicians are following the same laws as their constituents, and that they are free of conflicts of interest when enacting public policy. The Budget mandates that candidates for State Assembly and State Senate disclose the past five years of tax returns to the State Board of Elections as a condition of getting on the ballot for a general election. Candidates for statewide office will be required to provide 10 years of tax returns.
- **Expand FOIL to the Legislature.** The New York Freedom of Information Law governs the public's right to access government records and provide transparency for citizens. But transparency cannot just be limited to the Executive. The Budget advances a reform to FOIL so that it applies equally to the Legislature.
- **Reduce the Influence of Lobbyists.** Lobbyists represent their clients' interests and can have outsized influence through relationships built over the years. Transparency is the antidote and the Budget enhances lobbyist reporting requirements and places additional controls on their influence, by:
 - Increasing penalties on lobbyists for violations or failure to comply with reporting requirements;
 - enacting a code of conduct for lobbyists;
 - preventing political consultants from lobbying the elected officials they worked for.
 - lowering threshold for lobbying disclosures to \$500;
 - prohibiting lobbyists from making loans to candidates;
 - requiring lobbyists to file lists of all political contributions with JCOPE and provides greater transparency into the source of lobbyists funds; and
 - expanding the bar on leaving government service and becoming a lobbyist from two years to five, and making it apply to elected officials, their staff, and State agency staff.
- **Ban Employees from Campaign Volunteering.** The Executive Budget bans current government employees from volunteering for campaigns of elected officials for whom they work.

- **Expand Financial Disclosure to Local Officials.** More than 30,000 state elected officials, and their employees, are required to file disclosure statements with the Joint Commission on Public Ethics each year. The Budget expands this to require local elected officials to submit basic financial information to JCOPE, so that the people of New York State can have the information they need about the people who they choose to represent them at all levels of government.

Strengthening Democracy by Empowering Voters

- **Vote by Mail.** The State constitution currently restricts absentee ballots to only those people who provide a qualifying reason, such as absence from the county on Election Day or an illness or disability. The Budget advances a constitutional amendment to make absentee ballots available to any eligible voter, no matter their reason for wanting one.
- **Early Voting.** Early voting makes voting more convenient for voters whose professional or family obligations make it difficult to physically get to the polls on Election Day, and reduces lines on election day. The Budget allows for 12 days of early voting with at least one poll site for every 50,000 voters, with a cap of seven per county.
- **Same Day Registration.** The New York State Constitution currently prohibits a voter from registering to vote less than 10 days before an election and still be able to vote in that election. The Budget advances an amendment to the State constitution to eliminate this outdated but formidable barrier to the ballot box.
- **Automatic Voter Registration and Registration of Minors.** The Budget advances legislation that changes the paradigm on voter registration from requiring voters from affirmatively asking to be registered, to automatically registering unless they affirmatively ask not to be registered. It also allows 16 and 17-year-olds to pre-register to vote, meaning that a voter will automatically be registered on his or her 18th birthday. These changes will boost turnout and strengthen our democratic process.
- **Synchronize Federal and State Elections.** For far too long, New York State has held separate primary elections for State and Federal elections. This confuses voters and is a waste of administrative resources. The Budget advances legislation that unifies State and Federal primaries.
- **Leave for Voting.** For many voters, the modern work schedule is incompatible with existing polling hours. For this reason, the Budget ensures that workers are afforded the time necessary to vote without loss of wages.
- **Open Polls Earlier Upstate for Primaries.** State Election Law currently prohibits poll places from opening before noon in primary elections only in upstate New York. New Yorkers everywhere are entitled to the same opportunity to vote, and legislation in the Budget fixes this issue by ensuring that voting hours are extended for primary elections upstate to match those voting hours across the rest of the State.

- **Make Registration Portable.** When New Yorkers move to a different county, their voter registration does not move with them. This unnecessarily complicates a voter's registration status and requires the voter to re-register with his or her new local board of elections as if he or she were registering for this first time. Legislation in the Budget ensures that when a voter moves elsewhere in the State, his or her voter registration will seamlessly go with them, removing an obstacle to the ballot box.

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

To fulfill these requirements, this Budget includes materials accessible to the general public through the Budget Division's official website (<https://www.budget.ny.gov/>).

The central volume, *Executive Budget Briefing Book* contains the Budget Director's Message, which presents the Governor's fiscal blueprint for FY 2020 and explains the State's Financial Plan. It also includes highlights of major initiatives and a list of the legislative proposals needed to implement the proposed Budget.

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

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

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

The *State Agency Presentations* includes links to the mission and functions of each State agency, descriptions of major Budget actions, and tables that summarize the agency's spending by program and category. This portal also includes the budget requests of the Legislature and Judiciary, which are submitted without revision as required by the Constitution.

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

Two types of legislation are required for budget enactment. Appropriation bills provide the legal authorization for all spending from the funds managed by the State. These bills encompass the recommended funding for State Operations, Aid to Localities, Capital Projects, Debt Service and the Legislature and Judiciary. Other bills amend State law governing programs and revenues. These "Article VII bills," and all Executive Budget appropriation bills, are available online at the Budget Division's official website (<https://www.budget.ny.gov/>) or in print from the Senate and Assembly document rooms located in the Capitol and the Legislative Office Building.

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

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

The Budget Reform Act mandated the use of conference committees as part of the legislative budget process. These committees, which have been used in various forms in the past, must now be formed early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills. These final bills are available from the legislative document rooms.

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

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

After enactment of the budget, the Legislature is required to summarize its changes to the Executive Budget. This summary is presented in the "Green Book," which is available from the Senate and Assembly document rooms. The Governor is required to revise the Financial Plan to reflect the Enacted Budget. Like the original Executive Budget and any amendments, this revised plan and subsequent updates are also made available on the Budget Division's website.

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

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

Glossary of Acronyms



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

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