2016-17 NEW YORK STATE EXECUTIVE BUDGET

PUBLIC PROTECTION AND GENERAL GOVERNMENT
ARTICLE VII LEGISLATION

MEMORANDUM IN SUPPORT
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MEMORANDUM IN SUPPORT

A BUDGET BILL submitted by the Governor in
Accordance with Article VII of the Constitution

AN ACT to amend the executive law, in relation to the
appointment of an independent special
counsel to review matters involving the use of
deadly physical force by a police officer; to
amend the criminal procedure law, in relation
to grand jury reports and proceedings, the
district attorney's letter and leave to appeal; to
amend the county law, in relation to the
appointment of a special district attorney; to
amend the penal law, in relation to unlawful
grand jury disclosure; to amend the executive
law, in relation to establishing a model law
enforcement use of force policy and to
reporting duties of law enforcement
departments with respect to enforcement of
certain violations and misdemeanors; and to
amend the criminal procedure law, in relation
to the contents of an application for a search
warrant (Part A); to amend chapter 503 of the
laws of 2009, relating to the disposition of
monies recovered by county district attorneys
before the filing of an accusatory instrument,
in relation to the effectiveness thereof (Part
B); to amend the tax law, in relation to
suspending the transfer of monies into the
emergency services revolving loan fund from
the public safety communications account
(Part C); to amend the executive law in
relation to transferring certain functions to the
division of state police from the division of
homeland security and emergency services
(Part D); to amend chapter 268 of the laws of
1996, amending the education law and the
state finance law relating to providing a
recruitment incentive and retention program
for certain active members of the New York
army national guard, New York air national
guard, and New York naval militia, in relation
to the effectiveness of such chapter (Part E);
to amend chapter 83 of the laws of 1995
amending the state finance law and other laws relating to bonds, notes, and revenues, in relation to making certain provisions permanent; and to amend chapter 1 of the laws of 2005 amending the state finance law relating to restricting contacts in the procurement process and the recording of contacts relating thereto, in relation to making certain provisions permanent (Part F); to amend the workers’ compensation law, in relation to the authorization of certain providers, the computation of average weekly wages basis of compensation, penalties of the workers’ compensation board, an assumption of workers’ compensation liability insurance policy and fund for reopened cases financing agreement, the authority to issue aggregate penalties, deposits into the aggregate trust fund, the pooled individual self-insured employer fund, workers’ compensation board, workers’ compensation board’s designation to review appeals or any review of any orders, authorizations of assessments for annual expenses, payment of claims of affected World Trade Center volunteers and to allow public group self-insured employers to offer alternative coverage; to amend the public authorities law, in relation to the assumption of workers’ compensation liability insurance policy, and the dormitory authority’s authority to issue bonds to reduce assessments imposed on self-insured employers; to amend the insurance law, in relation to large deductible programs; and to repeal certain provisions of the public authorities law relating thereto (Part G); to amend the workers’ compensation law and the insurance law, in relation to provide paid family leave benefits; and to repeal sections 223 and 224 of the workers’ compensation law, relating to disability benefits (Part H); to amend the public authorities law, in relation to establishing the New York State Design and Construction Corporation act (Part I); to amend the civil service law, in relation to the state’s contribution to the cost of health
insurance premiums for retirees of the state and their dependents (Part J); to amend the civil service law, in relation to the reimbursement of medicare premium charges (Part K); to amend the civil service law, in relation to the expiration of public arbitration panels (Part L); to amend the state finance law, in relation to the dedicated infrastructure investment fund (Part M); and to provide for the administration of certain funds and accounts related to the 2016-17 budget, authorizing certain payments and transfers; to amend the state finance law, in relation to the rainy day reserve fund, the dedicated infrastructure investment fund infrastructure investment account, and the school tax relief fund; to amend the state finance law, in relation to payments, transfers and deposits; to amend the state finance law, in relation to the period for which appropriations can be made; to amend chapter 60 of the laws of 2015, providing for the administration of certain funds and accounts related to the 2015-16 budget, in relation to certain transfers and to the effectiveness of certain provisions thereof; to amend the New York state urban development corporation act, in relation to funding project costs for certain capital projects; to amend chapter 389 of the laws of 1997, relating to the financing of the correctional facilities improvement fund and the youth facility improvement fund, in relation to the issuance of bonds; to amend the private housing finance law, in relation to housing program bonds and notes; to amend chapter 329 of the laws of 1991, amending the state finance law and other laws relating to the establishment of the dedicated highway and bridge trust fund, in relation to the issuance of bonds; to amend the public authorities law, in relation to the issuance of bonds; to amend the public authorities law, in relation to the dormitory authority; to amend chapter 61 of the laws of 2005 relating to providing for the administration of certain funds and accounts related to the 2005-2006
budget, in relation to issuance of bonds by the urban development corporation; to amend the New York state urban development corporation act, in relation to the issuance of bonds; to amend the public authorities law, in relation to the state environmental infrastructure projects; to amend the New York state urban development corporation act, in relation to authorizing the urban development corporation to issue bonds to fund project costs for the implementation of a NY-CUNY challenge grant program; to amend chapter 81 of the laws of 2002, relating to providing for the administration of certain funds and accounts related to the 2002-2003 budget, in relation to increasing the aggregate amount of bonds to be issued by the New York state urban development corporation; to amend the public authorities law, in relation to financing of peace bridge and transportation capital projects; to amend the public authorities law, in relation to dormitories at certain educational institutions other than state operated institutions and statutory or contract colleges under the jurisdiction of the state university of New York; to amend the New York state medical care facilities finance agency act, in relation to bonds and mental health facilities improvement notes; to amend chapter 63 of the laws of 2005, relating to the composition and responsibilities of the New York state higher education capital matching grant board, in relation to increasing the amount of authorized matching capital grants; to direct the distribution of local sales tax revenue from the city of New York; and providing for the repeal of certain provisions upon expiration thereof (Part N)
PURPOSE:
This bill contains provisions needed to implement the Public Protection and General Government portions of the 2016-17 Executive Budget.

This memorandum describes Parts A through N of the bill which are described wholly within the parts listed below.

Part A - The Criminal Justice Reform Act of 2016

Purpose:
This bill would address and improve the State’s criminal justice system’s response to incidents involving the deaths of persons allegedly caused by the actions of on-duty police officers.

Summary of Provisions and Statement in Support:

1. Independent Special Counsel

This bill would create a Governor-appointed “independent special counsel” who would be responsible for reviewing credible allegations of the use of deadly force by a police officer where such deadly physical force resulted in the death of an unarmed person where the district attorney declines to present evidence to a grand jury or where a grand jury declines to return an indictment. The independent special counsel would review the evidence and facts of the case. In those cases where the independent special counsel finds substantial errors or new evidence, he or she may recommend that the Governor appoint a special prosecutor.

2. Grand Jury Report

This bill would amend CPL §190.85 to allow the grand jury to submit a report to the court stating its findings after an investigation.

3. District Attorney Letter

This bill would allow the district attorney to issue a letter to the public in lieu of a grand jury report when, as described in section one above, the district attorney elects not to present the matter to the grand jury, or when a grand jury declines to return an indictment.

4. Sharing of Evidence

This bill would allow the district attorney to share the grand jury materials, including grand jury testimony, evidence, exhibits and the legal instructions, to the independent special counsel when a grand jury declines to return an indictment. The grand jury materials
shall remain secret except that the independent special counsel may disclose the materials to the Governor and the Governor's staff as a part of his or her recommendation.

5. **Special Prosecutor**

When the district attorney elects not to present the matter to the grand jury, or when a grand jury declines to return an indictment, the Governor will have the authority to appoint a special prosecutor to investigate the allegations and where appropriate, prosecute the case.

6. **Change of Venue**

This bill would allow any party aggrieved by an order of the appellate division denying a motion to change venue to seek leave to appeal from such order to the court of appeals. The bill would also create an expedited process directly to the Court of Appeals for doing so.

7. **Unlawful Disclosure**

This bill would add the independent special counsel to the list of individuals who, upon unlawful disclosure of grand jury materials, are guilty of unlawful grand jury disclosure.

8. **Statewide Use of Force Policy**

The bill would require law enforcement agencies statewide to adopt their own use of force policy consistent with the model use of force policy set forth by the Municipal Police and Training Council.

9. **Reporting Duties for Law Enforcement Agencies**

This bill would require all state law enforcement agencies to annually report to the Division of Criminal Justice Services (DCJS) the number of arrests made or appearance tickets or summonses issued for offenses that do not require the taking of fingerprints. The bill would also require law enforcement agencies to report to DCJS any arrest related death which occurs during law enforcement custody or an attempt to establish custody including but not limited to deaths caused by any use of force.

10. **Search Warrant**

The bill would require that for every application for a search warrant, the applicant must provide the judge with information about whether the search warrant had previously been submitted to that judge or any other judge. Additionally, the applicant must provide the result of the previous submission and the name or names of the judge who acted on the prior submission.
Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget.

Effective Date:

This bill would take effect thirty days after enacted and shall apply only to acts that occurred on or after such effective date, except that Section 1 shall remain in effect until the expiration of the term of the fifty-sixth Governor of New York State and Section 11 shall take effect on the one hundred and eightieth day after enacted.

Part B - Continue provisions relating to the disposition of certain monies recovered by county district attorneys

Purpose:

This bill would continue the existing formula for distribution of certain monies recovered by county district attorneys.

Summary of Provisions and Statement in Support:

This bill would amend Chapter 503 of the laws of 2009, as amended by section 25 of Part B of Chapter 55 of the Laws of 2015, to extend that statute by one year. Pursuant to that law, a county district attorney in New York City may retain a portion of recoveries it makes before the filing of an accusatory instrument, and the remaining amount is distributed equally between the State and the City of New York. The existing statute will otherwise expire on March 31, 2016.

Under this statute, the State has received a significant amount of unanticipated revenues as a result of recoveries made by the Manhattan District Attorney’s Office from pre-indictment settlements (i.e., pursuant to deferred prosecution agreements).

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. It will ensure that the State will receive a revenue share in the event of a recovery in 2016-17.

Effective Date:

This bill would take effect on March 31, 2016.

Part C - Suspend a subsidy to a revolving loan fund from cell surcharge revenues
Purpose:

This bill would change the required use of cellular surcharge revenues by suspending the annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for two fiscal years.

Summary of Provisions and Statement in Support:

This bill would amend Section 186-f of the Tax Law to suspend an annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for two fiscal years. This transfer was previously suspended for 2014-15 and 2015-16 by Section 1 of Part D of Chapter 55 of the laws of 2014.

The Emergency Services Revolving Loan Fund is a means to assist local governments, fire districts and not-for-profit fire/ambulance corporations in financing emergency response equipment, such as firefighter apparatus, fire engines and ambulances, and construction costs related to the housing of such equipment. Since it is structured as a revolving loan fund (i.e., payments of principal and interest are deposited into the fund) and presently there is a robust balance of approximately $12.7 million, eliminating the annual transfer from the Public Safety Communications Account should not diminish the ability of Revolving Loan Fund’s administrators to make new loans. Annual spending out of the fund is approximately $2.5 million while annual loan repayments average approximately $3 million.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. It will ensure that the Public Safety Communications Account has sufficient funds to support other statutorily authorized purposes, including interoperable communication grants to counties.

Effective Date:

This bill would take effect immediately upon enactment.

Part D - Enhancing the State's counter-terrorism intelligence gathering and analysis operations through the realignment of resources

Purpose:

This bill would transfer the Intelligence and Analysis Unit within the Office of Counterterrorism in the Division of Homeland Security and Emergency Services (DHSES) to the Division of State Police (State Police).
Summary of Provisions and Statement in Support:

This bill would effectuate the transfer of the Intelligence and Analysis Unit staff within DHSES’s Office of Counterterrorism to State Police and amend applicable sections of Executive Law to remove the functions and responsibilities of this unit from DHSES.

The consolidation of these key intelligence staff under one command structure within the State Police will vastly improve the efficiency of the New York State Intelligence Center in the monitoring of emerging threats and the identification of likely targets. This realignment is in response to forthcoming preliminary recommendations following the Governor’s request of former New York City Police Department Commissioner Ray Kelly to audit the State's existing counter-terrorism preparedness and prevention efforts.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part E - Extend the tuition benefit program for members of the New York Army and Air National Guard and the Naval Militia that would otherwise sunset

Purpose:

This bill would extend the Recruitment Incentive and Retention Program (RIRP) that would otherwise sunset in 2016.

Summary of Provisions and Statement in Support:

This bill would extend Chapter 268 of the laws of 1996, as amended by Part A of Chapter 57 of the Laws of 2011, for five years. The RIRP program provides a direct payment of college tuition for an eligible service member matriculated and enrolled at least half-time (minimum of two courses per semester) at a two or four-year college or university in New York State, up to the amount of tuition charged by a college or university in the State University of New York system.

For the past several fiscal years, an average of $1.5 million in tuition benefits have been provided annually to eligible applicants. Continuation of the program will aid in recruitment and retention efforts to achieve planned strength levels for the New York National Guard and Naval Militia. The State’s readiness to respond to emergencies will be enhanced by achieving and maintaining appropriate National Guard and Militia strength levels.
Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget as authorization to continue the tuition benefit program is needed to meet certain Financial Plan projections.

Effective Date:

This bill would take effect immediately upon enactment.

Part F - Making the Procurement Stewardship Act and the Procurement Lobbying Law permanent

Purpose:

This bill would amend State Finance Law sections 163, 139-j, and 139-k by eliminating the expiration dates and making such sections permanent.

Summary of Provisions and Statement in Support:

The sunset date attached to State Finance Law section 163 is deleted and the section is made permanent. The sunset date attached to State Finance Law sections 139-j and 139-k is deleted and the sections are made permanent.

Section 163 provides the statutory standards for State agency procurement of commodities, services, and technology. These standards require that contracts for commodities be awarded on the basis of lowest price, contracts for services be awarded on the basis of best value, and awards be made to responsible and responsive bidders.

Sections 139-j and 139-k provide requirements for procurement lobbying and recording of contacts relative to influencing a procurement. These sections ensure the public procurement process remains competitive, open, and transparent.

The above provisions were originally enacted with sunset dates, which have been extended a number of times. This bill would delete the expiration dates to make the provisions permanent. Section 163 was first enacted in 1995, and Sections 139-j and 139-k were first enacted in 2005. Sufficient time has now passed to demonstrate their usefulness, and the vendor community and contracting agencies have become familiar with following the requirements of the laws. Moreover, at a Roundtable to solicit comments on the two laws, hosted by the New York State Office of General Services on December 17, 2015, a number of vendors and contracting agencies recommended that the laws be made permanent, noting that the possibility of expiration creates disruption and uncertainty in State procurements.
**Budget Implications:**

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it provides for cost effective processes for State agencies to procure commodities, services, and technology.

**Effective Date:**

This bill would take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2016.

**Part G - Enact Workers' Compensation Reform**

**Purpose:**

This bill amends various provisions of the Workers’ Compensation Law (WCL), the Public Authorities Law (PAL) and the Insurance Law to streamline the workers’ compensation system to better protect workers, reduce administrative overhead, and lower costs to employers.

**Summary of Provisions and Statement in Support:**

New York's Workers’ Compensation Program delivers medical and lost wage benefits to many thousands of injured workers. This process, which has grown to a system of over $7 billion, is complicated and cumbersome, delaying claim settlements and payment, and increasing costs to employers.

The bill would include, among other specific provisions:

- Continuing support for the World Trade Center Volunteer Fund;
- Creating a new pooling agreement freeing employers’ committed reserves;
- Redesigning current operations to ensure the system will provide more timely and appropriate medical and wage replacement benefits to workers;
- Providing broader and more accessible options for medical care by expanding the list of eligible providers;
- Making hearings more accessible through flexible scheduling and use of virtual hearings; and
- Streamlining Workers’ Compensation Board processes and administration to expedite decision making.
Budget Implications:

Enactment of this bill is necessary to implement the FY 2016-17 Executive Budget.

Effective Date:

This bill would take effect immediately with the exception of the amendments to WCL §50, which take effect January 1, 2017.

Part H - Establish Paid Family Leave

Purpose:

This bill would authorize Paid Family Leave (PFL) to allow employees to bond with an infant or newly-adopted child or to care for a seriously-ill family member.

Summary of Provisions and Statement in Support:

Federal law currently provides for unpaid family leave, which can create a dilemma for those caught between the need to care for a sick relative or newborn and the pressure to return to work and earn money. Moreover, Federal unpaid family leave only covers approximately 60 percent of all workers.

This bill would establish a comprehensive statewide PFL program providing:

- Employees up to 12 weeks of PFL on an annual basis to bond with an infant or newly adopted child or to care for a seriously-ill family member. All private employees would be covered and State and local government employers would be able to opt-in to coverage through collective bargaining or other agreements;

- Job protections and protection against retaliatory actions; and

- A phase-in of PFL benefits over four years, beginning in 2018, when employees would be eligible to receive 35 percent of their average weekly wage to a maximum benefit of 35 percent of the State’s average weekly wage. The PFL benefit would be fully phased-in by 2021, as follows:
  - In 2019, the effective rates increase to 40 percent;
  - In 2020, to 45 percent; and
  - In 2021, to 50 percent.
Costs to support the PFL program would be established as follows:

- Premiums for PFL policies would be supported through a minimal payroll deduction on all covered employees; and
- PFL coverage will be provided by insurance carriers, the State Insurance Fund (SIF), or self-insured employers. In order to limit premium volatility, the Superintendent of Financial Services will determine whether coverage provided by carriers and SIF will be experience rated or community rated.

Finally, this bill sets forth a dispute resolution process.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2016-17 Executive Budget.

**Effective Date:**

This bill would take effect on April 1, 2016.

**Part I - This bill would establish the New York State Design and Construction Corporation Act**

**Purpose:**

This bill would establish the New York State Design and Construction Corporation Act (Act). The Act would create the New York State Design and Construction Corporation (NYSDCC) as a subsidiary of the Dormitory Authority of the State of New York (DASNY).

**Summary of Provisions and Statement in Support:**

The Act would amend Public Authorities Law by creating a new section 1678-A to establish NYSDCC as a subsidiary of DASNY. NYSDCC would provide additional project management expertise and oversight on significant public works projects undertaken by state agencies, departments, public authorities, and public benefit corporations. The bill would establish a $50 million project threshold, applicable to projects advertised or procured after January 1, 2016.

The bill also sets forth the respective responsibilities of state-related entities as well as the scope of NYSDCC’s authority and oversight necessary to accomplish the purposes of the Act. The bill further provides for inclusion of relevant provisions of the Act in proposal or bid documents and outlines the general powers and duties of NYSDCC.
Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because the Act would provide a structure to leverage expertise in design, construction, and project oversight for large-scale public works projects to optimize efficiency, cost and quality.

Effective Date:

This bill would take effect immediately.

Part J - Implement differential premiums for future New York State Health Insurance Plan retirees based on years of service

Purpose:

This bill would fund retiree health insurance coverage on a graduated basis for State employees retiring after October 1, 2016. Currently, an employee retiring with 30 years of service pays the same for their health insurance coverage as an employee who retires with 10 years of service. Under this proposal, comparable to the calculation for pension benefits, new retirees would pay differentiated premiums based on years of service.

Summary of Provisions and Statement in Support:

Over the next three fiscal years, New York State Health Insurance Plan (NYSHIP) costs for retirees are projected to increase by 14.4%, from $1.27 billion to $1.45 billion. This is well beyond the benchmark growth rate of 2% per year, and challenges the State’s ability to remain economically competitive.

Currently, the State reimburses a retiree for their health insurance costs at the same rate regardless of whether the retiree has 10 years of State service or 30 or more years of service. For State retirees with at least 10 years of service at or equated to Grade 10 or higher, the State pays 84 percent of the cost of Individual Coverage and 69 percent of the cost of Dependent Coverage – the employee pays 16 percent and 31 percent, respectively. Additionally, for retirees with at least 10 years of service at or equated to Grade 9 or lower, the State pays 88 percent of the cost of Individual Coverage and 73 percent of the cost of Dependent Coverage – the employee pays 12 percent and 27 percent, respectively.

Under this bill, civilian State employees retiring on or after October 1, 2016 with less than 30 years of service would have to contribute a greater share of their health insurance costs. Costs would be proportionately greater for an individual with 10 years of service, and gradually decrease with each additional year of service until the 30-year mark where costs would be at the current levels outlined above.
This bill would add a new subdivision 10 to section 167 of the Civil Service Law with seven (7) new paragraphs.

- **Paragraph (a)** provides the State’s share of Individual Coverage for State employees who retire from a position at or equated to grade 10 or higher:
  - The State shall pay 50 percent of the cost of Individual Coverage for such employees who have retired with at least 10 years of service. For such employees who have retired with at least 10 years of service but less than 20 years of service, the State’s share shall increase by two percent of the cost of Individual Coverage for each year of service in excess of 10 years, to a maximum of 68 percent of the cost of Individual Coverage.
  - The State shall pay 74 percent of the cost of Individual Coverage for such employees who have retired with at least 20 years of service. The State’s share shall increase by one percent of the cost of Individual Coverage for each year of service in excess of 20 years, to a maximum of 84 percent of the cost of Individual Coverage.

- **Paragraph (b)** provides the State’s share of Individual Coverage for State employees who retire from a position at or equated to grade 9 or lower:
  - The State shall pay 54 percent of the cost of Individual Coverage for such employees who have retired with at least 10 years of service. For such employees who have retired with at least 10 years of service but less than 20 years of service, the State’s share shall increase by two percent of the cost of Individual Coverage for each year of service in excess of 10 years to a maximum of 72 percent of the cost of Individual Coverage.
  - The State shall pay 78 percent of the cost of Individual Coverage for such employees who have retired with at least 20 years of service. The State’s share shall increase by one percent of the cost of Individual Coverage for each year of service in excess of 20 years, to a maximum of 88 percent of the cost of Individual Coverage.

- **Paragraph (c)** provides the State’s share of Dependent Coverage for State employees who retire from a position at or equated to grade 10 or higher:
  - The State shall pay 35 percent of the cost of Dependent Coverage for such employees who have retired with at least 10 years of service. For such employees who have retired with at least 10 years of service but less than 20 years of service, the State’s share shall increase by two percent of the cost of Dependent Coverage for each year of service in excess of 10 years, to a maximum of 53 percent of the cost of Dependent Coverage.
The State shall pay 59 percent of the cost of Dependent Coverage for such employees who have retired with at least 20 years of service. The State's share shall increase by one percent of the cost of Dependent Coverage for each year of service in excess of 20 years, to a maximum of 69 percent of the cost of Dependent Coverage.

Paragraph (d) provides the State's share of Dependent Coverage for State employees who retire from a position at or equated to grade 9 or lower:

- The State shall pay 39 percent of the cost of Dependent Coverage for such employees who have retired with at least 10 years of service. For such employees who have retired with at least 10 years of service but less than 20 years of service, the State's share shall increase by two (2) percent of the cost of Dependent Coverage for each year of service in excess of 10 years, to a maximum of 57 percent of the cost of Dependent Coverage.

- The State shall pay 63 percent of the cost of Dependent Coverage for such employees who have retired with at least 20 years of service. The State's share shall increase by one percent of the cost of Dependent Coverage for each year of service in excess of 20 years, to a maximum of 73 percent of the cost of Dependent Coverage.

Paragraph (e) provides that each increment of one or two percent of the cost of premium or subscription charges for each year of service shall be applicable for whole years of service to the State and shall not be applied on a pro-rata basis for partial years of service.

Paragraph (f) provides that this bill shall not be applicable to:

- Members of the New York State and Local Police and Fire Retirement System;

- Members in the uniformed personnel in institutions under the jurisdiction of the Department of Corrections and Community supervision or who are security hospital treatment assistants, as defined in section eighty-nine of retirement and social security law; and

- Any state employee determined to have retired with an ordinary, accidental, or performance of duty disability retirement benefit.

Paragraph (g) provides that for the purpose of determining the premium or subscription charges, the State shall consider all years of service that a retired State employee has accrued in a public retirement system or an optional retirement program.
Budget Implications:

In FY 2017, implementation of this proposal is projected to reduce NYSHIP costs by $3 million and impact 2,815 retirees and dependents. By FY 2020, the annual savings is projected at $24.5 million and 20,597 retirees and dependents would be impacted.

Effective Date:

This bill would take effect October 1, 2016. Those retiring on or after October 1, 2016 with less than 30 years of service would be impacted by this proposal.

Part K - Cap reimbursement of the Medicare Part B standard premium for new State retirees and cease reimbursement for the Income Related Monthly Adjustment Amounts for high income State retirees in the New York State Health Insurance Program

Purpose:

This bill would offset ever-increasing retiree health insurance costs by: maintaining reimbursement for the standard Medicare Part B premium at the current level; and eliminating reimbursement of the supplemental Income Related Monthly Adjustment Amounts (IRMAA) premium paid by higher-income retirees.

Summary of Provisions and Statement in Support:

Over the next three fiscal years, New York State Health Insurance Plan (NYSHIP) costs for retirees are projected to increase by 14.4%, from $1.27 billion to $1.45 billion. This is well beyond the benchmark growth rate of 2% per year, and challenges the State's ability to remain economically competitive.

Reasonable actions are necessary to control this spending growth. New York is only one of two other states (Hawaii and California) that provide full reimbursement of the Medicare Part B standard premium ($104.90 per month) to all eligible retirees and their dependents. Under this proposal, New York would continue to reimburse the standard premium for new and existing retirees ($104.90 per month), but would not provide reimbursement for an unfunded federal Cost of Living Adjustment imposed on new retirees ($17 per month).

Additionally, only one other state (Hawaii) provides full reimbursement of the supplemental IRMAA premium to all higher-income retirees and their dependents. The federal government imposed this premium in 2007 to require higher-income retirees to pay more of the increasing Medicare costs, so it is inappropriate that New York taxpayers reimburse this premium in the context of its own spending growth for retiree health insurance. This annual subsidy ranges from $584 for retirees with Adjusted Gross Income (AGI) between $85,000 and $107,000, to $3,216 for retirees with AGI above
$214,000.

This bill would amend section 167-a of the Civil Service Law to provide that, effective October 1, 2016, State reimbursement to eligible enrollees, retirees and their dependents for the standard premium shall not exceed $104.90 per month and to cease State reimbursement of the IRMAA for amounts or premiums incurred on or after January 1, 2016.

Budget Implications:

In FY 2017, this proposal is projected to save $7.2 million: $6.2 million is associated with ceasing reimbursement of the IRMAA premium to an estimated 5,352 retirees and dependents; and $942,000 is associated with capping the standard premium of an estimated 4,647 retirees and dependents.

By FY 2020 the annual savings is projected at $16.6 million: $9.7 million for the 8,148 retirees and dependents associated with IRMAA, and $6.9 million for the 34,016 retirees and dependents associated with capping the standard premium.

Effective Date:

This bill would take effect immediately and shall be deemed to have been in full force and effect on and after October 1, 2016 for the standard Medicare premium amount and January 1, 2016 for the income related monthly adjustment amount for amounts or premiums incurred on or after January 1, 2016.

Part L - Extend binding arbitration, including provisions for fiscally eligible municipalities, for three years

Purpose:

This bill would extend binding arbitration, including the provisions for fiscally eligible municipalities, until July 1, 2019.

Summary of Provisions and Statement in Support:

When public employers and certain unions (primarily those that represent police, fire and other "uniform" employees) are at an impasse in their contractual negotiations, current law provides for a binding arbitration process to make awards and settle the dispute. For arbitration involving a fiscally eligible municipality, the binding arbitration panel must weigh the municipality's "ability to pay" for the terms of the new contract at 70 percent and consider the limitations of the property tax cap.

This bill would extend the sunset of binding arbitration, including the provisions for fiscally eligible municipalities, from July 1, 2016 to July 1, 2019.
Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because current provisions governing interest arbitration are set to expire within the upcoming State fiscal year. Further, the additional consideration provided to fiscally eligible municipalities will help ensure that their ability to pay and the limitations of the property tax cap are sufficiently considered.

Effective Date:

This bill would take effect immediately.

Part M - Amends the Dedicated Infrastructure Investment Fund

Purpose:

This bill would amend the Dedicated Infrastructure Investment Fund (DIIF) to allow for the transfer of funds subsequent to FY 2016.

Summary of Provisions and Statement in Support:

The DIIF was created by Part H of Chapter 60 of the Laws of 2015 and is funded with a transfer from the State General Fund. Monies in the DIIF are subsequently used for capital works and purposes as prescribed in statute. Furthermore, in certain circumstances, as promulgated in statute, funds may be returned to the State General Fund.

Existing statute allows for the State Comptroller to effectuate the aforementioned transfer of funds up to March 31, 2015. This technical correction would allow for funds to be transferred in subsequent State fiscal years as well.

Budget Implications:

Enactment of this bill is necessary to implement the 2016-17 Executive Budget. This amendment would allow for the transfer of funds from the General Fund to the DIIF subsequent to March 31, 2015.

Effective Date:

This bill would take effect immediately.

Part N - Authorization for transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps
Purpose:

This bill would provide the statutory authorization necessary for the administration of funds and accounts included in the fiscal year 2016-17 Executive Budget, and propose certain modifications to improve the State’s General Fund position in the upcoming fiscal year. Specifically, it would: (1) authorize temporary loans and the deposits of certain revenues to specific funds and accounts, (2) authorize the transfers and deposits of funds to and across various accounts, (3) extend various provisions of Chapter 60 of the Laws of 2015 in relation to capital projects and certain certifications, and (4) modify various debt and bond provisions necessary to implement the budget.

Summary of Provisions and Statement in Support:

This bill is necessary to execute a balanced Financial Plan in accordance with the 2016-17 Executive Budget. Similar legislation is enacted annually to authorize the transfer of funds budgeted in the Financial Plan (that do not have permanent statutory authorization) and to provide for other transactions necessary to effectuate the provisions of the budget. The bill includes the following provisions:

- Section 1 of this bill would authorize the Comptroller to make temporary loans to specific State funds and accounts during fiscal year 2016-17.

- Section 1-a of this bill would authorize the Comptroller to make temporary loans to accounts within specific Federal funds during fiscal year 2016-17.

- Sections 2 and 3 of this bill would authorize the Comptroller to make transfers between designated funds and accounts.

- Section 4 of this bill would authorize the Comptroller to deposit funds into the Banking Services Account.

- Section 5 of this bill would authorize the Dormitory Authority of the State of New York (DASNY), at the direction of the Director of the Division of Budget (DOB) and upon request by the State University of New York (SUNY), to transfer up to $22 million to SUNY for bondable equipment costs, which in turn would be re-paid to the General Fund.

- Section 6 of this bill would authorize the Comptroller, at the request of the Director of DOB and upon consultation with the SUNY Chancellor, to transfer up to $16 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant program at the University at Buffalo.

- Section 7 of this bill would authorize the Comptroller, at the request of the Director of DOB and upon consultation with the SUNY Chancellor, to transfer up to $6.5 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant program at the University at Albany.
• Section 8 of this bill would authorize the SUNY Chancellor to transfer the estimated tuition revenue balances from the State University Collection Fund to the State University Fund, State University General Revenue Offset Account.

• Section 9 of this bill would authorize the Comptroller, at the request of the Director of DOB, to transfer up to $69.3 million from the General Fund to the State University Income Fund, State University Hospitals Income Reimbursable Account.

• Section 10 of this bill would authorize the Comptroller to transfer up to $996.8 million from the General Fund to the State University Income Fund, State University General Revenue Offset Account during the period of July 1, 2016 through June 30, 2017.

• Section 11 of this bill would authorize the Comptroller to transfer up to $55 million from the State University Income Fund, State University Hospitals Income Reimbursable and Long Island Veterans' Home accounts, to the State University Capital Projects Fund.

• Section 12 of this bill would authorize the Comptroller, after consultation with the SUNY Chancellor, to transfer monies from the State University Collection and the State University income funds to the State University Income Fund, State University Hospitals Income Reimbursable Account, in the event that insufficient funds are available to permit the full transfer of moneys authorized for transfer to the General Fund for SUNY Hospitals’ debt service.

• Section 13 of this bill would authorize the Comptroller, at the direction of the Director of DOB and the SUNY Chancellor, to transfer up to $80 million between the State University Dormitory Income Fund and the State University Residence Hall Rehabilitation Fund.

• Section 14 of this bill would authorize the Comptroller, at the request of the Director of DOB, to transfer up to $350 million between the following accounts, in any combination: the Miscellaneous Special Revenue Fund, Patient Income Account; the Miscellaneous Special Revenue Fund, Mental Hygiene Program Fund Account; the Miscellaneous Special Revenue Fund, Federal Salary Sharing Account; and the General Fund.

• Section 15 of this bill would authorize the Comptroller, at the request of the Director of DOB, to transfer up to $750 million from the unencumbered balance of any Special Revenue Fund or Account, Agency Fund or Account, Internal Services Fund or Account, or Enterprise Fund or Account, or any combination thereof (excluding Federal funds, or any fund in which the eligibility for Federal benefits would be impacted), to the General Fund.
• Section 16 of this bill would authorize the Comptroller, at the request of the Director of DOB, to transfer up to $100 million from any non-general fund or account, or combination thereof (excluding funds in which the eligibility for Federal benefits would be impacted), to the Technology Financing Account or the Miscellaneous Capital Projects Fund, Information Technology Capital Financing Account, for the consolidation of costs related to technology services.

• Section 17 of this bill would authorize the Comptroller, at the request of the Director of DOB, to transfer up to $350 million from any non-general fund or account, or combination thereof (excluding funds in which the eligibility for Federal benefits would be impacted), to the General Fund as reimbursement for costs related to technology services.

• Section 18 of this bill would authorize the transfer of up to $20 million from the Power Authority of the State of New York to the credit of the General Fund to support energy-related state activities.

• Section 19 of this bill would authorize the transfer of up to $23 million from the New York State Energy Research and Development Authority from the auction or sale of carbon dioxide emission allowances to the credit of the General Fund, on or before March 31, 2017.

• Section 20 of this bill would authorize the transfer of up to $15 million from the proceeds collected by the New York State Energy Research Development Authority from the auction or sale of carbon dioxide emission allowances to the State University Fund, State University General Revenue Offset Account.

• Section 21 of this bill would amend State Finance Law (SFL) §97-rrr to allow the State Comptroller to deposit up to $3.2 Billion into the School Tax Relief Fund.

• Section 22 of this bill would authorize the Comptroller to transfer to the General Fund funding from the Correctional Facilities Capital Improvement Fund.

• Section 23 of this bill would amend Section 47 of Part I of Chapter 60 of the laws of 2015 to exclude the General Fund transfer to the Dedicated Infrastructure Investment Fund from the expiration date cited in that section, authorizing the transfer up to and after March 31, 2016.

• Section 24 of this bill would amend SFL § 4(6) to authorize the Comptroller to receive moneys for deposit to funds and accounts as identified by the Director of the Budget.

• Section 25 of this bill would amend SFL § 40(4) to permit payment of prior years’ liabilities.
• Section 26 of this bill would amend SFL § 92-cc(3) to correct the technical definition of the index of business cycle indicators used to define an Economic Downturn for purposes of the State's Rainy Day Reserve Fund.

• Section 27 of this bill would amend SFL § 93-b to correct the technical definition of the index of business cycle indicators used to define an Economic Downturn for purposes of the Dedicated Infrastructure Investment Fund.

• Section 28 would continue the authorization to use any balance remaining in the debt service appropriation for Mental Hygiene facilities to make rebates necessary to protect the tax-exempt status of the bonds.

• Section 29 of this bill would increase the bond cap for financing information technology from $269.14 million to $364.84 million.

• Section 30 of this bill would increase the bond cap for financing correctional facilities from $7.163 billion to $7.425 billion.

• Section 31 of this bill would increase the bond cap for financing housing programs from $3.154 billion to $4.697 billion.

• Section 32 of this bill would increase the bond cap for financing local highway projects from $8.659 billion to $9.147 billion.

• Section 33 of this bill would increase the bond cap for financing library facilities from $140 million to $154 million.

• Section 34 of this bill would increase the bond cap for financing state police capital projects from $155.6 million to $167.6 million.

• Section 35 of this bill would amend the bond cap for financing economic development projects to include projects for a commercialization center in Chautauqua County, an industrial scale research and development facility in Clinton county, upstate revitalization initiative projects, and market New York projects. Additionally, the bond cap would increase from $2.888 billion to $3.653 billion.

• Section 36 of this bill would increase the bond cap for financing environmental infrastructure projects from $1.776 billion to $2.008 billion.

• Section 37 of this bill would increase the bond cap for financing the NY-SUNY and NY-CUNY 2020 challenge grant program from $440 million to $550 million.

• Section 38 of this bill would increase the bond cap for financing improvements to State office buildings and other facilities from $469.8 million to $509.6 million.
Section 39 of this bill would increase the bond cap for financing transportation initiatives from $1.69 billion to $2.725 billion.

Section 40 of this bill would increase the bond cap for financing SUNY educational facilities from $11.23 billion to $11.6 billion.

Section 41 of this bill would increase the bond cap for financing City University of New York senior and community colleges from $7.39 billion to $7.55 billion.

Section 42 of this bill would increase the bond cap for financing SUNY community colleges from $838 million to $861 million.

Section 43 of this bill would increase the bond cap for financing youth facilities from $611.2 million to $647.1 million.

Section 44 of this bill would increase the bond cap for financing mental health services facilities improvement from $7.723 billion to $8.021 billion.

Section 45 of this bill would increase the bond cap for financing higher education capital matching grants from $210 million to $240 million.

Section 46 of this bill would permit the State to realize refunding savings on debt funded with State resources. In 2004, the Sales Tax Asset Receivable Corporation (STARC) issued $2.5 billion in debt to refinance certain obligations related to the New York City fiscal crisis. The STARC bonds are secured by $170 million in State sales tax paid to NYC as local aid, which the City has assigned to STARC bondholders. In October 2014, STARC refunded the outstanding debt, generating about $650 million in debt service savings that, due to structuring provisions, accrued to New York City. Given the unique structure of the bonds, the State will realize the savings it is due over the next three state fiscal years through the adjustment of sales tax receipts otherwise payable to New York City.

All of the sections of this bill, with the exception of item 5 of the miscellaneous schedule of section two, would become permanent upon enactment except for sections one through eight and twelve through twenty, which would all expire on March 31, 2017.

Budget Implications:

Enactment of this bill would be necessary to implement the 2016-17 Executive Budget, including the transfer of funds budgeted in the financial plan and the provision of temporary loans from the State Treasury for cash flow purposes. This bill is also necessary to reimburse projected Capital Projects Fund spending with the proceeds of bonds sold by public authorities, to ensure the continued borrowing necessary for certain State-supported debt issuances to implement the budget, and to permit the State to carry out basic administrative functions.
Effective Date:

This bill would take effect April 1, 2016.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.