

The Executive Budget continues Governor Cuomo's ambitious plan to rebuild New York's infrastructure. The unprecedented plan to invest \$100 billion, launched last year, is well underway and the FY 2018 Budget includes additional resources for transformational new projects that will position every region of the State for growth.

## Overview

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

At the same time, Governor Cuomo has jumpstarted long-stalled or long-overdue projects, such as the replacement of the Tappan Zee Bridge, the redevelopment of LaGuardia and JFK Airports, the Gateway Tunnel project between New York and New Jersey, and the Penn-Farley Station project. As 2016 came to a close, the Second Avenue Subway opened for business after decades of starts and stops, achieving the system's first major expansion in more than 50 years.

Governor Cuomo has financed these investments responsibly, maintaining an affordable infrastructure plan that will not overburden future taxpayers. For the first time in modern history, outstanding State debt has dropped for four consecutive years (FY 2013 through FY 2016) and is expected to decline for a fifth consecutive year. In addition, the State has seen improvement in its debt to personal income ratio, a common measure used by rating agencies to assess debt affordability. This ratio in FY 2017 is at its lowest (best) level since the 1960s and is expected to further improve over the next five years.

## Major Infrastructure Investments

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

### Budget Highlights

#### **\$100 Billion Infrastructure Plan Bolstered with New Investments.**

The unprecedented plan to invest \$100 billion, launched last year, is well underway and the FY 2018 Budget includes additional resources for new projects.

**JFK Master Plan.** Reduce congestion and improve access to the airport through Van Wyck Expressway lane expansions.

**Clean Water Infrastructure.** Initiate a historic Clean Water capital program to support drinking water, wastewater, and source water protection initiatives.

**Life Sciences Investments.** Provision of strategic tax credits, and capital and operating grant funding to fuel a world-class Life Sciences Cluster in NY.

**Infrastructure Investments.** Continue proven economic development programs such as the Buffalo Billion, Regional Economic Development Competitions, and Downtown Revitalization to further the State's robust economic recovery.

## Performance Profile

**Job Creation.** The two transportation capital programs, together totaling \$55 billion, are projected to create more than 130,000 jobs.

**Debt Affordability.** Governor Cuomo's disciplined approach has lowered outstanding debt for four years in a row, a first in modern State history, and is expected to decline for a fifth consecutive year. New York's debt to personal income ratio is at its lowest (best) level since the 1960s and is expected to further improve over the next five years.

- **Transportation and Transit.** The State is funding a \$27 billion capital plan to preserve and upgrade roads, bridges, and other vital transportation infrastructure throughout the State. It is the largest transportation plan ever enacted in New York State. The plan includes the Tappan Zee replacement project. Following decades of inaction, the New NY Bridge construction is well underway, remains on budget and is scheduled to open on time in 2018.
- **MTA Capital Commitment.** The 2015-2019 MTA transit capital plan will support \$28 billion in investments, funded from multiple sources, including Governor Cuomo's commitment – now law – of \$8.3 billion in additional State resources. This MTA funding level is the largest ever approved by the MTA Capital Planning Review Board and will keep this vital transit system in a state of good repair, while meeting expansion needs.
- **Affordable and Homeless Housing Capital Plan.** The State is investing \$20 billion in a comprehensive, five-year plan for affordable and homeless housing to ensure New Yorkers who are homeless or at risk of homelessness have safe and secure housing. The program will create or preserve 100,000 new affordable housing units and 6,000 supportive housing units.
- **Gateway Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak are critical to the regional economy. These aging tunnels are in dire need of repair and expansion to increase capacity. Governor Cuomo is partnering with New Jersey's Governor, members of the U.S. Senate, and the Federal government on the Gateway Tunnel project, a comprehensive plan to revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. Combined, these improvements will enable passenger train capacity under the river to double. The project's estimated \$20 billion cost will be split with \$10 billion paid for by the Federal government, and \$5 billion each from the two states. At the direction of the two governors, the Port Authority of New York and New Jersey established the Gateway Development Corporation to identify and maximize Federal grant opportunities, and pursue low-interest loans.

- **New LaGuardia and John F. Kennedy Airport Master Plans.** Revitalize New York's major airports, including LaGuardia (LGA) and John F. Kennedy (JFK). These two airports serve over 80 million passengers per year but are outdated relics of a bygone era. The State will partner with public and private sector entities to overhaul and modernize these airports.
- **Economic Development Initiatives.** Strengthening the State's economy is at the top of Governor Cuomo's agenda. This aggressive agenda leverages the success of Governor Cuomo's regionally-focused strategy to create jobs, strengthen and diversify economies, and generate economic opportunity across the State.
- **Empire Station.** The State is investing \$700 million to leverage a total of \$3 billion, including private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station.
- **Hospital Restructuring.** The State is funding a \$2.6 billion Hospital Restructuring and Reinvestment initiative to improve the financial viability and efficiency of the State's health care delivery system. Funding is available for general hospitals, residential healthcare facilities, diagnostic and treatment centers, clinics licensed pursuant to public health or mental hygiene law, assisted living programs, primary care and home care providers.
- **New NY Broadband.** Access to broadband is a vital resource critically important to the future of the State's economy, and the education and safety of New Yorkers. Broadband availability and capacity is being expanded across the State. The program will create ultra-high-speed networks and promote broadband adoption. The State is partnering with private industry using a minimum match of 1:1. Combined, this will result in an investment in excess of \$1 billion for the broadband initiative.
- **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 65 million visitors to New York State Parks in 2015.
- **Clean Water.** The State has been marshalling resources for drinking water and waste water infrastructure. On top of existing programs, \$350 million was made available for water quality protection.

## New Infrastructure Investments

Governor Cuomo continues his commitment to infrastructure, with a number of major projects to build, rebuild, and revitalize capital assets across the State. The FY 2018 Executive Budget initiates additional infrastructure projects throughout New York, expanding on the already unprecedented \$100 billion investment. Major initiatives include the following:

- **JFK Master Plan.** As part of the Governor's plan to Transform JFK Airport into a 21<sup>st</sup> Century transportation hub, the State will provide \$1.5 billion to improve roadway access to JFK by eliminating traffic bottlenecks at the Kew Gardens interchange, and increasing traffic capacity on the Van Wyck Expressway. This significant investment of public resources will provide impetus for private sector investment at a transformed and reimagined JFK, driving the total investment potential as high as \$10 billion.
- **Clean Water.** The Budget provides funding for over \$2 billion in clean water infrastructure investments over the next five years. This investment will protect public health and the environment, and safeguard the State's water resources. 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.
- **Renewable Energy.** In FY 2018, the New York State Energy Research and Development Authority (NYSERDA) will provide \$360 million that will leverage \$1 billion of Private Sector investment in 11 large scale renewable energy projects across the State, involving clean technologies like wind, solar, fuel cell, and hydroelectric power. This will be the largest single State investment at one time, and an increase of \$210 million over recent awards. By 2020 NYSERDA expects to support 35 additional renewable projects which will result in more than \$4 billion in additional private sector investment in this vital industry.
- **Economic Development.** The Budget provides over \$1.3 billion in Economic Development grant moneys across a number of worthwhile programs including Buffalo Billion II, Regional Economic Development Council (REDC) Round VII, and the Downtown Revitalization Programs. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.

## Assuring Affordability

Governor Cuomo created an affordable infrastructure plan through strategic alliances with multiple partners across the State. This has enabled the State to make significant investments in critical projects, without burdening future tax payers.

## Infrastructure Plan Funding Sources

Governor Cuomo's infrastructure plan (including FY 2018 investments) is funded from multiple sources, including State, Federal, public authorities, local governments, and private enterprise. Public authorities and Federal money will support 43 percent of the infrastructure projects (21 percent and 22 respectively). The private sector and local governments will account for 21 percent. The remaining 36 percent will be funded from the State budget from a combination of tax dollars, bond proceeds, settlement funds, and federal resources.

## Debt Affordability

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

- State-related debt outstanding has declined for four years, FY 2013 through FY 2016, and is expected to decline for the fifth consecutive year in FY 2017. This marks the first time in modern history that New York has achieved this result, and debt will have declined from \$55.7 billion to \$50.8 billion during the five-year period.
- State-related debt outstanding as a percentage of personal income declined from 5.9 percent in FY 2011 (Governor Cuomo's first year) to 4.5 percent in FY 2016, and is expected to decrease to 4.1 percent by 2022.
- Debt service costs have ranged from \$5.6 billion to \$6 billion from FY 2011 through FY 2017 (estimated), after adjusting for debt service prepayments. This represents a stable growth rate of 0.4 percent, well below the historical growth rate in debt service costs and below inflation. Debt service growth from FY 2011 through FY 2022 is projected at 2.3 percent.

## Investing Settlement Funds Prudently

From FY 2015 through FY 2017, the State has received more than \$9 billion in monetary settlements, primarily from financial institutions for violations of State and/or Federal laws. Governor Cuomo has prudently directed these funds toward capital investments and non-recurring expenditures. These resources are being used by New York State to invest in new infrastructure projects, which will create jobs and position every region of the State for unprecedented economic growth.