



**Division of
the Budget**

FY 2017 Executive Budget Overview

Andrew M. Cuomo, Governor

January 2016

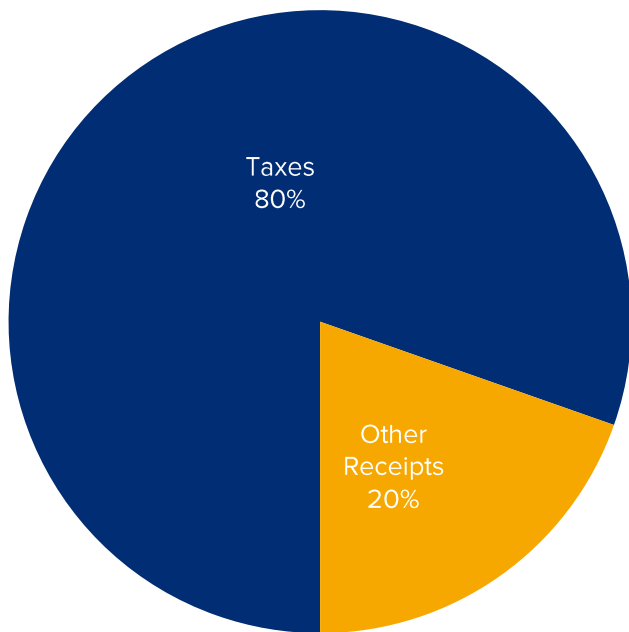
- 1. Financial Plan Overview**
- 2. Revenue Projections**
- 3. Capital and Debt Management**

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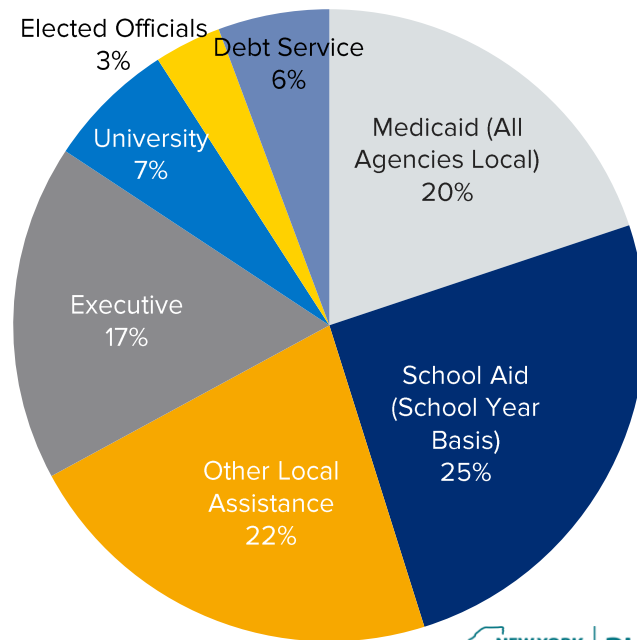
FY 2017 Executive Budget \$95.9B

State Operating Funds

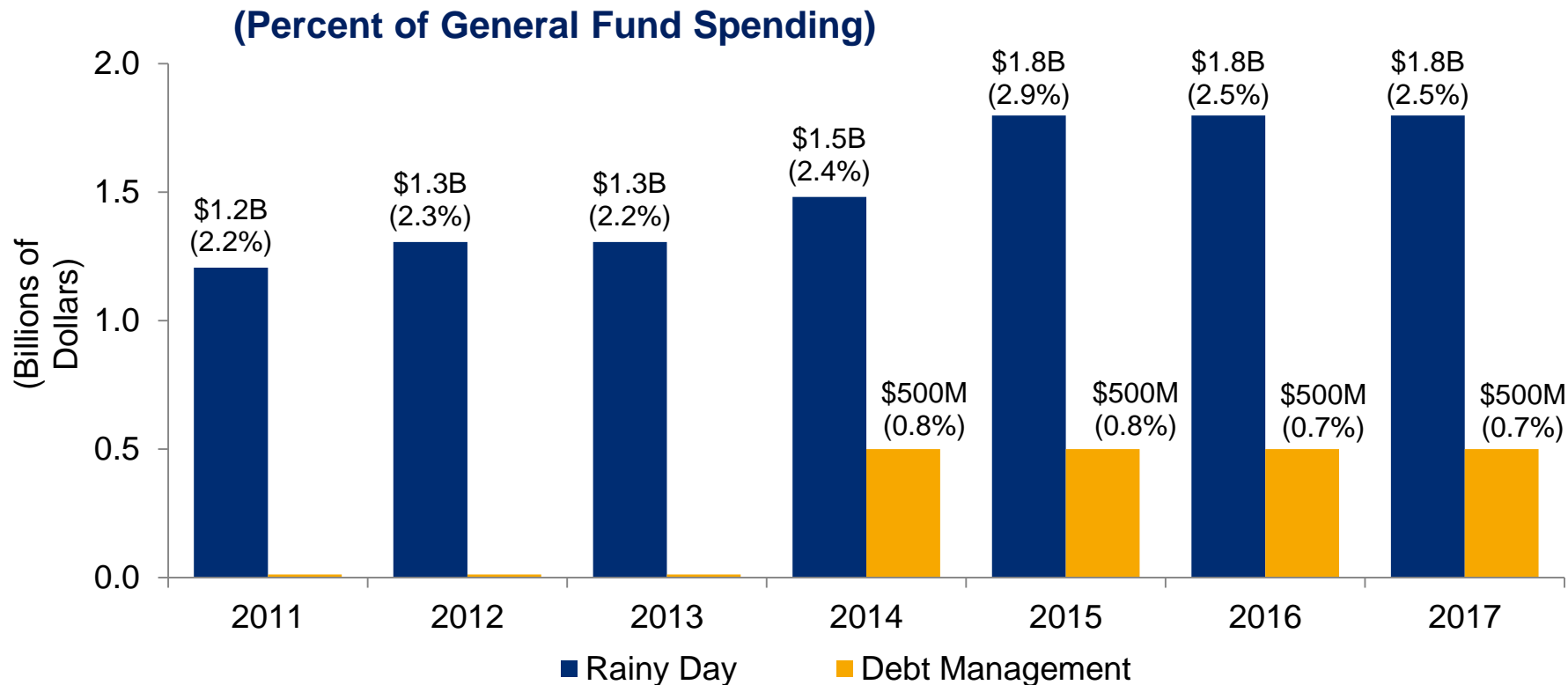
Where it Comes From



Where it Goes



Year-End Reserves Bolstered by More than \$1 B



Note: New York rainy day reserves include the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund.

Financial Plan Overview

	FY 2016	FY 2017	Change	Percentage Growth
State Operating Funds	\$94.3 B	\$95.9 B	\$1.6 B	1.7%
All Governmental Funds (Excl. Extraordinary Aid)*	\$143.6 B	\$145.3 B	\$1.7 B	1.2%
All Governmental Funds (Incl. Extraordinary Aid)*	\$152.1 B	\$154.5 B	\$2.4 B	1.6%

*Extraordinary Aid includes Hurricane Sandy Aid, Affordable Care Act, Basic Health Plan, and spending funded with bank settlement money.



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Executive Budget Spending

FY 2016 Current Spending (State Operating Fund)	\$94.3 B
SY 2017 School Aid: \$991M for operating, \$150M for increase in Smart Schools disbursements (capital)	\$1.14 B
Medicaid Cap Index (3.4%)	\$558 M
Agency Operations	-\$2 M
All Other	\$56 M
Subtotal	\$1.6 B
FY 2017 Executive Budget SOF Spending	\$95.9 B



How We Achieved 1.7 Percent Spending

FY 2017 Mid-Year Estimate (\$ in Millions)	\$98,183
Re-estimates/Program Timing/Cost Controls	(776)
Agency Operations Flat; Fringe Benefit Revisions	(384)
Debt Management	(225)
TANF Funds for Child Care	(100)
CUNY Equity Cost Sharing (Gross) ¹	(393)
STAR Reform	(240)
Medicaid Growth Rebalance	(180)
FY 2017 Executive Budget Estimate	\$95,885

¹ Budget proposes reinvesting \$240 million of the savings to fund potential labor agreements with CUNY employee unions.

SY 2017 School Aid Increase of \$1.14 Billion

Category of Increase	Change (millions)
Reimbursement for Expense-Based Aids / Other	\$408
Additional Foundation Aid	\$266
Gap Elimination Adjustment Restoration	\$189
Community Schools Aid	\$100
Empire State Prekindergarten Program for Three-Year-Olds	\$22
Early College High Schools	\$4
QUALITYstarsNY	\$2
Increase in Smart Schools Bond Act Disbursements	\$150
Total School Aid Increase	\$1.14 Billion

Medicaid

- In FY 2017, Medicaid spending is capped at 3.4 percent and grows by \$588 million from the prior year. Similar to prior years, a balanced package is presented to live within Medicaid Global Cap.

(\$ Millions)	FY 2016	FY 2017	FY 2018	FY 2019
DOH Global Cap	\$17,104	\$17,692	\$18,259	\$18,812
CPI%	3.6%	3.4%	3.2%	3.0%

STAR Reforms

- **Convert NYC STAR PIT credit into a State PIT credit.**
 - There is no impact for taxpayers or for New York City.
- **Gradually convert STAR into a PIT credit for new homeowners or those who move.**
 - The STAR formula would stay the same for taxpayers, only the timing of the benefit payout would change.
- **Eliminate STAR's 2% inflator.**
 - The Property Tax Cap and Property Tax Freeze Program have eliminated the need for automatic STAR inflator.

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Actual and Estimated Tax Receipt Growth (percentage)

	Actual			Estimated			
Category	FY 2013	FY 2014	FY 2015	FY 2016 (\$ Mill)	FY 2016 (%)	FY 2017 (\$ Mill)	FY 2017 (%)
Personal Income Tax	3.8	6.8	1.7	47,094	7.7	49,960	6.1
User Taxes	0.3	3.3	1.9	15,640	1.7	16,194	3.5
Business Taxes	7.4	(2.4)	3.0	8,406	(1.1)	8,017	(4.6)
Other Taxes	(2.8)	12.6	2.0	3,943	14.7	3,512	(10.9)
TOTAL	3.1	5.1	1.9	75,083	5.7	77,683	3.5

Tax Cuts for 1 Million Small Businesses

Cut Small Business Corp Net Income Tax Rate From 6.5% to 4%

Example: A small business taxpayer with \$285,000 in net income:

Current, at 6.5% - \$18,525 liability

Proposed, at 4% - \$11,400 liability

Increase Sole Proprietor PIT Business Income Exemption From 5% to 15%

Example: A farmer or sole proprietor with net business income of \$240,000 and an effective tax rate of 6%:

Current, at 5% exemption - \$720 savings

Proposed, at 15% exemption - \$2,160 savings

Expand PIT Business Income Exemption to Members of S-Corps, Partnerships, and LLCs:

Example: A member of a qualifying partnership with net business income of \$200,000, at an effective tax rate of 6%:

Current, with no exemption - \$12,000 liability

Proposed, at 15% exemption - \$1,800 savings

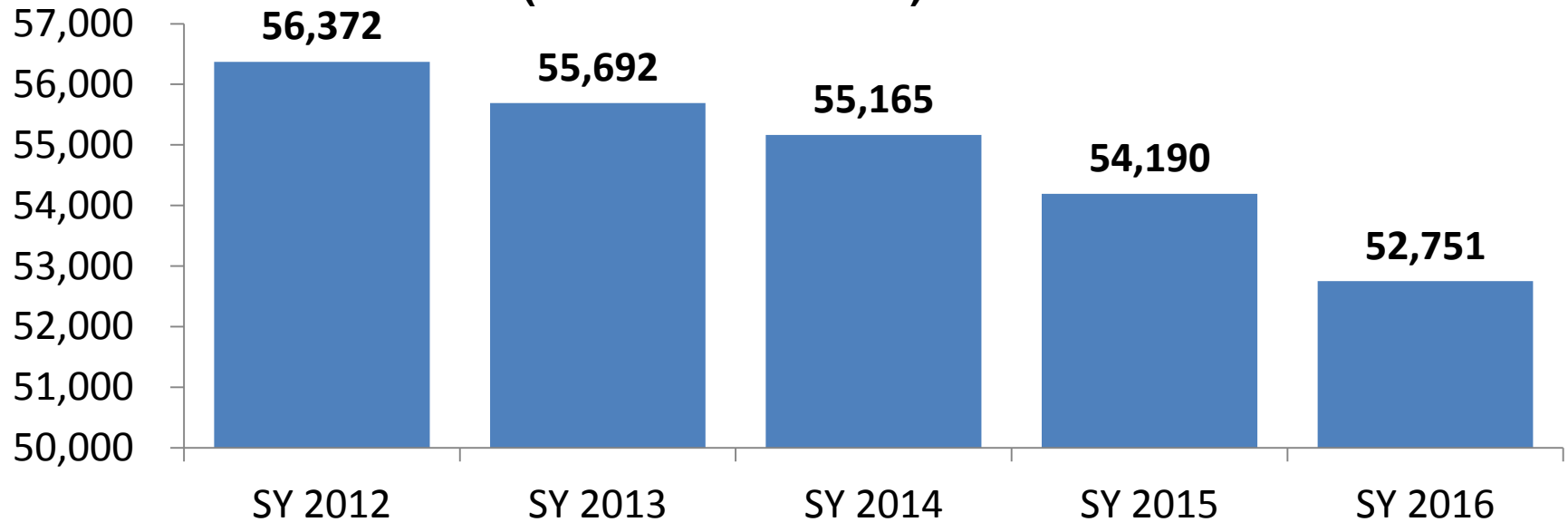


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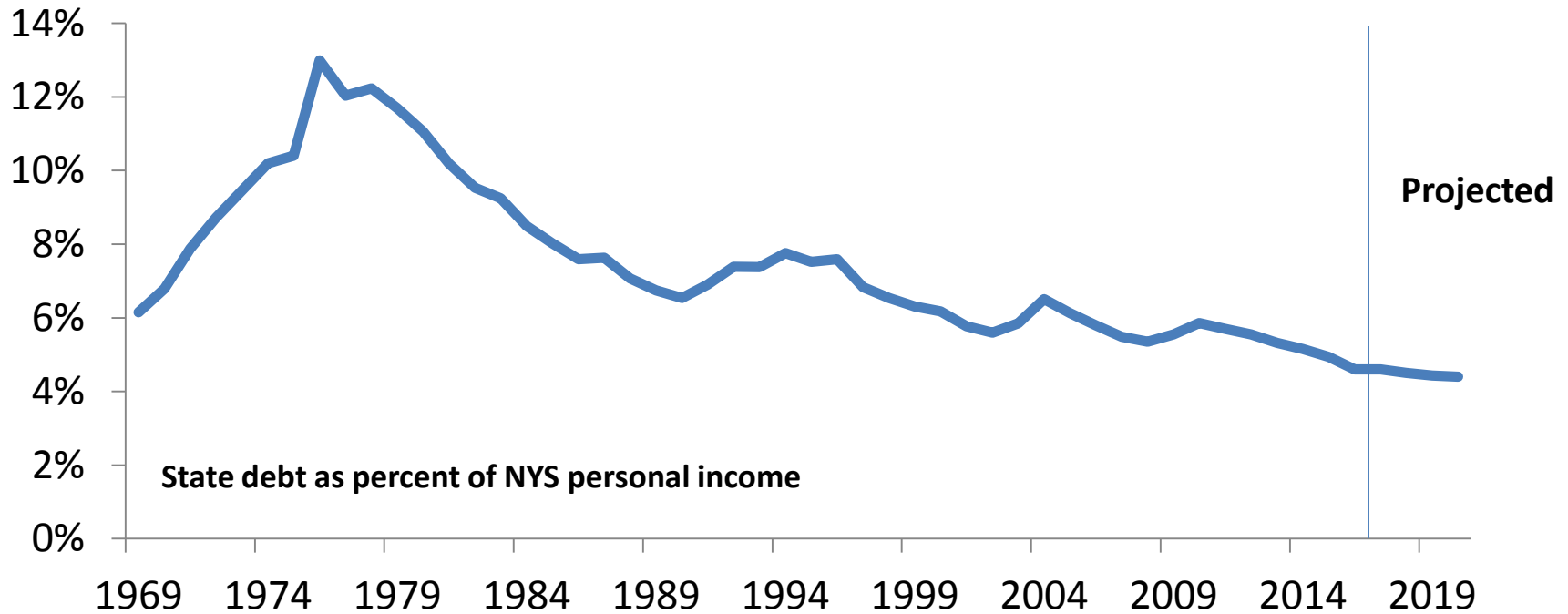
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Debt Declines for 4th Consecutive Year

**State Debt Outstanding
(Millions of Dollars)**



Debt Burden is Steadily Improving and is at Lowest Level Since the 1960s



\$2.3 Billion in Settlement Funds is Prudently Invested

- **Thruway Stabilization Plan (\$700 million)**
- **Thruway Toll Reduction Plan (\$340 million)**
- **Transportation Capital Plan (\$200 million)**
- **Homeless and Affordable Housing (\$640 million)**
- **Environmental Protection (\$120 million)**
- **Economic Development (\$255 million)**
- **Empire State Poverty Reduction Initiative (\$25 million)**
- **Municipal Consolidation (\$20 million)**



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