

NEW
YORK
STATE

EXECUTIVE



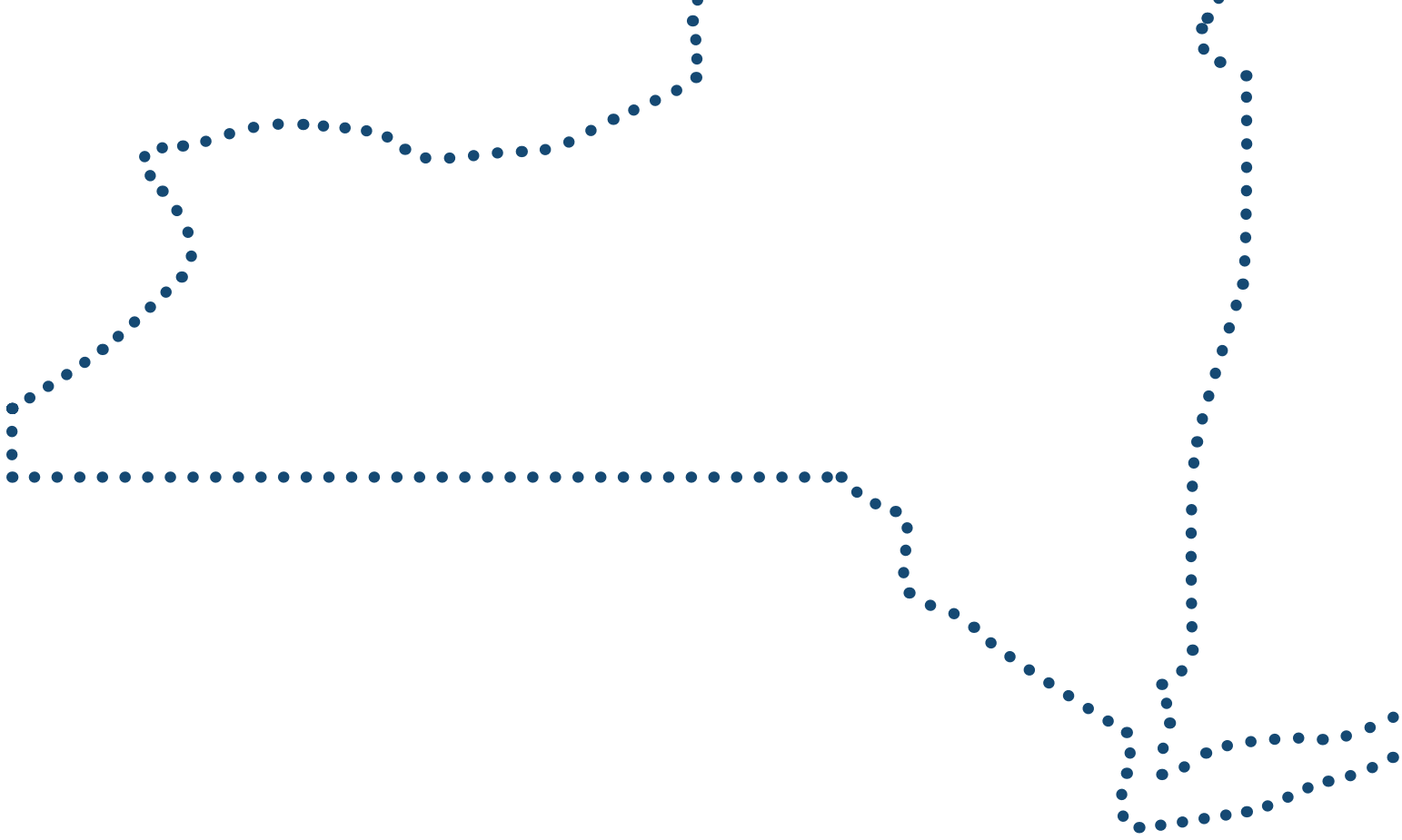
BUDGET

GOVERNOR
KATHY HOCHUL

BUDGET DIRECTOR
ROBERT F. MUJICA, JR.

FY 2023

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GOVERNOR'S MESSAGE

In my State of the State two weeks ago, I proposed a whole new era for New York – one in which my administration, my fellow statewide elected officials, and the legislature will finally work together to deliver for New Yorkers.

Together, we must pass a bold agenda that will do more than just help us recover from this pandemic. We need to embrace this moment of possibility, and use it to change New York's destiny.

We will do this by rebuilding our healthcare and teacher workforces; providing tax relief to those who need it most; speeding up economic growth and creating good-paying middle-class jobs; strengthening our infrastructure and confronting climate change; securing public safety and protecting our communities; making housing more affordable to ensure every New Yorker has a roof over their head; and enacting bold reforms to restore trust in our State government.

This is an extraordinary time, and it must be met with extraordinary solutions. The policies I laid out in the State of the State are ambitious, but just as important, they are realistic and achievable.

We are in a position to fully fund these historic policies by making historic investments, including record aid for our children's education, a transformative infrastructure capital plan, and a groundbreaking program to rebuild the healthcare industry.

But we are also being smart and responsible, and recognizing that we must fund our reserves to historic levels as well as part of a balanced Executive Budget for Fiscal Year 2023.

Our state is in a strong financial position due to a combination of factors, including increased tax receipts, a thriving stock market, and an influx of federal aid through the American Rescue Plan and the Infrastructure Investment and Jobs Act. This is a major change from where we were this time last year, when it was projected that the State may experience billion-dollar deficits in the years to come.

We have a once-in-a-generation opportunity to make investments in our State and in our people that will pay dividends for decades. And we're going to take it.

We will use these resources on the types of things that will make a real, significant, and positive impact on people's day-to-day lives today, and for years to come. We will use the entirety of this bold, ambitious \$216 billion budget to directly address the immediate needs of New Yorkers.



Kathy Hochul

Kathy Hochul
Governor
State of New York

DIRECTOR'S MESSAGE

In response to the ongoing public health crisis and after a year of uncertainty, Governor Hochul has proposed a historic agenda to accelerate New York's recovery and usher in a new era in State government.

Since 2000, State finances have been badly damaged three times by tragic, sudden events: 9/11; The Great Recession; and COVID-19, the worst pandemic in over 100 years, one we continue to face. These specific events were not "predictable". But with foresight, we can now confidently predict that such events will happen in the future. The question is not if, but when.

Each time one of these disasters struck, the State found itself unprepared, with inadequate reserves to mitigate the economic impact for the people of the state. The outcome was that promises made in good times had to be broken or deferred.

Today, Governor Hochul's FY 2023 Executive Budget makes historic investments in critical areas while ensuring that we are equipped for future shocks. Never again will the State find itself unprepared for the opportunities – or challenges – ahead. After years of unprecedented hardship, this Budget makes the State, from a financial perspective, as resilient as its spirit. It is the Budget that New Yorkers deserve and expect.

This Budget makes investments that impact the everyday lives of the people in NYS, while also providing a financial safety net for unforeseen events. Overall, this Executive Budget invests in people and infrastructure, relief for those that need it most, and transformative opportunity to meet the needs of today as well as the emerging needs of tomorrow.

Since the darkest days of COVID-19, New York's economy has recovered significant ground. Even with the arrival of the latest variants, the outlook for the State's labor market remains favorable for 2022. The State's pandemic response under Governor Hochul's leadership has served as a model for the nation, quickly accelerating the disbursement of state and federal aid and coordinating state and local efforts to keep infections down and our economy open. That leadership, coupled with a cooperative federal government, has put us in a financial position that allows us to both creatively invest in New Yorkers and remain prepared for the next economic crisis.

Governor Hochul's FY 2023 budget proposal reflects a remarkable reversal of fortune as tax revenues rebound the budget is balanced for the entirety of the financial plan leading up to FY 2027. The plan leverages the state's solid financial footing for purposes that are essential to maintaining the State's recovery and growing beyond, such as tax relief for individuals and small businesses; investments to guarantee quality, affordable healthcare; compensation for direct care workers in the health, mental health, and social services sectors; new funding to ensure quality healthcare; record levels of funding for education, record funding dedicated to protecting the environment, and increases funds for a range of other essential services. With far-reaching investments in healthcare, social services, housing, tourism, and tax relief, the Governor's sound fiscal leadership and discipline will guarantee a New York that not only recovers but grows and provides opportunity while leaving no one behind.

There is reason for hopefulness and a need for decisive vision to uplift New Yorkers and propel our State and its people forward. Governor Hochul is committed, as evidenced through this Budget, to doing just that.

We are now better prepared, better equipped, and more resilient as we face the known and unknown challenges ahead.

Together, we will build a stronger, healthier, and more prosperous New York. Excelsior.



Robert F. Mujica, Jr.
Budget Director
State of New York

SUMMARY OF BUDGET DOCUMENTS

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

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

- **Appropriation Bills:** Executive Budget Appropriation bills provide the legal authorization for all proposed spend 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.
- **Article VII Bills:** Article VII bills propose amendments to or create new state law governing programs, savings and revenues as the Governor deems necessary. These bills encompass the recommended changes to law in the areas of: Public Protection and General Government; Education, Labor and Family Assistance; Health and Mental Hygiene, Transportation, the Environment and Economic Development and Revenue.

In addition to the bills mentioned above, the Executive Budget includes five Budget documents as detailed below:

EXECUTIVE BUDGET BRIEFING BOOK

The Executive Budget Briefing Book presents the Governor's overarching goals for the upcoming fiscal year. It explains the State's Financial Plan, includes highlights of major initiatives and a list of the legislative proposals needed to implement the proposed Budget.

FIVE-YEAR FINANCIAL PLAN

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

ECONOMIC AND REVENUE OUTLOOK

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

FIVE-YEAR CAPITAL PROGRAM AND FINANCING PLAN

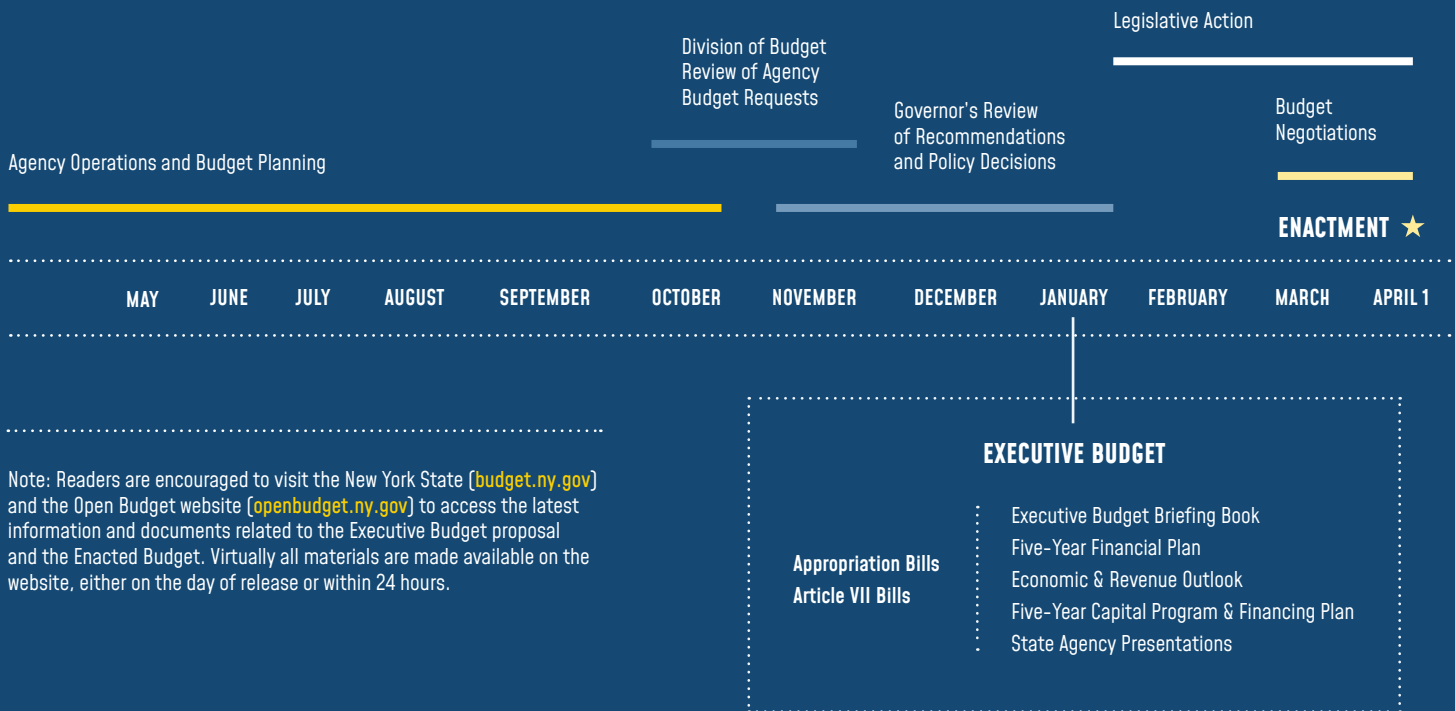
The Five-Year Capital Program and Financing Plan highlights major capital initiatives and objectives and describes the approach to financing the capital program.

STATE AGENCY PRESENTATIONS

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

All Executive Budget bills and documents are accessible to the general public through the Budget Division's official website (budget.ny.gov) or in print from the Senate and Assembly document rooms located in the Capitol and the Legislative Office Building. In addition, the public is encouraged to visit the Open Budget website (openbudget.ny.gov) to access the latest information related to the Executive Budget proposal and the Enacted Budget.

BUDGET EXECUTION: EXECUTIVE BUDGET TO ENACTED BUDGET



Note: Readers are encouraged to visit the New York State [budget.ny.gov] and the Open Budget website [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.

"...the governor shall submit to the legislature a budget containing a complete plan of expenditures proposed to be made before the close of the ensuing fiscal year and all moneys and revenues estimated to be available therefor, together with an explanation of the basis of such estimates and recommendations as to proposed legislation, if any, which the governor may deem necessary to provide moneys and revenues sufficient to meet such proposed expenditures. It shall also contain such other recommendations and information as the governor may deem proper and such additional information as may be required by law."

– *New York State Constitution, Article VII, Section 2*

SECTION I

FISCAL YEAR 2023 EXECUTIVE BUDGET



FINANCIAL PLAN OVERVIEW



The following table provides certain Financial Plan information for FY 2021 through FY 2023.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)			
	FY 2021 Actuals	FY 2022 Current Estimate	FY 2023 Executive Proposal
State Operating Funds Disbursements			
Size of Budget	\$104,207	\$115,218	\$118,839
Annual Growth	2.0%	10.6%	3.1%
Other Disbursement Measures			
General Fund (Including Transfers) ¹	\$74,095	\$90,686	\$95,486
Annual Growth	-4.4%	22.4%	5.3%
Capital Budget (Federal and State)	\$12,331	\$15,434	\$18,566
Annual Growth	2.8%	25.2%	20.3%
Federal Operating Aid	\$70,049	\$82,266	\$78,934
Annual Growth	19.1%	17.4%	-4.1%
All Funds	\$186,587	\$212,918	\$216,339
Annual Growth	7.9%	14.1%	1.6%
Inflation (CPI)	1.2%	5.7%	3.2%
All Funds Receipts			
Taxes ²	\$82,376	\$101,154	\$108,724
Annual Growth	-0.6%	22.8%	7.5%
Miscellaneous Receipts	\$30,772	\$25,956	\$27,514
Annual Growth	4.4%	-15.7%	6.0%
Federal Receipts (Operating and Capital)	\$78,152	\$99,621	\$84,855
Annual Growth	20.1%	27.5%	-14.8%
Total All Funds Receipts ²	\$191,300	\$226,731	\$221,093
Annual Growth	7.8%	18.5%	-2.5%
General Fund Cash Balance	\$9,161	\$30,513	\$27,674
Rainy Day Reserves	\$2,476	\$3,351	\$4,271
Economic Uncertainties	\$1,490	\$5,598	\$9,732
Extraordinary Monetary Settlements	\$2,083	\$2,035	\$1,741
Timing of PTET/PIT Credits	\$0	\$16,710	\$7,660
Reserve for Pandemic Assistance	\$0	\$2,000	\$2,000
All Other Reserves/Fund Balances	\$3,112	\$819	\$2,270
Debt			
Debt Service as % All Funds Receipts ²	4.6%	3.6%	2.7%
State-Related Debt Outstanding	\$58,881	\$62,880	\$69,270
Debt Outstanding as % Personal Income	4.1%	4.1%	4.6%

¹ Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes.

² Excludes the impact of the Pass Through Entity Tax program which is expected to have no net Financial Plan impact across fiscal years.

- Reserves are the best defense against a "repeat performance" in the next crisis. Accordingly, the Mid-Year Update committed to bringing the State's principal reserves (the rainy-day reserves and reserve for economic uncertainties) to 15 percent of State Operating Funds spending by FY 2025.
- After deposits to reach this goal, the Mid-Year Financial Plan showed balanced General Fund operations through FY 2025, the last year published in the Financial Plan, with no surpluses or budget gaps in any year. This was the first time that DOB published a Financial Plan with no budget gaps in any year.

Improved Financial Outlook

- Since the Mid-Year Update, forecast revisions to the "base-level forecast" provide new resources of \$5.0 billion in FY 2022, \$6.4 billion in FY 2023, \$5.3 billion in FY 2024, and \$5.5 billion in FY 2025. The improvement reflects strong tax receipts and reduced costs.
- The surplus position makes it possible to responsibly fund new commitments intended to address the unique and complex problems caused or exacerbated by the COVID-19 pandemic.

Executive Budget is Balanced Annually

The Executive Budget Financial Plan provides for balanced operations annually through FY 2027.

State Operating Funds spending grows by 3.1 percent in FY 2023, below projected inflation of 3.2 percent. All Funds grows by less than 2 percent.

The commitments proposed in the Executive Budget are sustainable. DOB estimates that over \$7 billion in proposed actions are non-recurring and will not add permanent costs, including:

- \$2 billion for property tax relief (FY 2023).
- \$2 billion for pandemic recovery initiatives (reserve funded in FY 2022).

EXECUTIVE SUMMARY

Building Reserves

- Since 2000, State finances have been badly damaged three times by sudden events: 9/11; the Great Recession; and COVID.
- These specific events were not "predictable" -- but unexpected events and fiscal shocks will continue to happen. Each time the State has found itself unprepared, with inadequate reserves. The outcome was that promises made in good times had to be broken or deferred.

- \$1 billion to enlarge the DOT capital plan (deployed over three years, FY 2023-FY 2025).
- \$1 billion for health care transformation (reserve funded from FY 2023 and 2024 operations).
- \$1.2 billion for bonuses for health care/frontline workers (paid in FY 2023).
- \$350 million for pandemic relief for businesses and theater/musical arts (paid in FY 2023 and FY 2024).

The Executive Budget reflects all planned reserve deposits.

SUMMARY

Update to Financial Estimates

In the Mid-Year Update, the Governor committed to bringing the balance of the State’s principal reserves (the rainy-day reserves and reserve for economic uncertainties) to 15 percent of projected State Operating Funds spending by FY 2025. At the time, it was noted that the State’s relatively low level of reserves left it vulnerable to the financial shocks that periodically upend State finances. Net of these planned reserves, the Mid-Year Update showed balanced General Fund operations through FY 2025, the last year published in the Financial Plan, with no surpluses or budget gaps in any year. This was the first time that DOB has published a Financial Plan with no budget gaps in any year.

Forecast revisions (the “base-level forecast”) since the Mid-Year Update have created new projected surpluses. On the strength of collections experience to date, the estimates for tax receipts have been increased by an average of \$4.9 billion annually compared to the Mid-Year forecast. Expense estimates have been reduced, as well, with significant savings in School Aid based on revised school district claims provided at the 2021 November database update, pensions, debt service, and payroll (the latter from the use of CRF to fund eligible payroll expenses). Pandemic-response measures partly offset the current-year savings but are expected to be reimbursed by the Federal government in future years of the Financial Plan.

The base-level forecast revisions leave surpluses of \$5.0 billion in FY 2022, \$6.4 billion in FY 2023, \$5.3 billion in FY 2024, and \$5.5 billion in FY 2025. The surpluses for FY 2026 and FY 2027, which are projected for the first time in this Executive Budget, are comparatively lower at \$3 billion and \$4.1 billion, respectively. This mainly reflects the final spend-down of ARP recovery aid in FY 2025.

The following table shows the base-level forecast revisions to the Mid-Year estimates before Executive Budget proposals.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS TO MID-YEAR ESTIMATES (millions of dollars)				
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	0	0	0	0
Receipts Revisions	4,577	4,932	4,631	5,181
Tax Receipts	4,597	5,025	4,655	5,180
Other Receipts/Other Transfers	(20)	(93)	(24)	1
Disbursements Revisions	406	1,305	718	(86)
Local Assistance	108	1,267	81	(671)
Agency Operations	281	19	672	637
Transfers To Other Funds	17	19	(35)	(52)
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	4,983	6,237	5,349	5,095

Notes: "Tax Receipts" excludes the impact of the Pass Through Entity Tax Program; table excludes any Financial Plan transactions that have no net impact within the year but change amounts reported within Financial Plan categories. Debt service changes that affect the amount of tax receipts to the General Fund are shown in "Other Receipts/Other Transfers" line.

The surplus position, in combination with the reserve deposits already planned, makes it possible both to maintain responsible reserve deposits and fund new commitments intended to address the unique and complex problems caused (or exacerbated) by the COVID-19 pandemic.

The current year surplus is expected to be reserved for future pandemic assistance and to provide relief for individuals and businesses, and bonuses for direct care workers.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN

The Governor submitted the FY 2023 Executive Budget to the Legislature on January 18, 2022. The Executive Budget Financial Plan provides for balanced operations in each year of the Financial Plan. Spending growth is estimated at 3.1 percent, just below inflation.

The Executive Budget proposes initiatives considered essential to maintaining the State’s recovery. These include: tax relief for individuals and small businesses; investments to improve health care access, quality, and affordability; wage increases for workers

in the health, mental health, and social services sectors; rate increases for service providers; and funding increases for a range of other essential services.

In addition, State operations funding is increased to meet critical service needs and restore service capacity to pre-pandemic levels. Lastly, new capital commitments proposed in the budget are funded not only with bonds but with a significant level of cash resources, ensuring the State's debt burden remains affordable.

The following table summarizes the impact of the Executive proposals on General Fund operations, starting with the updated "base" estimates. It is followed by a summary of the significant actions with an emphasis on the projected fiscal impact for FY 2023.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN (millions of dollars)					
	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	6,436	5,349	5,520	2,966	4,070
Receipts	(2,562)	(1,057)	(461)	382	815
Tax Receipts	(2,583)	(1,153)	(559)	(261)	(238)
Homeowner Tax Rebate Credit	(2,200)	0	0	0	0
Middle Class Tax Cut Acceleration	(162)	(615)	(360)	(44)	0
Small Business Tax Relief Credit	(100)	(100)	(100)	(100)	(100)
Small Business Tax Relief Credit for COVID-19	0	(250)	0	0	0
Extend the NYC Musical & Theatrical Credit	0	(100)	0	0	0
All Other	(121)	(88)	(99)	(117)	(138)
Payment of Future Debt Service Costs	0	0	0	500	1,000
Other Receipts/Transfers	21	96	98	143	53
Disbursements	(4,840)	(5,258)	(5,635)	(4,208)	(4,885)
Local Assistance	(2,760)	(1,587)	(2,255)	(3,101)	(3,922)
Education	(233)	(284)	(285)	(280)	(282)
Medicaid ¹	(585)	370	(42)	(763)	(1,593)
eMAP Extension through June 30, 2022	746	0	0	0	0
Healthcare/Frontline Worker Bonus	(1,072)	0	0	0	0
Public Health/Aging ¹	(237)	(238)	(239)	(239)	(238)
Human Services/Mental Hygiene COLA	(256)	(256)	(256)	(256)	(256)
Mental Hygiene ¹	(323)	(345)	(302)	(292)	(282)
Social Welfare ¹	(167)	(221)	(614)	(758)	(758)
Economic Development	(186)	(136)	(79)	(79)	(79)
Higher Education	(236)	(280)	(242)	(237)	(237)
Public Safety	(89)	(89)	(89)	(89)	(89)
All Other	(122)	(108)	(107)	(108)	(108)
Agency Operations, including GSCs	(36)	(636)	(641)	(667)	(690)
Healthcare/Frontline Worker Bonus	(120)	0	0	0	0
Executive Agencies	147	(474)	(475)	(494)	(512)
Non-Executive Agencies	(108)	(113)	(118)	(123)	(128)
Fringe Benefits/Fixed Costs	45	(49)	(48)	(50)	(50)
Transfers to Other Funds	(2,044)	(3,035)	(2,739)	(440)	(273)
Capital Projects/PAYGO Capital	(1,339)	(2,372)	(2,535)	(287)	(99)
SUNY Operating	(103)	(100)	(83)	(83)	(83)
Health Care Transformation	(500)	(500)	0	0	0
All Other	(102)	(63)	(121)	(70)	(91)
Use of/(Deposit to) Reserves	966	966	576	860	0
Extraordinary Monetary Settlements	0	(1)	1	0	0
Debt Management	1,000	1,000	1,000	860	0
Economic Uncertainties	(34)	(33)	(425)	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	0	0	0	0

¹ Excludes Healthcare/Frontline Worker Bonus Pay and Human Services COLA which are shown separately.

EXECUTIVE SUMMARY

Tax Receipts. The Executive Budget proposes the following tax actions:

- Homeowner Tax Rebate Credit.** The proposed rebate program will provide low- and middle-income homeowners, as well as senior homeowners, with a rebate in the fall of 2022 to offset property taxes at a one-time State cost of \$2.2 billion.
- Middle-Class Tax Credit Acceleration.** The Budget accelerates the phase-in of the middle-class tax cut, which began in 2018 and was scheduled to fully phase in over eight years by 2025. The lower tax rates will now be fully phased in by 2023 which decreases tax receipts by \$162 million in FY 2023.
- Small Business Tax Relief Credit.** The Budget provides recurring tax relief to businesses through a revision to the income exclusion and expands the benefit to include pass-through entities with less than \$1.5 million in NY-source gross income.
- Small Business Tax Relief Credit for COVID-19 Expenses.** A new, one-time, capped refundable tax relief program will provide relief to businesses for eligible capital expenses.
- NYC Musical and Theatrical Tax Credit Extension.** The initial application deadline is extended to June 30, 2023 and the cap is doubled from \$100 million to \$200 million to provide one-time aid to eligible productions and revitalize tourism in New York City.
- Other Tax Actions.** The Executive Budget increases and extends existing tax credits, including credits for low income housing, clean energy, youth employment, and hiring veterans. It also proposes new tax credits to farmers to support and sustain food production. Other new tax actions include the imposition of sales tax on vacation rentals, as well as certain enforcement initiatives and reforms.
- Prepayments** of future debt service costs are increased by \$1.5 billion in FY 2022, to a total of \$2.9 billion. The increase will reduce costs in FY 2026 and later.
- Other Receipts/Transfers.** Debt service costs are revised to reflect the cost of funding Executive Budget capital adds and

initiatives, partially offset by savings from paying cash for capital projects that would otherwise have been funded with more costly taxable debt. In addition, the State expects to receive \$100 million over three years (FY 2022 through 2024) from Mashreqbank, PSC ("Mashreqbank" or the "Bank") in penalties pursuant to a Consent Order entered into with the New York State Department of Financial Services (DFS). The Executive Budget adds these funds to the Reserve for Economic Uncertainties, consistent with other recent settlements. The Budget also includes reductions to certain planned transfers due to the availability of revenues in other funds that have been earmarked to support new investments.

DISBURSEMENTS

Local Assistance

Education. The Executive Budget recommends \$31.2 billion in School Aid for school year (SY) 2023, an increase of \$2.1 billion (7.1 percent). This growth primarily reflects a \$1.6 billion (8.1 percent) Foundation Aid increase, including a 3 percent minimum annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. Growth in School Aid largely reflects the second year of the three year phase-in of full funding of the current Foundation Aid formula and assumed growth in expense-based aids.

The Executive Budget also includes authorization for a cost-of-living adjustment (COLA) of 11 percent for SY 2023 special education provider tuition rates that will be partially reimbursed by the State, and continues funding for various education grants programs, including Teachers Centers, Public Broadcasting, Independent Living Centers and Public Libraries. In addition, funding is continued for arts and cultural organization pandemic recovery initiatives.

Medicaid. The Executive Budget proposes basing the Global Cap index on the five-year rolling average of Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The CMS projections account for enrollment, including specific populations, such as the aging or disabled populations. The new index would account for enrollment and population changes, which are significant drivers of costs, and supports additional Medicaid spending growth of \$366 million in FY 2023, growing to \$3.1 billion in FY 2027. The total Global Cap spending growth in FY 2023 is estimated at \$966 million using the

new index (\$366 million above the existing cap). The increase in the allowable spending growth, another quarter of the Enhanced Federal Medical Assistance Percentage (eFMAP), and savings actions are sufficient to fund forecasted growth and new investments.

The Executive Budget proposes several investments in health care, including a restoration of the 1.5 percent across-the-board (ATB) reduction to fee-for-service providers implemented in the FY 2021 Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs and will provide flexibility to respond to market needs and compete in the labor market to attract qualified workers. Funding is also proposed for hospitals, nursing homes, health professional schools, and other organizations as they seek to build the health workforce. Other investments include increased aid to safety-net hospitals to support urgent operating needs and address pandemic-related impacts, additional funding for nursing homes to adhere to minimum staffing requirements, increased reimbursement rates to promote primary care, children's behavioral health services investments, increases to orthotics and prosthetics rates, and funding to improve the quality of health care. The Financial Plan reserves \$1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

The FY 2023 Budget proposes Medicaid savings actions including the maximization of Federal resources to provide enhanced pregnancy coverage and postpartum care; utilization of the temporary 10 percent increase to the Federal Medical Assistance Percentage (FMAP) for specific Medicaid Home and Community-Based Services (HCBS) to support workforce investments, capacity increases, and digital infrastructure; imposition of new procurement quality requirements for managed care contracts; elimination of the ability for providers to prescribe pharmaceutical drugs for purposes outside of the clinical criteria; and leveraging additional Federal resources for enhanced pregnancy coverage through the Children's Health Insurance Program.

eFMAP Extension. On January 14, 2022, the Federal government extended the public health emergency through June 30, 2022, which will authorize the eFMAP provisions through June 2022, the end of the quarter in which the emergency period is set to expire. Accordingly, the Executive Budget Financial Plan assumes an additional \$746



million in new resources, increasing the projected benefit in FY 2023 to nearly \$1 billion. In total, the benefit in FY 2022 is nearly \$3 billion, unchanged from the Mid-Year Update. The savings from eFMAP are partly offset by increased costs associated with Federal enrollment and program restructuring prohibitions.

Healthcare/Frontline Worker Bonus. The State will provide frontline healthcare workers a bonus payment of up to \$3,000 to incentivize the recruitment and retention of qualified frontline healthcare and direct support professionals. The amount of the bonus will be based on hours worked and length of time in service. Direct Care State employees will also receive bonuses. The total State cost is estimated at \$1.2 billion [\$1.07 billion for non-State employees; \$120 million for State employees].

Public Health/Aging. The Budget adds funding for public health programs including Nourish New York; General Public Health Work (GPHW) for counties including New York City, and outreach, education, and social services crisis management for COVID-19.

Human Services/Mental Hygiene Cost-of-Living Increase. Funding is included to support a 5.4 percent cost-of-living increase for human services workers.

Mental Hygiene. Executive Budget increases funding for mental health residential programs to assist providers with housing cost increases and establishes new teams of mental health professionals performing Critical Time Intervention (CTI) directly with homeless individuals to ensure access to services and housing. Additional funding is included in the Executive Budget to invest in OMH residential programs and establish CTI teams of mental health professionals to direct homeless individuals to services and housing. The Executive Budget also provides funding to implement a 988 crisis hotline, enhance crisis response services for children and families, and reinvest recoupments from managed care organizations for behavioral health services. In addition, prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll are being funded outside the General Fund. Monies to support increased housing costs and develop new housing opportunities for people with developmental disabilities are also included.

Social Welfare. The Executive Budget provides funding to ensure continuity in the level of child care subsidies when the three year

rates established by the Federal government are reset in October 2022, expand eligibility for child care subsidies to more families, and increase wages for child care workers. Other significant proposals include new investments in adoption subsidies through modernization of the rate methodology, expanding the Healthy Families New York (HFNY) Home Visiting program through the use of Adoption Delinking funds, supporting the homeowner protection program, and creating an Eviction Prevention Legal Assistance Program to provide legal representation to tenants involved in eviction cases outside of New York City.

Economic Development. Proposed funding increases and new investments include one-time grants from Economic Development Fund for workforce development grants to facilitate job creation and/or retention; creating a state teacher residency program to provide matching funding for local districts to create two-year residency programs for graduate-level teacher candidates; expanding alternative teacher certification programs to make it easier and more appealing for professionals in other careers to become teachers; funding for the World University Games, and standardizing and centralizing Venture Competitions designed to connect startups with investors and help new innovation-sector businesses access funding.

Higher Education. The Executive Budget proposes expanding the Tuition Assistance Program (TAP) for part-time students in degree programs and community college students enrolled part-time in high-demand workforce credential programs; granting incarcerated individuals' access to TAP; accelerating the FY 2022 Enacted Budget TAP Gap funding plan at the City University of New York (CUNY) Senior College campuses; investing in full-time faculty at CUNY; establishing child care centers on SUNY and CUNY campuses; and increasing funding for higher education opportunity programs and training centers.

Public Safety. Proposed funding increases will support gun violence initiatives including gun-tracing efforts, improving crime data collection, violence interrupter programs such as the SNUG street outreach program, intervention programs including job training and community engagement, and pretrial services.

All Other Local Assistance. The Executive Budget includes funding increases for various programs administered by the Department of

FY 2023 EXECUTIVE BUDGET "PRINCIPAL" RESERVES (millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
Planned Deposits	4,984	5,053	2,448	2,925
Rainy Day Reserves	875	920	915	950
Economic Uncertainties	4,109	4,133	1,533	1,975
Balance At Year-End	8,950	14,003	16,451	19,376
Rainy Day Reserves	3,351	4,271	5,186	6,136
Economic Uncertainties	5,599	9,732	11,265	13,240
Estimated SOF Spending	115,215	118,833	123,388	129,314
<i>Principal Reserves % SOF</i>	7.8%	11.8%	13.3%	15.0%

Agriculture and Markets, the Liberty Defense program, the Office for the New Americans, transit aid, and local government assistance.

Agency Operations

Executive Agencies. The growth in executive agency budgets reflects targeted increases to hire and retain mental hygiene direct care and clinical staff, expand Child and Adolescent Needs & Strengths (CANS) assessments to improve service delivery, replace outdated technology used to administer housing and community based services, and address increases in the cost of administering the Medicaid program. Funding is also provided, as needed, to restore operating capacity to pre-pandemic levels.

The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and FEMA reimbursements will occur. In addition, COVID expenses related to the purchase of test kits for local governments and schools are assumed to be fully eligible for FEMA reimbursement.

Non-Executive Agencies. The Executive Budget reflects budget requests submitted by the Legislature and Judiciary. The judiciary requested increases in annual operating spending to fund expected hiring, increased health insurance premium payments, three planned Court Officer Academy classes, and the addition of 14 new Supreme Court Judgeships as authorized by Chapter 188 of the Laws of 2021. Spending increases for the Legislature, OSC, and Department of Law mainly reflect projected increases in personal service and technology costs.

Fringe Benefits/Fixed Costs. Pension estimates reflect the planned payment of the full FY 2023 Employees' Retirement System (ERS)/ Police and Fire Retirement System (PFRS) pension bills in May 2022.

Transfer to Other Funds

Capital Projects. The Executive Budget proposes using \$6 billion of cash resources for pay-as-you-go (PAYGO) capital spending over the Financial Plan to reduce debt service costs, ensure the State stays within the debt limit, and allow for a larger DOT capital plan. The PAYGO will be targeted to primarily avoid higher cost taxable debt issuances. The increases are offset in part by using the Reserve for Debt Management that was previously set aside for this purpose. Other investments include projects to address health and safety at nonpublic school buildings, implement zero emission light utility State vehicles by 2035, and various economic development projects.

SUNY Operations. The Executive Budget reflects increases the State's subsidy payments to offset lost revenue via the tuition assistance program and fund various initiatives, including child care centers at all campuses.

Health Care Transformation. The Financial Plan reserves \$1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability.

Other Transfers. The Executive Budget increases transfers to the DHBTF to support the DOT five year capital plan, recruitment incentives for licensed drivers, and ongoing highway maintenance.

In addition, the Financial Plan sets aside \$2 billion of the current year surplus for pandemic relief assistance.

PRINCIPAL RESERVES

The State has three principal reserves to address operating risks: the Tax Stabilization Reserve, the Rainy Day Reserve, and amounts informally reserved for economic uncertainties. The first two, which are known collectively as the "Rainy Day Reserves," have specific

¹ The Tax Stabilization Reserve was created pursuant to State law to provide a reserve to finance a cash-basis operating deficit in the General Fund at the end of the fiscal year, and to make temporary loans to the General Fund during the year. Annual deposits may not exceed 0.2 percent of General Fund spending, and the balance may not exceed 2 percent of General Fund spending. These amounts may be borrowed by the General Fund temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end, but these loans must be repaid within six years in no fewer than three annual installments.

² The Rainy Day Reserve was created pursuant to State law to account for funds set aside for use during economic downturns or in response to a catastrophic event, as defined in the law. The economic downturn clause is triggered after five consecutive months of decline in the State's composite index of business cycle indicators. The reserve may have a maximum balance equal to 5 percent of projected General Fund spending during the fiscal year immediately following the then-current fiscal year.



statutory limits on how much can be deposited annually and specific conditions on when they can be used. The reserve for economic uncertainties is an informal designation of General Fund resources that was initiated in FY 2020 and is not subject to any statutory limitation as to size or restriction as to use. Together, these funds provide a prudent buffer against financial risks.

The Executive Budget maintains the commitment to leverage the increase in tax receipts to grow the balance of principal reserves annually to reach a target level of 15 percent of spending by FY 2025 and proposes amendments to the Rainy Day Reserve statute to allow for the increased deposits and balance limitations. The following table summarizes the planned increases to principal reserves.

PTET – FINANCIAL PLAN IMPACT

The U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the Pass-through entity tax (PTET), are allowable as a Federal deduction to taxable income. In November 2020, the IRS released Notice 2020-75, which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes.

As part of the State's continuing response to Federal tax law changes, legislation was enacted in FY 2022 to allow an optional PTET on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

The Financial Plan did not previously include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the number of electing entities and tax amounts paid would not be known until late 2021.

In December 2021, entities began making PTET payments that were recorded in business taxes and totaled an estimated \$11 billion. DOB expects the accompanying tax credits will impact PIT receipts beginning in April 2022, which would decrease PIT collections. DOB expects that the PTET will be revenue neutral for the State, however, because PTET payments will generally be received in the fiscal year prior to credit claiming, the PTET will not be revenue-neutral within each fiscal year. The FY 2023 Executive Budget Financial Plan now includes an estimate for PTET receipts in business taxes and the corresponding decrease in PIT receipts, as well as reserve of the PTET collections in FY 2022 for purposes of offsetting the decrease in PIT receipts expected in FY 2023. It is expected that the tax benefit accompanying the PTET program will cease upon the expiration of the State and Local Tax (SALT) cap in 2025. Therefore, the estimates in the Financial Plan reflect the likelihood that entities cease to participate beginning in 2026.

PIT credits may be claimed on the April tax return in the following fiscal year as a refund, or they can be reflected sooner through reductions in current estimated payments. In 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021, but going forward some taxpayers are expected to choose this option. This effectively causes a "double-hit" against PIT in 2023. FY 2023 PIT is expected to be reduced by credits for both the full amount of 2021 PTET collections (through extensions and refunds) and a portion of 2022 PTET collections (through reductions in current estimated PIT payments).

The table below displays the impact of the PTET program on the General Fund Financial Plan. The PTET estimates are excluded from certain tabular presentations in the Financial Plan due to the size of the impact on specific financial plan categories and the overall Financial Plan neutrality. Tables that exclude PTET are noted.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX (millions of dollars)						
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
General Fund Impact	0	0	0	0	0	0
Tax Receipts ¹	16,710	(9,050)	473	500	(4,183)	(4,450)
PIT Credits	0	(24,130)	(15,567)	(16,500)	(17,533)	(4,450)
PTET Collections (Business Taxes)	16,710	15,080	16,040	17,000	13,350	0
Use of/(Deposit to) Reserve for PTET Refunds	(16,710)	9,050	(473)	(500)	4,183	4,450

¹ The impact of the PTET on Revenue Bond Tax Fund (RBTf) receipts is 50 percent of the impact on total Tax Receipts.

STATE OPERATING FUNDS – SUMMARY OF ANNUAL SPENDING CHANGE

In FY 2023 State Operating Funds spending is estimated at \$118.8 billion, an increase of 3.1 percent from FY 2022.

STATE OPERATING FUNDS DISBURSEMENTS FY 2022 TO FY 2023 (millions of dollars)				
	FY 2022 Projected	FY 2023 Projected	Annual Change	
			\$	%
LOCAL ASSISTANCE	76,857	82,829	5,972	7.8%
School Aid (School Year Basis)	29,111	31,178	2,067	7.1%
STAR	1,939	1,831	(108)	-5.6%
DOH Medicaid ¹	24,976	26,555	1,579	6.3%
Temporary eFMAP Increase	(2,984)	(995)	1,989	66.7%
Mental Hygiene (Gross) ²	4,420	5,427	1,007	22.8%
Mental Hygiene - DOH Global Cap Adjustment ²	307	522	215	70.0%
Transportation	3,797	4,590	793	20.9%
Social Services	2,999	3,171	172	5.7%
Higher Education	2,736	2,999	263	9.6%
Other Education	2,404	2,500	96	4.0%
Excluded Workers Fund	2,100	0	(2,100)	-100.0%
Emergency Rental Assistance	250	0	(250)	-100.0%
Small Business Grants	825	0	(825)	-100.0%
Healthcare/Frontline Worker Bonus	0	1,072	1,072	0.0%
All Other ³	3,977	3,979	2	0.1%
STATE OPERATIONS/GENERAL STATE CHARGES	30,032	30,398	366	1.2%
State Operations	20,771	20,210	(561)	-2.7%
Executive Agencies	11,601	11,695	94	0.8%
University Systems	6,463	6,579	116	1.8%
Elected Officials	2,772	2,736	(36)	-1.3%
Fund Eligible Expenses from CRF	(1,065)	0	1,065	100.0%
FEMA Eligible Costs/(Reimbursement)	1,000	(800)	(1,800)	-180.0%
General State Charges	9,261	10,188	927	10.0%
Pension Contribution	2,525	2,369	(156)	-6.2%
Health Insurance	4,696	5,155	459	9.8%
Fund Eligible Expenses from CRF	(618)	0	618	100.0%
Other Fringe Benefits/Fixed Costs	2,658	2,664	6	0.2%
DEBT SERVICE	8,329	5,612	(2,717)	-32.6%
CAPITAL PROJECTS	0	0	0	0.0%
TOTAL STATE OPERATING FUNDS	115,218	118,839	3,621	3.1%
Capital Projects (State and Federal Funds)	15,434	18,566	3,132	20.3%
Federal Operating Aid	82,266	78,934	(3,332)	-4.1%
TOTAL ALL GOVERNMENTAL FUNDS	212,918	216,339	3,421	1.6%
<p>¹ Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of this offset is reported in "All Other" local assistance disbursements.</p> <p>² A portion of Mental Hygiene spending is funded via the Mental Hygiene Stabilization Fund under the DOH Medicaid Global Cap. This spending appears in DOH rather than Mental Hygiene.</p> <p>³ "All Other" includes spending for: certain recovery initiatives, various other functions; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; and MSA payments deposited directly to a Medicaid Escrow Fund, which reduces reported disbursements.</p>				



CAPITAL PLAN OVERVIEW










Governor Hochul is making significant infrastructure investments across the State that will play a critical role in building for the future and responding to the pandemic by creating jobs and growing the economy. The Executive Budget leverages Federal funding from the Infrastructure Investment and Jobs Act to rebuild and expand mass transit systems, upgrade the State's road and bridge infrastructure, and provide reliable broadband services throughout the State. Additionally, major new investments are proposed to construct healthcare and affordable housing facilities, renewable energy projects, and environmental infrastructure.

NEW FEDERAL FUNDING

On November 13, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. The State is projected to receive \$13.4 billion in new Federal funding over the next 5 years, of which \$5.7 billion is expected to flow through the State budget, primarily for road and bridge projects, and \$7.7 billion will be disbursed by public authorities, primarily the MTA, and local governments. In total, the State is expected to receive funding for the following programs:

- Roads, Bridges, and Major Projects (\$4.6 billion); 
- Public Transit (\$4.1 billion); 
- Clean Water, Weatherization, and Resiliency (\$3.2 billion); 
- Broadband (\$800 million); and 
- Airports (\$685 million) 



MAJOR ONGOING INFRASTRUCTURE INVESTMENTS

Governor Hochul is committed to advancing major infrastructure projects that will be supported by the State, local governments, the federal government, public authorities, and private entities. Major infrastructure investments currently underway include:

Gateway Hudson Tunnel Project. The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy and are in dire need of repair and expansion to increase capacity. The plan will revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. Project costs estimated at \$12.3 billion.

Pennsylvania Station Area Civic and Land Use Improvement Project. The State has completed the transformation of the James A. Farley Post Office building into the Moynihan Train Hall and opened a new, state-of-the-art expanded West End Concourse at Penn Station. The concourse provides direct access to 17 of the station's 21 tracks for LIRR commuters and intercity rail passengers and offers an underground connection between the Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E). Expanding on this vision, Governor Hochul plans to create a commuter-first Penn Station. The reconstructed Penn Station will create a double-height, light-filled train hall that more than doubles passenger space from 123,000 square feet to 250,000 square feet and nearly doubles the number of entrances from 12 to 20. The station reconstruction complements the station expansion that will

increase track and train capacity by 40 percent to more effectively accommodate the service needs of travelers and commuters at the busiest transit hub in the Western Hemisphere. Project costs estimated at \$16 billion.

MTA's \$52 billion 2020-2024 Capital Program represents the largest investment in MTA infrastructure in state history, about 70 percent larger than the previous program. The program will revitalize the subway system and prioritize improving signal technology, increasing accessibility, improving quality of life issues, ensuring investment in the Long Island Rail Road (LIRR) and Metro North Railroad, and upgrading bus service. The Capital Program will advance several major initiatives including:



- **Central Business District Tolling Program.** The congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion in financing to support the 2020-2024 Capital Plan.
- **Accessibility.** The program will increase accessibility by making 70 more subway stations ADA-accessible so that stations serving over 60 percent of passengers will be accessible.
- **Second Avenue Subway Phase 2.** The project will provide three new fully accessible stations, extending service from 96th street to 125th street, and a connection with Metro-North.

- **Penn Station Access.** The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible Metro-North commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.
- **East Side Access.** The project will bring the Long Island Rail Road into a new concourse below Grand Central Terminal.
- **LIRR Third Track.** The project will add 10 miles of mainline between Floral Park and Hicksville and provide capacity and shorten service disruptions for 41 percent of LIRR ridership.
- **Transformed John F. Kennedy Airport.** The State is proceeding with 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. Work will include 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. The first new facilities are scheduled to open in 2023.

STATE CAPITAL BUDGET

The State's five-year Capital Plan projects spending \$92 billion from State capital appropriations. The Plan projects using State bonds, State PAYGO (e.g. taxes and fees); and Federal funds to support the Plan.

Major initiatives include the following:

- **New Five-Year DOT Capital Plan.** The new five-year, \$32.8 billion DOT capital plan will leverage Federal funding commitments made in the Infrastructure Investment and Jobs Act to support final phases of major infrastructure projects, including Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The new plan also supports new large-scale projects, including: modernizing the Livingston Avenue Bridge in Albany; reconnecting neighborhoods across the Kensington Expressway in Buffalo; converting Route 17 to I-86 in Orange and Sullivan Counties; and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County. The Five-Year DOT Capital

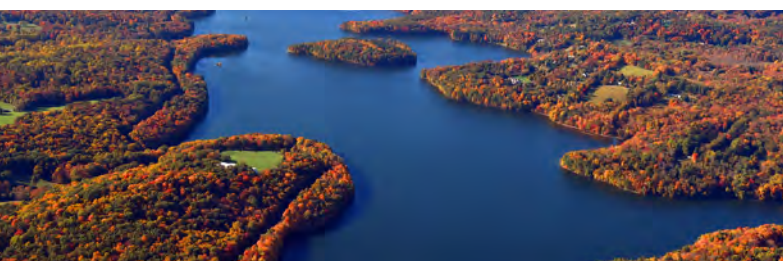


Plan also increases the existing BRIDGE-NY program by \$1 billion, adds a new \$1 billion Operation Pave Our Potholes program, and continues record commitments to funding local highway and bridge programs through the Consolidated Highway Improvement Program [CHIPS].

- **New Five-Year Housing Plan.** The Executive Budget advances a new \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and to electrify an additional 50,000 homes as part of the State's plan to electrify 1 million homes and make another 1 million electrification-ready. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies.
- **Broadband and Digital Infrastructure.** The Executive Budget includes \$1.6 billion to support the ConnectALL initiative to provide affordable broadband access to New Yorkers in rural and urban areas statewide. The initiative aids in the removal of existing barriers to broadband access, including fee exemptions for rural deployments, standardizing processes for state land and rights-of-way deployments, and addressing issues in serving multiple-dwelling units.
- **Offshore Wind Investment.** The Executive Budget proposes \$500 million for ports, manufacturing, and supply chain infrastructure needed to advance the offshore wind industry.
- **Clean Water, Clean Air, and Green Jobs Bond Act.** The \$4 billion bond act would support capital improvements and enhancements in the following areas: flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure. The bond act is planned to go before voters in the November 2022 general election.



- **Clean Water Infrastructure.** The Executive Budget adds a \$500 million appropriation to support clean water infrastructure, raising the State's total investment to \$4.5 billion. 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.
- **Health Care.** The Executive Budget proposes a new \$1.6 billion capital program for the purpose of financing capital improvements for eligible health care facilities and nursing homes and building out ambulatory care infrastructure for financially distressed hospitals.
- **Parks Capital.** The Executive Budget allocates \$200 million in New York Works capital funding to the Office of Parks, Recreation and Historic Preservation in order to continue the State's investment in critical infrastructure projects.
- **Economic Development.** The Executive Budget provides \$1.8 billion in new economic and community development funding across a number of valuable programs, including Round XII of the Regional Economic Development Council (REDC); a sixth round of Downtown Revitalization Initiative, which will also include NY Forward as a way to enhance support for smaller, rural communities; community based grants to enhance waterfronts; the New York Works Economic Development Fund; the RESTORE NY program, which aims to restore blighted properties; the Market NY program; and funding for the Olympic Regional Development Authority to continue upgrading and modernizing facilities and ski resorts.

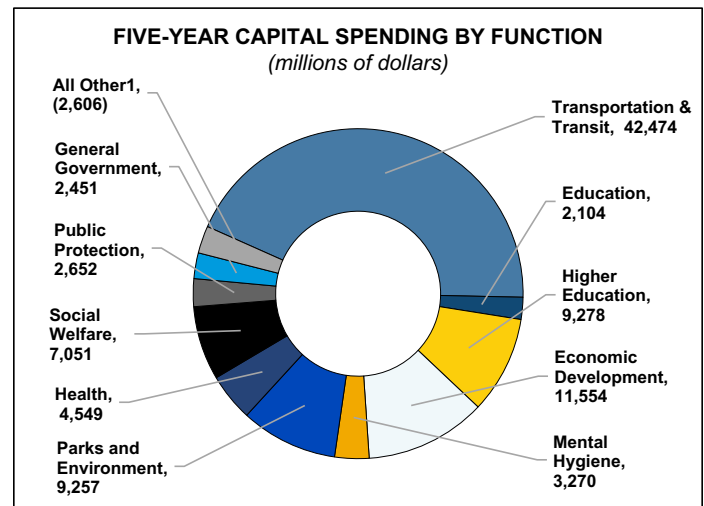
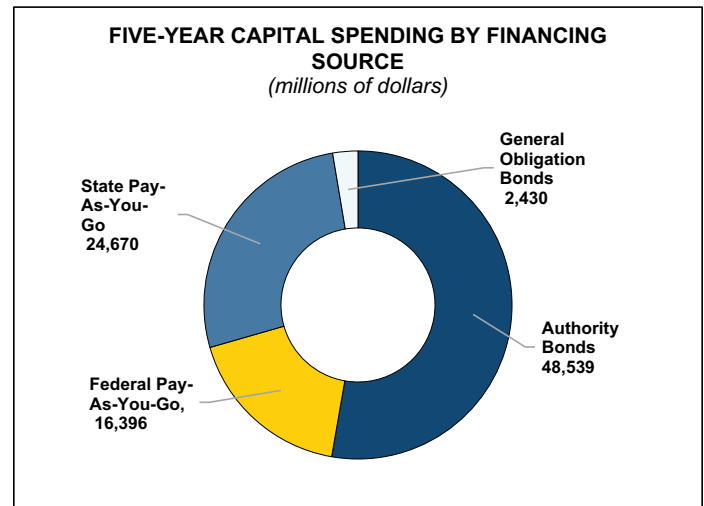


TAKING ACTIONS TO ENSURE AFFORDABILITY

Governor Hochul is using a disciplined approach to control and target new borrowing to keep debt affordable and within the State's debt limit. The Capital Plan contributes \$5 billion of cash resources for pay-as-you-go capital spending, which will be targeted to avoid higher cost taxable debt issuances. This effective management of State debt costs will enable the delivery of affordable infrastructure investments, a vital component of the State's ongoing recovery from the pandemic.

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


- Over the past decade the State has been disciplined in its use of debt, while making significant investments in the State's infrastructure. From FY 2013 to FY 2022, debt outstanding has increased from \$55.7 billion to \$62.9 billion (projected), or an average of 1.4 percent annually. By comparison, in the prior 10 years, debt grew by 2.0 percent.
- State-supported debt is projected to remain within the statutory debt caps throughout the Five-Year Capital Plan period as a result of the strategic cash contribution of \$6 billion to reduce taxable debt issuances and allow for a larger DOT Plan.
- State-related debt outstanding as a percentage of personal income is expected to remain below historical levels across the Five-Year Capital Plan period and is projected at 4.9 percent in FY 2027.
- Debt service costs are estimated at \$6.7 billion in FY 2023, after adjusting for debt service prepayments, which is an increase of 2.3 percent from FY 2022.





REVENUE ACTIONS





The Executive Budget continues to respond to the ongoing COVID-19 pandemic by utilizing new tax revenue resources to smartly invest in areas that will allow hard-hit New York consumers and businesses to recover and continue to benefit from the ongoing economic resurgence. Importantly, taxpayers will benefit from the acceleration of the middle-income tax cuts that were scheduled to phase in by 2025 as well as a new homeowner property tax rebate credit.

OVERVIEW

At the onset of the COVID-19 pandemic in 2020, the national and State economies experienced dramatic declines in economic activity and sharp increases in unemployment. However, a combination of Federal and State initiatives, inclusive of the various health measures, have enabled a steady economic recovery that has led to substantial increases in tax receipts.

Real U.S. GDP surpassed its pre-recession peak during the second quarter of 2021, as Federal COVID-19 emergency spending provided an unprecedented level of economic stimulus. The national economy is estimated to have posted strong growth of 5.6 percent for the 2021 calendar year, after contracting 3.4 percent in 2020. Fallout from the pandemic, including but not limited to labor and supply shortages, is expected to restrain economic growth for the current year, but the Budget Division expects growth of 4.3 percent for the year overall.

As of November 2021, New York's economy has regained 62.6 percent of the private sector jobs lost in March and April of 2020, and the proposals included with the FY 2023 Budget are targeted to accelerate the pace of jobs recovery. Total New York State employment is projected to grow 4.5 percent in FY 2023, with private sector jobs growing 5.0 percent.

The pandemic led to double-digit declines in employment in FY 2021, however, state wages fell a mere 2.0 percent, as the steepest job losses were concentrated in low-wage sectors such as leisure and hospitality, retail trade, and transportation, where remote work is not possible. The disparity between employment and wage growth rates was partly due to strong FY 2021 bonus growth thanks to highly expansionary monetary and fiscal policy, leading to a sterling stock market performance and strong financial sector revenues. Despite declines in employment and wages, state personal income enjoyed

8.5 percent growth in FY 2021 due to unprecedented fiscal stimulus payments to small businesses and individuals. With fiscal stimulus on the wane and rate hikes now expected to begin even sooner, only modest growth of 1.0 percent and 1.1 percent are estimated for state personal income for FY 2022 and FY 2023, respectively, despite a strong continuing recovery in employment.

REVENUE SPOTLIGHT: MOBILE SPORTS WAGERING

Four operators – Caesars, DraftKings, FanDuel and Rush Street Interactive – commenced operations on January 8, 2022 after receiving approval from the Commission. For the first weekend, these operators took in \$150 million in wagers, over 650,000 unique player accounts were utilized, and more than 17 million geolocations were confirmed. BetMGM commenced operations on January 17, 2022.

For mobile sports wagering revenue, effective FY 2023, \$6 million will be directed to programs addressing problem gambling, \$5 million will be directed to a youth sports grant program statewide, and the remaining amount will be directed to education. License fee revenue is directed to education. The State projects \$249 million in revenue (includes \$200 million in already collected license fees) in FY 2022, \$357 million in FY 2023, \$465 million in FY 2024, \$493 million in FY 2025, \$509 million in FY 2026 and \$518 million in FY 2027.

RESPONDING TO COVID-19 AND PROVIDING TAX RELIEF TO NEW YORK

The Executive Budget continues to take steps to mitigate the impact of the pandemic on New Yorkers. These include:

Accelerate the Implementation of the Middle-Class Tax Cut. The eight-year phase-in of personal income tax cuts for middle-class taxpayers first began in Tax Year 2018 and is currently scheduled to be completed at the start of the 2025 Tax Year. This Budget:

- Accelerates tax relief to middle-class New Yorkers by providing the fully implemented reduced tax rates beginning in Tax Year 2023.
- Provides relief to 6.1 million New Yorkers.

Create a Tax Credit for Small Businesses' COVID-19-Related Expenses. To continue the State's support for our small businesses, the Executive Budget includes a new capped refundable tax relief program targeting COVID-19-related expenses for small businesses.

The program provides:

- Up to \$250 million in additional relief to small businesses.
- Eligible COVID-19-related capital investments include, but are not limited to, costs associated with expanding space to accommodate social distancing, HVAC equipment, expenses related to outdoor space expansions, as well as machinery and equipment to facilitate contactless sales.

Create and Expand Tax Credits for Farms. New York's support of its critical agriculture industry is expanded by:

- Enhancing two existing tax benefits and establishing a new tax credit.
- Increasing the Investment Tax Credit to 20 percent, up from four percent, for farm businesses.
- Doubling the Farm Workforce Retention Credit to \$1,200 per employee.
- Creating a refundable tax credit for overtime hours paid by farm employers.

Provide Small Business Tax Relief. Small businesses were hit particularly hard by the pandemic downturn. The Budget provides much needed tax relief to these businesses by:

- Increasing the small business subtraction modification from 5 percent to 15 percent of net business income or farm income, and
- Expanding the benefit to include pass-through entities with less than \$1.5 million NY-source gross income.
- This proposal will aid 195,000 small businesses through one of the most challenging business climates in modern history.

Homeowner Tax Rebate Credit. The Budget creates a new property tax relief credit, the Homeowner Tax Rebate Credit, to eligible low- and middle-income households, as well as eligible senior households:

- Basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.
- This one-year program is, in general, an extension of the real Property Tax Relief Credit Program that expired after 2019, with benefits calculated as a percentage of a homeowner's STAR benefit. Additionally, homeowners in New York City will also be eligible for this credit.
- Outside of New York City, the average benefit will be nearly \$970, providing relief to more than 2 million property tax-paying households. The New York City average benefit will be about \$425, with benefits reaching another 479,000 property tax-paying households.
- For homeowners with income below \$75,000 the statewide average credit is estimated at nearly \$1,050, benefiting an estimated 837,800 recipients.
- The benefit will be in the form of an advanced credit, instead of being claimed when tax returns are filed, thus getting benefits in the hands of New York homeowners more quickly. Credits will be an advance on Tax Year 2022 income tax returns, to be directly sent to eligible homeowners beginning in Fall 2022.

Extend the New York City Musical and Theatrical Production Tax Credit. To continue the State's support of an industry greatly affected by the pandemic, the Executive Budget makes the following changes:

- Extends the initial application deadline to June 30, 2023; and
- Doubles the overall cap on the program from \$100 million to \$200 million.

OTHER KEY TAX CUTS AND CREDITS

Extend and Enhance the Hire-A-Vet Credit for Three Years. Currently, eligible veterans are limited to service members who became veterans after September 11, 2001, which limits the credit's reach. In addition, eligible veterans must work at least 35 hours per week for the employer to receive the tax credit amount. The Budget:

- Extends the credit for an additional three years
- Expands eligibility to all veterans
- Removes the distinction between disabled and non-disabled
- Allows the credit for part-time employment to increase the number of veterans impacted

Provide Tax Credits for the Phase Out of a Certain Grade of Fuel Oil. Effective July 1, 2023, the use of No. 6 fuel oil for heating any building or facility in New York State is prohibited. This Executive Budget provides a tax credit equal to 50 percent of conversion costs (capped at \$500,000 per taxpayer's buildings located in a municipality) to assist affected entities outside of New York City to convert to cleaner energy sources such as biodiesel heating oil or a geothermal system.

Create a Tax Exemption for Student Loan Forgiveness Awards.

Student loan forgiveness programs are intended to relieve individuals from crippling financial burdens, but in some instances this relief is treated as income for tax purposes, resulting in increased tax liability and ultimately exchanging one debt problem for another. The Budget remedies this issue by excluding forgiven student loans from NYS adjusted gross income.

REFORM, SIMPLIFICATION AND OTHER ACTIONS

Require S-Corporation Conformity with Federal Returns.

- The Executive Budget requires all S corporations at the Federal level to be treated as such for state tax purposes.
- Currently, Federal S corporations with investment income above 50 percent of Federal gross income are treated as NYS S corporations.

- This change addresses tax avoidance in cases where shareholders change residence to avoid tax on dividends.

Modernize Tax Law to Include the Vacation Rental Industry. In order to create a level playing field between the growing vacation rental sector and traditional hospitality industry participants such as hotels, motels, and B&Bs, the Executive Budget:

- Subjects all vacation rentals to State and local sales taxes, as well as the daily NYC Convention Center hotel fee of \$1.50 per unit.
- Under these new provisions, any vacation rental marketplace provider that facilitates the occupancy of a vacation rental will be responsible for collecting and remitting the State and local sales taxes, in addition to the NYC hotel unit fee.

Make Local Sales Tax Rate Authorizations Permanent. In an effort to shore up local government finances and to ensure revenue stability and certainty for local governments going forward, the Executive Budget:

- Grants permanent local sales tax authority for all counties and cities at their existing rates or up to 4 percent.
- As such, local governments would no longer need to seek and receive the State's approval as long as they want to extend their existing rates or increase their rate to no more than 4 percent.
- All local governments will still be required to seek and receive temporary approval by a majority vote of the local government's governing body in order to impose additional sales tax above the current statutory 3 percent threshold.

GAMING INITIATIVES

Authorize Casino Licenses. The Budget:

- Authorizes the awarding of up to three additional casino licenses by allowing the Gaming Facility Location Board to issue a Request for Applications.
- Allows the additional casino gaming facilities to be located statewide, including the Downstate region.

- Should additional casinos commence operations, it is expected they would provide a substantial amount of revenue for State education aid through license fees and recurring tax payments.

FEE ACTIONS

Extend the Waste Tire Management Fee for Five Years. The Executive Budget extends the Waste Tire Fee for five years (imposed by the Environmental Conservation Law and scheduled to expire December 31, 2022) and aligns it with the filing requirements and administrative provisions of the sales tax law so that the fee can be easily reported and remitted on the sales tax return. This \$2.50 fee has historically generated an average of \$26 million per year and funds the abatement of waste tire sites and supports approximately 100 Department of Environmental Conservation employees involved in the critical mission of solid and hazardous waste cleanup activities.



REVENUE ACTIONS AND STAR (MILLIONS OF DOLLARS)				
	GENERAL FUND		ALL FUNDS	
	FY2023	FY2024	FY2023	FY2024
RESPONDING TO COVID-19	(2,263)	(1,061)	(2,263)	(1,061)
Accelerate the Implementation of the Middle-Class Tax Cut	(162)	(615)	(162)	(615)
Create a Tax Credit for Small Businesses COVID-19 Related Expenses	-	(250)	-	(250)
Extend the New York City Musical and Theatrical Production Tax Credit	-	(100)	-	(100)
Create and Expand Tax Credits for Farms	-	(16)	-	(16)
Provide Small Business Tax Relief	(100)	(100)	(100)	(100)
Provide a Homeowner Tax Rebate Credit	(2,200)	-	(2,200)	-
OTHER KEY TAX CUTS AND CREDITS	-	(8)	-	(8)
Extend the Clean-Heating Fuel Credit for Three Years	-	-	-	-
Extend the Alternative Fuels and Electric Vehicle Recharging Property Credit for Five Years	-	-	-	-
Extend the Credit for Companies Who Provide Transportation to Individuals with Disabilities for an Additional Six Years	-	-	-	-
Extend the New York Youth Jobs Program Tax Credit for an Additional Five Years	-	-	-	-
Extend the Empire State Apprenticeship Tax Credit for an Additional Five Years	-	-	-	-
Extend the Film Tax Credit for Three Years	-	-	-	-
Extend the Telecommunications Assessment Ceiling Programs for Four Years	-	-	-	-
Extend and Enhance the Brownfields Program	-	-	-	-
Extend the Credit for Employment of Persons with Disabilities for Six Years	-	-	-	-
Increase the Aggregate Dollar Amount of the Low-Income Housing Credits	-	(7)	-	(7)
Extend and Enhance the Hire-A-Vet Credit for Three Years	-	-	-	-
Provide Tax Credits for the Phase Out of a Certain Grade of Fuel Oil	-	-	-	-
Create a Tax Exemption for Student Loan Forgiveness Awards	-	(1)	-	(1)

REVENUE ACTIONS AND STAR (MILLIONS OF DOLLARS)				
	GENERAL FUND		ALL FUNDS	
	FY2023	FY2024	FY2023	FY2024
REFORM AND SIMPLIFICATION ACTIONS	20	53	21	54
Streamline the Withholding Table and Quarterly Interest Rate Publication Process	-	-	-	-
Solar and Wind Valuation Program Technical Corrections	-	-	-	-
Enact STAR Administrative Reforms	-	-	-	-
Require S-Corporation Conformity with Federal Return	-	13	-	13
Eliminate the Investment Tax Credit for Production of Master Tapes	-	-	-	-
Establish a Permanent Rate for the Article 9-A MTA Surcharge	-	-	-	-
Modernize Tax Law to Include the Vacation Rental Industry	20	40	22	43
Make Local Sales Tax Rate Authorizations Permanent	-	-	-	-
Exempt Certain Water Vessels from the Petroleum Business Tax	-	-	(1)	(2)
ENFORCEMENT INITIATIVES	-	25	-	25
Expand the Financial Institution Data Management Program	-	25	-	25
GAMING INITIATIVES	-	-	-	-
Authorize Casino Licenses	-	-	-	-
Extend PariMutuel Tax Rates and Simulcast Provisions for One Year	-	-	-	-
Extend Authorized use of Capital Funds by Certain Off-Track Betting Corporations for One Year	-	-	-	-
FEE ACTIONS	-	-	5	20
Extend the Waste Tire Management Fee for Five Years	-	-	5	20
TOTAL REVENUE ACTIONS	(2,442)	(1,011)	(2,436)	(990)



FEDERAL AID RECEIPTS



The Executive Budget utilizes Federal resources to support programs that are integral to New Yorkers and the State's recovery from the global pandemic. Federal funds supplement health care, human services, education, transportation, public protection, and other services at the State and local levels. By managing the complex fiscal relationship between the State and the Federal governments, the Executive Budget maintains and expands services for New Yorkers going forward.

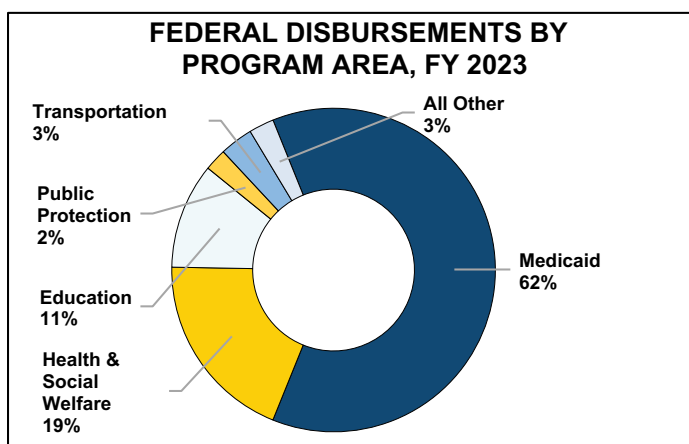
OVERVIEW

Federal policy impacts the State in numerous ways, from monetary and tax policy to business and environmental regulation, however spending policy has an outsize impact on the State Financial Plan.

The Executive Budget utilizes \$81 billion in Federal funds, with Medicaid and other health programs making up a significant majority of the funds and K-12 Education, Welfare, Child Care, Homeland Security and Transportation programs accounting for significant portions of the remainder.

- The \$81 billion in Federal Funds anticipated for FY 2023 represents a nearly \$3 billion decline from FY 2022, but is still an increase from the \$61 billion utilized in FY 2020.

The surge in Federal funds between FY 2020 and 2023 is primarily a result of Federal spending in response to the pandemic. The Executive Budget manages this one-time increase in Federal funding levels as a result of the pandemic and charts a sustainable future that accounts for both a drop in Federal funds spending



and significant long-term investments in transportation and infrastructure resulting from enactment of the Infrastructure Investment & Jobs Act.

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 Executive Budget include:

- **Medicaid** (\$50.6 billion). Federal Medicaid dollars help support health care for more than 7.4 million New Yorkers, including nearly 2.3 million children. Medicaid is the single largest category of Federal funding, representing nearly 62 percent of Federal resources anticipated in the FY 2021 Enacted Budget.
- **Other Health and Human Services Programs** (\$15.6 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** (\$8.6 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, those with disabilities, and college students with exceptional need, such as students who receive Pell grants.

- **Transportation** (\$1.8 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.
- **Public Protection** (\$2.7 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** (\$2.0 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 receipts had consistently represented approximately one-third of all State expenditures prior to the pandemic, but are expected to represent 40 percent and 38 percent in FYs 2022 and 2023, respectively.

THE IMPACT OF EMERGENCY COVID-19 SPENDING ON NEW YORK'S BUDGET

New York State has incurred billions in expenses due to the public health crisis caused by COVID-19. To date, the Federal government has enacted six laws with COVID response funds for state and local governments, the most recent being the American Rescue Plan (ARP) Act, signed into law on March 11, 2021.

These six laws are expected to generate over \$300 billion in funds for New York and \$48 billion in on-budget funds for COVID-19 expenses, plus the \$12.75 billion for State and Local Fiscal Recovery Funds included in ARP. The majority of this funding (\$30 billion) is expected to be expended by the end of FY 2022.

FEDERAL DISBURSEMENTS BY PROGRAM AREA (THOUSANDS OF DOLLARS)

CATEGORY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Medicaid	37,556,577	40,177,935	40,916,368	45,050,375	48,028,674	50,628,950
Health & Social Welfare	11,838,677	12,368,484	12,095,506	16,091,140	18,014,986	15,617,614
Education	3,690,825	4,360,015	4,048,091	3,637,707	9,174,314	8,592,616
Transportation	1,683,301	1,698,187	1,639,511	1,627,258	1,658,531	1,799,809
Public Protection	1,552,452	1,282,804	1,531,673	2,135,063	3,953,044	2,707,875
All Other	484,540	529,513	455,737	319,918	997,937	2,038,411
Coronavirus Relief Fund	0	0	0	2,824,110	2,317,497	0
TOTAL	56,806,372	60,416,938	60,686,886	71,685,571	84,144,983	81,385,275



This funding will support state efforts to combat the pandemic, as well as provide needed funds to schools, healthcare, local governments and others that provide services for the most vulnerable populations. Numerous New York stakeholders are expected to receive Federal aid directly and via the State as a result of the COVID Relief laws.

Major components of COVID-19 relief include the following:

- Coronavirus Relief Fund.** The CARES Act established the \$150 billion Coronavirus Relief Fund (CRF) to provide payments to state, local, and tribal governments navigating the impact of the COVID-19 pandemic. The U.S. Department of Treasury awarded a total CRF payment of \$7.5 billion to New York. Of that, the State received \$5.1 billion, with the remainder distributed among seven eligible units of local governments across the State. The table shows how these funds were spent.
- FEMA Funding.** The Federal government has made FEMA Disaster Assistance available to combat the COVID-19 pandemic. The FEMA Disaster Assistance program is expected to support the State for costs associated with COVID-19-emergency protective measures.
- New York State anticipates recovering \$1 billion in Public Assistance funds. Of this, \$800 million is anticipated to be received in FY 2023 and \$200 million is anticipated for FY 2024.
- State and Local Fiscal Recovery Funds.** On May 18, 2021, the State received \$12.75 billion in State and Local Fiscal Recovery Funds (SLFRF) -- Federal aid authorized in the ARP to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist in the public health emergency response and recovery efforts. These funds are expected to be transferred to state funds over multiple years to support eligible uses and spending.
- On January 6, 2022, the United States Department of the Treasury published guidance specifying that these funds can be used for a broad range of government services, which the Department of the Treasury defined as services traditionally provided by governments. Allowable uses of these funds cited include construction of roads and other infrastructure, provision of public safety and other services, and health and educational services.

- Certain uses are excluded, however, including extraordinary contributions to pension funds, debt service payments, payments for settlements or judgments, or other uses that violate the American Rescue Plan Act. The State will ensure that its use of SLFRF monies is consistent with the recently released guidance.

THE IMPACT OF THE 2020 DECENNIAL CENSUS ON NEW YORK'S BUDGET

Getting an accurate count of the State's population in 2020 presented unique challenges for the U.S. Census Bureau. The COVID-19 pandemic shifted the Census Bureau's plan and approach to ensuring a complete and accurate count, particularly in New York City, the epicenter of the COVID-19 outbreak during 2020. Additionally, certain population groups have historically been undercounted by the Census Bureau, such as minority ethnic groups, immigrants and renters. The New York State population includes higher proportions of these undercounted groups than the nation as a whole.

Based on the results of the Census Bureau's 2020 decennial population survey, New York State's congressional delegation will lose one seat following the 2022 elections. The State's House of Representatives delegation will be reduced from 27 to 26 members,

CORONAVIRUS RELIEF FUND (MILLIONS OF DOLLARS)	
AGENCY EXPENSES	TOTAL
Payroll Expenses - Public Health/Safety Personnel	4,465
Public Health/Medical Supplies and Equipment	179
Financing - Tax and Revenue Anticipation	171
IT and Telecommunication Equipment	66
Reserve Expenses (Second Wave PPE Inventory)	58
Rental Assistance	47
Federal Grants Administration/ Planning/Analytics	64
Other Agency Expenses	92
TOTAL	5,142

and the 2020 Census may also affect New York’s balance of payments as updated population counts influence the state-by-state allocation of Federal funding for numerous aid programs.

NEW YORK’S BALANCE OF PAYMENTS WITH THE FEDERAL GOVERNMENT

As noted above and in the State’s financial plan documents, recently enacted federal legislation to mitigate the impacts of the COVID-19 pandemic has significantly increased the amount of federal aid sent to the State and its local governments. Indeed, the forthcoming Balance of Payments report from the Rockefeller Institute of Government for Federal Fiscal Year 2020 found that while New York has consistently been a net donor state (where per capita federal receipts exceed per capital federal spending), the extraordinary effort to respond to the COVID-19 pandemic has, at least temporarily, brought that to an end.

In FFY 2020, New York State’s per capita balance of payments, the difference of per capita Federal spending and Federal receipts, was \$7,903. This is a significant improvement from FFY 2019, in which per capita receipts exceeded spending resulting in a net negative balance of payments of -\$1,113. For FFY 2020, New York’s net balance of payments ranked fifth highest in the nation, a dramatic improvement from its rank of lowest overall in FFY 2019. The Federal government’s response to the pandemic improved the net balance of payments for all states. The analysis shows that there are no net donor states for FFY 2020.

New York’s improvement in its ranking among states was largely a result of the severe toll the COVID-19 pandemic took on the State’s economy. Because of this disproportionate impact, Federal spending on unemployment insurance, Medicaid, and other social safety net programs flowed to New York State at a higher rate than other states in FFY 2020.

New York State’s economic recovery continues to lag the rest of the nation. By the end of FFY 2021, the national unemployment rate had fallen to 4.8 percent, compared to a rate of 7.1 percent for New York. This suggests that New York’s net balance of payments position for 2021 is likely to mirror that of 2020.

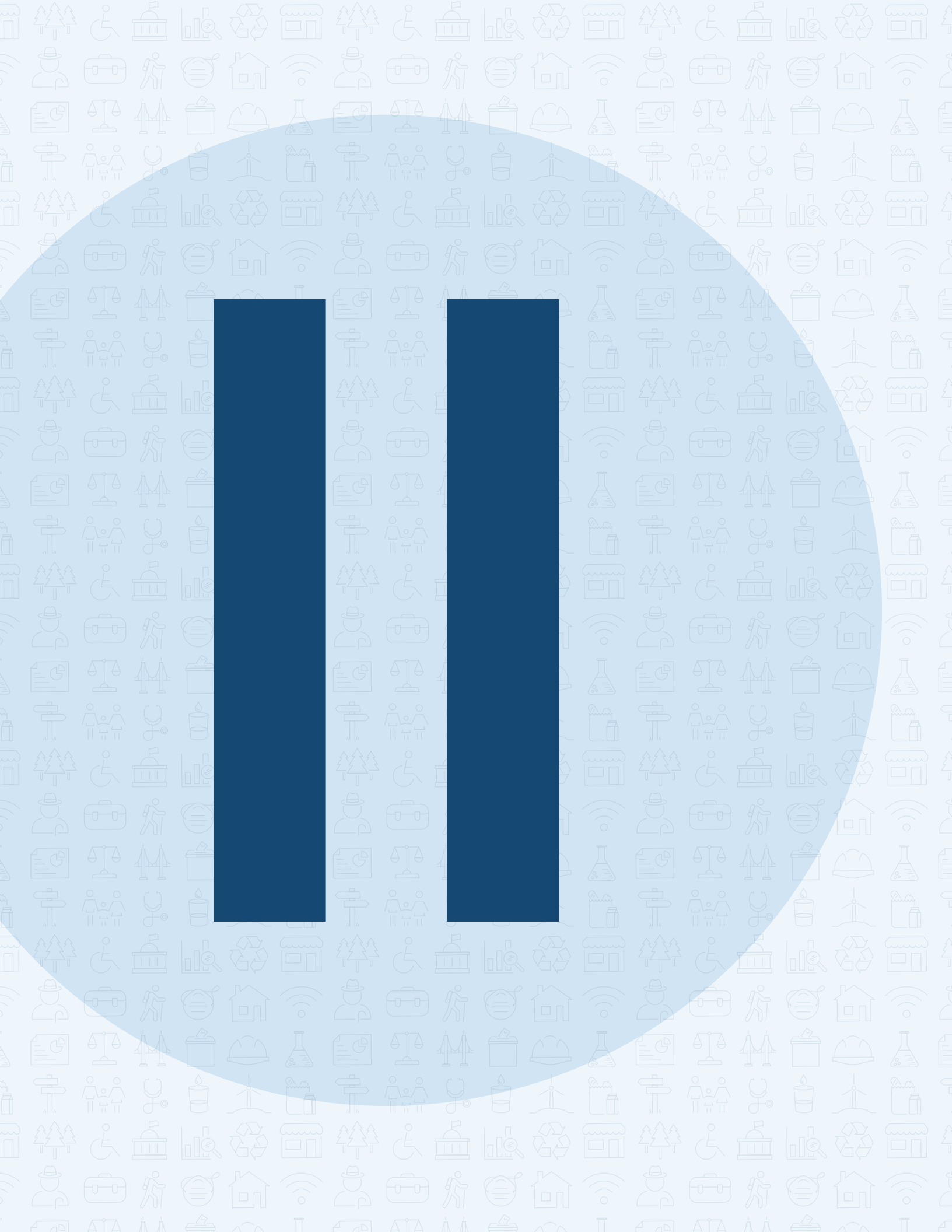
Despite the improvement in New York’s ranking, its per capita balance of payments remains lower than the national average. For

FFY 2020, the average balance of payments for the entire United States was \$9,573, compared to \$7,903 for New York. Federal spending in response to the COVID-19 pandemic, including aid from the SLFRF enacted in the American Rescue Plan, is time-limited and will end within a short time period. Unless changes are enacted that allow New York to receive a more equitable share of federal outlays, the State will likely resume its role as one of the largest net donor states, if not the largest.

To ensure economic stability, the State must be deliberate in its use of this temporary aid provided by the federal government. It would be imprudent for the State to assume responsibility for significant recurring costs based on these federal resources. While the State has flexibility in how to use the Federal aid provided by the SLFRF and certain other sources, dedicating these finite resources to open-ended obligations could easily lead to a “fiscal cliff” when these funds are exhausted. This would lead to an undesirable situation that could result in undoing any new obligations, cuts to other vital programs and services, tax increases, or a combination of these items.

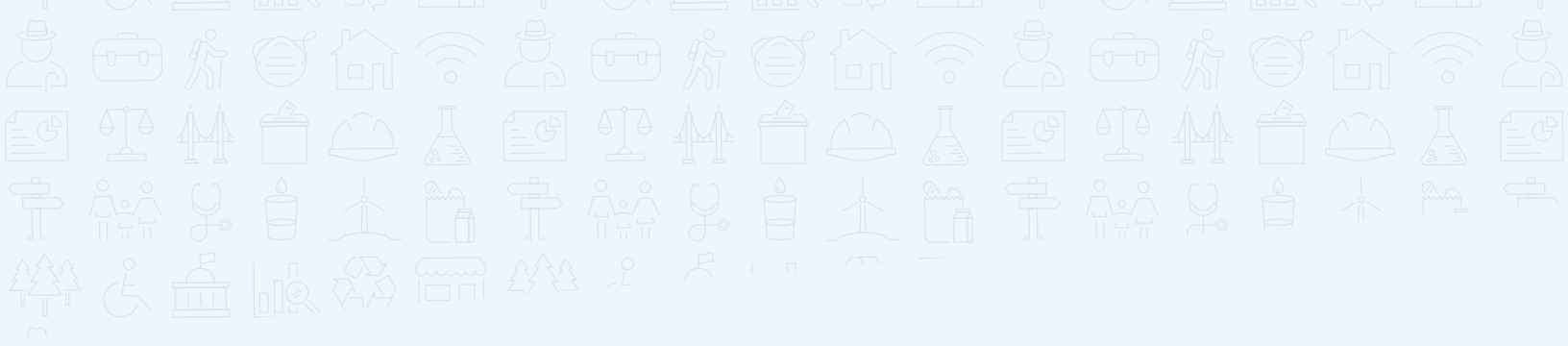
The Executive Budget prudently assumes these resources will be used to fund extraordinary costs associated with the COVID-19 pandemic. Funds from the SLFRF and other sources will be used over a multi-year period to avoid any volatility that would adversely impact New Yorkers.

PER CAPITA BALANCE OF PAYMENTS SUMMARY (FEDERAL FISCAL YEARS)				
	FY 2017	FY 2018	FY 2019	FY 2020
US	\$1,842	\$1,980	\$2,394	\$9,573
NY	-\$1,701	-\$1,778	-\$1,113	\$7,903



SECTION II

PANDEMIC RECOVERY



PANDEMIC RECOVERY OVERVIEW





ECONOMIC OUTLOOK

While many New Yorkers continue to be impacted by COVID-19, economic indicators including the real gross domestic product (GDP), an inflation-adjusted measurement of the United States (U.S.) economic output over the course of a year, are showing economic recovery. Real U.S. GDP surpassed its pre-recession peak during the second quarter of 2021, as Federal COVID-19 emergency spending provided an unprecedented level of economic stimulus. The national economy is estimated to have posted strong growth of 5.6 percent for the 2021 calendar year, after contracting 3.4 percent in 2020.

Though the nation's recovery is proceeding at a healthy pace, recent experience has shown this recovery is unlike any other. A substantial share of employees shifted to remote work, altering household spending patterns within their respective commuting zones. Notably, the recovery in national output was achieved with a labor force that, as of December 2021, remained 2.3 million, or 1.4 percent, below its February 2020 level. Employment levels remain below their pre-pandemic peaks in almost every industry, with leisure and hospitality jobs still down by more than 1.2 million, or 7.2 percent.

Since the height of the pandemic, the New York State economy has recovered significant ground, regaining 62.6 percent of the private sector jobs lost in March and April 2020 as of November 2021. However, this compares to an 86.6 percent rebound for the nation.

The outlook for the State labor market remains favorable for 2022, despite a new wave of infections of the Omicron variant. Total New York State employment is projected to grow 5.6 percent in 2022, with private sector jobs growing 6.3 percent. State employment is projected to surpass its pre-pandemic level in 2024, representing a significant lag compared to the nation.

State wages fell 2.0 percent in FY 2021 due to downward pressure from the beleaguered labor market. However, a much stronger performance is expected for the State fiscal year in progress due primarily to strong bonuses and a rebound from the employment losses of the prior year. State wage growth is estimated to increase 11.4 percent for FY 2022.

Supported by aggressive fiscal and monetary stimuli, the financial services industry, a key driver of State tax receipts, experienced a

very profitable 2021. Solid bank profits for 2021 are estimated to have driven strong financial sector bonus growth of 16.2 percent for FY 2022, following 20.2 percent growth for FY 2021. But with the impact of the pandemic-related fiscal stimulus diminishing and the Federal Reserve starting to tighten, finance and insurance sector bonuses are projected to decline 9.9 percent for FY 2023.

GREAT RESIGNATION

As schools returned to in-person learning, the employment level started to pick up in the fall of 2021. For the prime working-age population, defined as adults from ages 25 to 54, the employment to population ratio followed an increasing trend, reaching 79.0 percent in December 2021, while the U.S. unemployment rate declined to 3.9 percent, 2.8 percentage points lower than the same month of the prior year. Despite these improvements in the U.S. labor market, the anticipated wholesale return of the labor force did not happen, with December 2021 labor force 2.3 million below its pre-pandemic level.

The increased rate of early retirement was not limited to older workers. In November 2021, workers resigned from 4.5 million jobs in the U.S., as job quit rates rose to an all-time high of 3.0 percent. This unusual increase in the quit rate is emblematic of what has been coined the "Great Resignation." During this period, with the help of extended unemployment benefits, increasing house prices, and stock market gains, workers had a chance to reassess their working conditions. Many workers quit their jobs seeking more flexible working conditions, better pay and benefits, and new career paths.

A pandemic-driven labor force exodus was marked by workers who have health concerns due to returning to in-person work and those who are caring for dependents (children, elderly, ill, or disabled). Higher voluntary job quit rates were observed among the employees who work in the sectors that are not suitable for remote work, such as leisure and hospitality, and health care and social assistance.

STRUGGLING SECTORS AND POPULATION LOSS

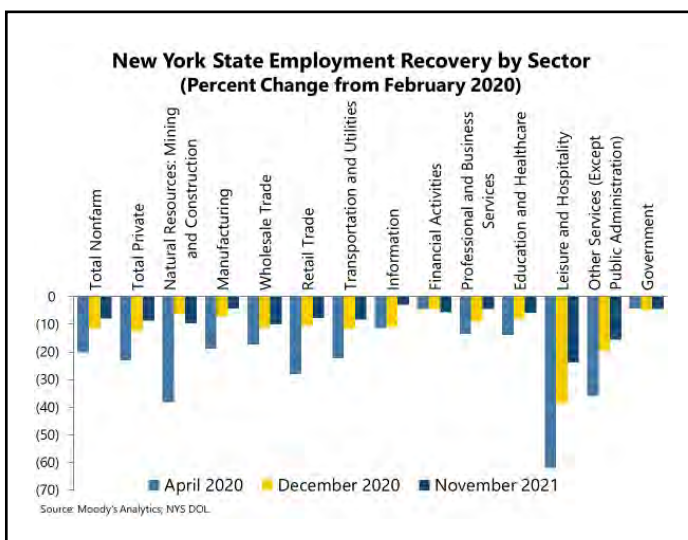
Despite the expiration of the supplemental Federal UI programs, the New York State labor market was tight through the end of 2021. As for the nation, there are multiple reasons behind the tight labor market. One factor is the lack of affordable childcare and eldercare, an

ongoing problem that was certainly exacerbated by the pandemic. A wave of early retirements is also thought to have been driven by the pandemic, supported in part by strong 401k performance. Anecdotally, workers appear to be reassessing their work-life balance and career aspirations, including their desire for permanent remote work, hybrid options, and even self-employment.

Yet another factor potentially restraining workforce participation has been the rise in the national saving rate during the pandemic, particularly during those months corresponding to the distribution of Federal economic impact payments. These data suggest that many households were able to accumulate savings at historically high rates.

The industries that have been the slowest to come back are also the State's lowest-wage industries: leisure and hospitality, still down 23.9 percent as of November 2021 compared to February 2020, and the other services sector – including repair and maintenance, personal care and laundry services, and domestic services – is down 15.6 percent. Along with retail, these low-wage but high-contact service industries have been the most at risk during the pandemic.

As of November 2021, employment in wholesale trade and real estate and rental and leasing sectors were still 10.0 percent below their February 2020 level. In addition, New York substantially lags the nation's employment recovery in professional, scientific, and technical services; and the finance and insurance sectors.



As all sectors trudge back to their pre-pandemic employment levels, only the information, professional and technical services, and healthcare and social assistance sectors, are forecast to do so by the end of 2022. While other sectors have improved markedly, the retail, wholesale, and leisure and hospitality and other services sectors lag the most in their recoveries and are not projected to recover before 2026.

New York City's jobs recovery continues to lag behind the rest of the nation. During the first two months of the pandemic, New York State lost 1,983,000 jobs when the virus and the ensuing protective measures halted most everyday activities. Of these job losses, 957,000 were concentrated in New York City, of which fully 32.7 percent were located in the leisure and hospitality sector, a vital component of the City's economy. Since the start of the recovery in May 2020, New York City has recovered 53.6 percent of its job losses as of November 2021, whereas the State has regained 60.4 percent. As a point of further contrast, the nation has regained 83.1 percent of the pandemic-related job losses.

Several underlying factors explain New York City's sluggish jobs recovery from the pandemic. At the onset of the pandemic in the United States, New York City was the epicenter of the virus. Moreover, international travel restrictions aimed at slowing the spread of the virus, coupled with businesses canceling all non-essential travel, led to a steep drop in enplanements and the closing of the City's convention centers, entertainment venues, galleries, and museums. In essence, many of the things that make New York City special were shut down and remained so for quite some time. Additionally, New York City contains an extraordinary concentration of high-skilled/high-income workers and business professionals with a high potential for remote work.

New York City is by far the most populous city in the nation, more than double that of the next largest city, Los Angeles. Moreover, New York City is the most densely populated city in the nation, approximately 1.5 times that of the nation's next most densely populated city, San Francisco. The abrupt halt to tourism and travel wrought by the onset of the pandemic landed a devastating blow to the New York City economy. As a result of the closures of many tourist attractions, New York City visitor spending declined 53.9 percent in 2020, amounting to nearly \$34 billion in losses, which balloon to \$59.1 billion when accounting for indirect and induced impacts.



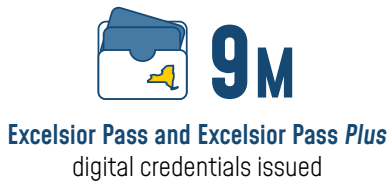
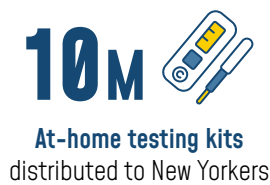
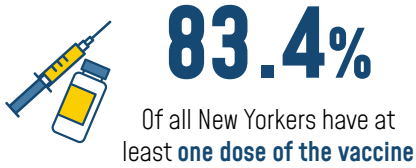
Although the shift to remote work during the pandemic has been a national phenomenon, its negative impact on New York City has been disproportionately greater than for the rest of the State and the nation due to its high concentration of office workers who can work remotely. The shift to remote work in New York City led to a particularly steep drop in the demand for office support services, which did not have the same options to work remotely. These negatively impacted occupations include facilities support services, business support services, office administrative support services, eating and drinking establishments, and other consumer service-based establishments.

The prevalence of remote work contributed to a reallocation of workers from high-density to low-density commuting zones, causing residential prices in New York State's suburban and rural areas to rise significantly. Additionally, this influx of new residents boosted spending in local economies and accelerated their economic recovery.

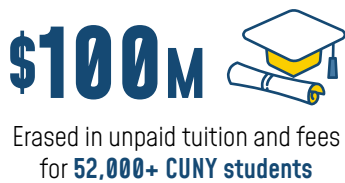
According to the U.S. Census Bureau's Vintage 2021 population estimates, the U.S. population grew by 392,665, or 0.1 percent, in the past year – the lowest rate since the nation's founding. The slow rate of growth is attributed to decreased net international migration, decreased fertility, and increased mortality due to the COVID-19 pandemic. New York State population declined by 319,000, or 1.6 percent, from 20,154,933 on July 1, 2020, to 19,835,913 on July 1, 2021. New York had the largest population decline among 50 states. The State's declining population can be attributed in part to negative domestic migration (-352,185), far greater than its trend in the past decade. If this trend continues, businesses may struggle to find workers, and State employment and wage growth may stagnate.

NEW YORK STATE'S PANDEMIC RESPONSE AND RECOVERY

KEEPING NEW YORKERS SAFE



GETTING BACK TO SCHOOL



SUPPORTING OUR LOCAL ECONOMIES



In grants across **Small Business Recovery, Tourism Return-to-Work, Meet in NY** and **Restaurant Resiliency Programs**



Supported New Yorkers experiencing **food insecurity** and connected farmers to regional food banks, pantries and homeless shelters **through Nourish NY** in FY 2022

HELPING THOSE IN NEED



In **Emergency Rental Assistance**, supporting over **160K households**

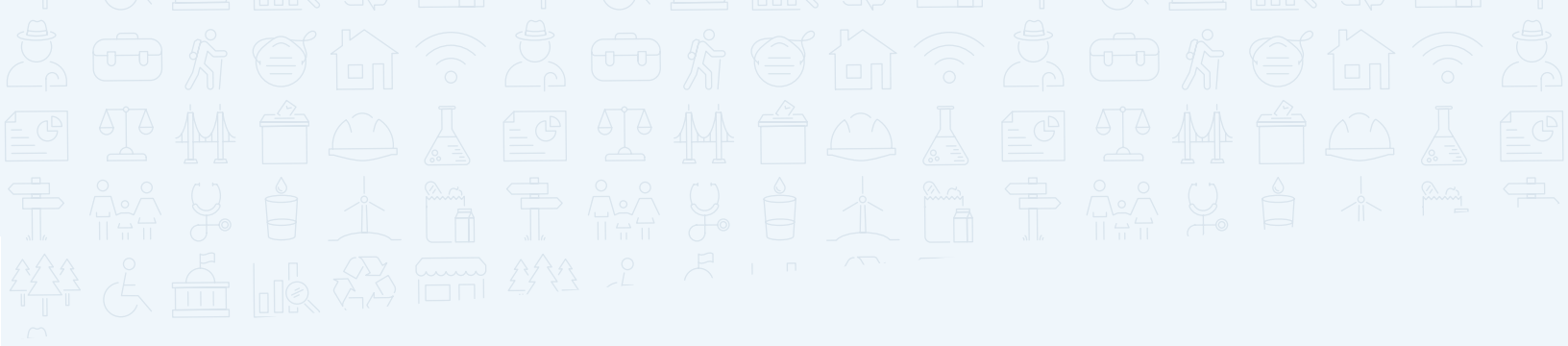


Childcare providers receiving OCFS awarded stabilization grants



Distributed to **1,453 New York municipalities** for COVID-19 relief

Note: This represents New York State actions and spending as of January 18, 2022.



PANDEMIC RESPONSE PROGRAMS





Since the first known case of COVID-19 on March 1, 2020, New York State has prioritized State and Federal funding sources and mounted extraordinary efforts to protect New Yorkers in the face of this unprecedented pandemic. Throughout 2021, New York State built upon the response infrastructure assembled in 2020 with actions including:

Beginning in December 2020 and continuing during 2021, New York State implemented and rapidly scaled up statewide distribution of the COVID-19 vaccine that to-date has reached 95 percent of adult New Yorkers, and 83.4 percent of all New Yorkers, with at least one dose of the vaccine.

New York State pioneered the use of digital proof of vaccination/proof of negative testing software with integrated and holistic program, data, and communications/marketing management of Excelsior Pass & Excelsior Pass Plus, with over 9 million passes issued to date.

Throughout 2020 and continuing in 2021, New York State established and scaled up a critical COVID-19 testing infrastructure, with over 87 million test results reported to New York State since the pandemic began. As new ways of testing emerged, including rapid and over-the-counter at-home tests, New York State procurement and distribution efforts have provided millions of free test kits to local health departments, schools, and healthcare providers statewide. This includes the distribution of more than 10 million at-home tests to keep schools open and assist county health departments in responding to the winter COVID-19 surge.

EQUITABLE DISTRIBUTION OF FUNDS

New York State's COVID-19 response and recovery efforts have included mass testing and vaccination efforts providing direct support to all New Yorkers while prioritizing those with the greatest need. New York State's efforts also extend beyond these efforts, leveraging State and Federal funding to provide support for education, Medicaid, emergency rental assistance, home energy assistance, childcare, and other services.

Through the creation of new programs, as well as the expansion of existing programs, the FY 2023 Executive Budget will work to support a strong and equitable recovery for New York State, particularly for those communities that have been historically disadvantaged. Those efforts include:

\$10 billion healthcare investment. To build the healthcare system of tomorrow and restore a depleted healthcare workforce, Governor Hochul will make a more-than-\$10 billion, multi-year investment in healthcare, including more than \$4 billion to support wages and bonuses for healthcare workers.

\$2 Billion to Protect Renters. The Executive Budget continues support for the federally funded Emergency Rental Assistance Program (ERAP). In 2021, ERAP paid or obligated more than \$2 billion for rental arrears, temporary rental assistance, and utility arrears, and the State continues to request additional federal funds to support this program. Additionally, OTDA is administering State-funded programs totaling \$250 million for renters who do not meet the income criteria of ERAP and landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Homeowner Assistance Fund (HAF). The Executive Budget continues support for the \$540 million federally funded program that provides direct financial support to homeowners at risk of default, foreclosure, or displacement as a result of a financial hardship caused by the COVID-19 pandemic.

Invest in Worker Protections and Strengthen Workers' Rights. To support New York State's workforce, the Executive Budget invests \$12.4 million in the Department of Labor's (DOL) enforcement of worker protections, including those protections enacted through recent legislation related to elevator safety, airborne diseases, and prevailing wage. Legislation submitted with the Executive Budget also bans agreements that limit workers' ability to move and work freely by eliminating non-compete agreements for workers making below the median wage in New York State and to explicitly ban all "no-poach" agreements under State antitrust law. Additional legislation increases criminal penalties for employers who knowingly or intentionally commit wage theft violations to more closely align with penalties for other forms of theft.

EQUITABLE VACCINE DISTRIBUTION

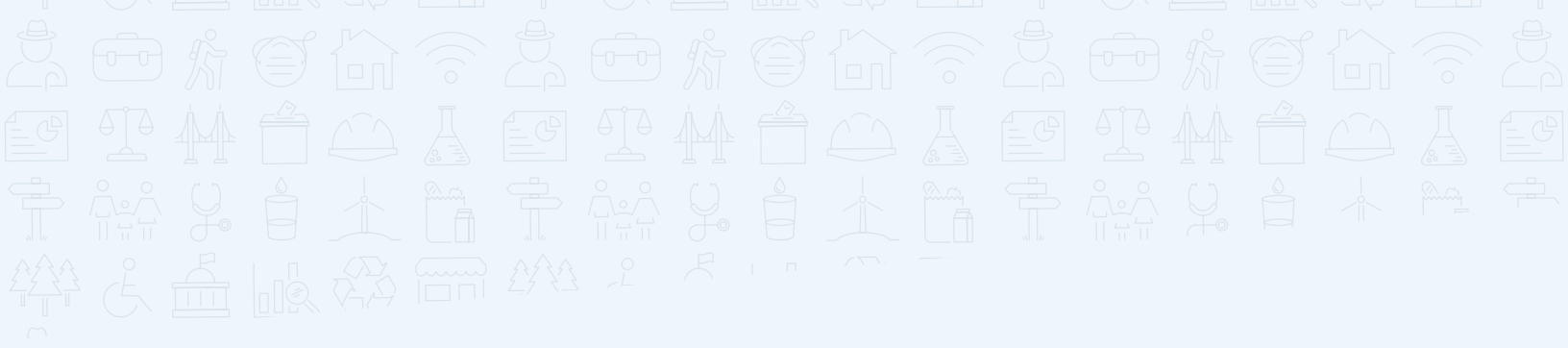
In accordance with Federal Emergency Management Agency (FEMA) guidance, New York State uses the Social Vulnerability Index (SVI) to analyze and report on the demographics of those seeking vaccination, while helping to determine where the greatest need for support for at-risk communities exists. As determined by

the Centers for Disease Control and Prevention (CDC), SVI values contain four points of evaluation: socioeconomic status, household composition and disability, minority status and language, and housing type and transportation.

Through calculation of SVI values and the evaluation of accessible vaccination venues, New York State has been able to focus the use of FEMA funding on the highest-risk communities and underserved populations.

To help ensure equitable access to vaccination sites and vaccine information, persistent community outreach and engagement at both the State and local levels has occurred. The State has also targeted outreach at public housing complexes, religious institutions, and cultural centers.

An example of one of the State's targeted approaches to assist underserved populations with vaccination site accessibility includes the New York State Homebound Vaccination Program. The program allows individuals that need an in-home vaccination to schedule one with their county designated point of contact for the program. Another targeted approach is the MTA's Access-a-Ride paratransit system in New York City. The program provides accessible transportation to vaccination sites for individuals 65 or older.



WORKFORCE IMPACTS





New York State's workforce has not yet recovered fully from the pandemic downturn. As of Fall 2021, New York State's job deficit was three times greater than the national average, and higher by some measures than any other state. Employers in some high-demand industries have seen a surge in open positions, while those in some essential sectors are struggling to retain and recruit top talent. More investments are needed to help workers and businesses alike.

The Executive Budget invests in a depleted healthcare workforce, advances meaningful job opportunities and training, and expands access to the workforce preparation New Yorkers need.

HEALTHCARE WORKFORCE INVESTMENT

All New Yorkers should have access to safe, affordable and high-quality health care. The COVID-19 pandemic taxed an already strained healthcare system, exacerbating disparities and systemic healthcare delivery issues. The recent rise of the Omicron variant threatens to set things back even further, as essential health workers heroically forge ahead against the latest surge to care for New Yorkers.

The Executive Budget prioritizes investment in the work of healthcare and direct support workers who have continued to serve those in need throughout the COVID-19 pandemic.

To build the healthcare system of tomorrow, Governor Hochul will make a more-than-\$10 billion, multi-year investment in healthcare, including more than \$4 billion to support wages and bonuses for healthcare workers. Key components of this multi-year investment include:

- \$2 billion to support healthcare worker wages;
- \$1.2 billion to support healthcare and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to full-time workers who remain in their positions for one year, and prorated bonuses for those working fewer hours;
- \$500 million for Cost of Living Adjustments (COLAs) to help raise wages for human services workers;
- \$2.4 billion for healthcare capital infrastructure and improved lab capacity; and

- Other investments in workforce and healthcare access and delivery.

With these investments, Governor Hochul proposes to rebuild and grow the healthcare workforce by 20 percent over the next five years with a program designed to strengthen home care, improve the career pipeline, expand access to healthcare training and education, and recruit healthcare and direct support professionals to care for people in underserved areas.

The Executive Budget also preserves critical social supports, promotes the long-term fiscal sustainability of the healthcare system and continues to advance important reforms aimed at improving the health of New Yorkers at a sustainable cost.

EDUCATION WORKFORCE INVESTMENT

Post-secondary education is crucial for economic success, with 70 percent of new jobs requiring some post-secondary credential. But roughly 2.4 million New Yorkers between ages 25 and 44 lack a post-secondary degree or credential, putting them at risk of being left behind as the job market continues to trend toward more skilled hires.

To make the State more responsive to these post-secondary workforce needs, Governor Hochul will implement a plan to make it easier for New Yorkers to move between education and career, providing students with pathways and assistance to earn credentials on their own time and in a cost-effective manner. Components of this plan include:

Transform State University of New York (SUNY) into a Nation-Leading Public Higher Education System. Governor Hochul will partner over the next year with SUNY, its individual institutions, and key stakeholders to develop a plan to implement her vision to transform SUNY into the top statewide system of public higher education in the country. The Executive Budget will help start this transformation with funding for new engineering buildings to help the University at Buffalo and Stony Brook University become SUNY's flagship institutions.

Increase SUNY and City University of New York (CUNY) Operating Support. The Executive Budget will increase operating support to SUNY State-operated campuses and CUNY senior colleges by fully reimbursing colleges for the \$108.4 million cost of "Tuition Assistance Program (TAP) Gap" tuition credits, providing additional

State support of \$59.6 million to CUNY and \$48.8 million to SUNY. The university systems will also receive an \$18.6 million in additional operating revenue from Executive Budget legislation to raise the amount of State support that campuses receive for Excelsior Scholarship recipients, increasing operating support by \$13.7 million to SUNY State-operated campuses, \$2.8 million to CUNY senior colleges and \$2.1 million to community colleges.

Expand Part-Time Students' Access to TAP. The Executive Budget includes \$150 million to expand TAP, which currently is largely unavailable for students studying part-time, to cover students enrolled in six or more credits of study at a SUNY, CUNY, or not-for-profit independent college -- an investment estimated to provide support to 75,000 additional New York students annually.

Repeal TAP Prohibition for Incarcerated Individuals. In 1995, a New York State law prohibited incarcerated people from being eligible to receive State financial aid. The Executive Budget repeals the prohibition against using TAP in prisons.

Provide Financial Aid for Workforce Credential Programs at Community Colleges for High-Demand Fields. The Executive Budget further expands part-time TAP to cover students enrolled in workforce credential programs at community colleges in high-demand fields. To ensure the program focuses on the highest-growth areas, Empire State Development (ESD) and the State's Regional Economic Development Councils (REDCs) will recommend which courses of sequence would be eligible for State funding, based on an analysis of regional industry trends and workforce needs.

Provide Childcare at All SUNY and CUNY Campuses. The Executive Budget includes \$15.6 million to expand childcare to all SUNY and CUNY campuses. Currently, 18 SUNY and eight CUNY campuses lack on-site childcare. Access to affordable childcare can be a major barrier for New Yorkers trying to pursue higher education or workforce development courses at State institutions.

STATE WORKFORCE INVESTMENTS

The Executive Budget includes several new state workforce initiatives, including recognition of the essential workers who have sustained the healthcare and mental hygiene systems, and other initiatives, including recruiting the next generation of public

servants, expanding the State's 'technology pipeline,' making New York State a model for the employment of workers with disabilities, and investing in workforce regrowth.

- **Frontline Healthcare and Mental Hygiene Worker Bonuses.** This retention program will provide up to \$3,000 bonuses to full-time workers who remain in their positions for one year, and prorated bonuses for those working fewer hours.
- **Expansion of the Statutory Shift Pay Differential.** The Executive Budget advances legislation to improve staffing of hard-to-fill shifts within the State's institutional settings, including healthcare settings, by authorizing the provision of the shift pay differential for any work shift which it is deemed necessary to incentivize employees to work.
- **Make Civil Service Exams More Accessible.** New Department of Civil Service (DCS) testing centers will be established at designated SUNY college campuses throughout the state to make it easier for students to enter into New York State service upon graduation.
- **Promote Diverse Hiring.** To help State agencies hire the best and brightest as quickly as possible, the Executive Budget proposes legislation to change Civil Service Law to accelerate the hiring of qualified diverse candidates to public service careers and streamline hiring practices.
- **Improve Civil Service Exam Quality:** DCS will expand efforts to ensure that civil service exams are maintaining the highest standards of integrity and equity.
- **A New Fellowship Program:** The Executive Budget will expand the tech talent pipeline by increasing exposure to technical roles in government service through a new fellowship program intended to provide graduates, including those historically under-represented in technology, the opportunity to enter public service two years right out of school.

BROADER WORKFORCE INVESTMENTS

On top of FY 2023 workforce commitments to healthcare and higher education, the State will invest in a full spectrum of programs to



unlock and expand access to career opportunities that prepare more New Yorkers for the jobs of the future.

HUMAN SERVICES

Support Child Care Programs. Child care is essential to give children the best possible chance at success and parents the ability to participate and advance in the workforce. Similarly, the availability of child care is vital to the State's economic recovery. However, the pandemic has caused acute stress on the child care industry, as many providers closed and others struggled with workforce issues.

Using Federal funding, New York State has reinforced the care industry, awarding \$900 million in Child Care Stabilization Grants to more than 15,000 providers statewide. These payments are helping to cover the costs of child care workers, rent or mortgage, utilities, supplies, training and many other purposes.

In recognition of the vital role essential workers played during the pandemic, child care scholarships were provided to nearly 42,000 of their children.

Federal funds are also being used to make systemic changes that will permanently expand the availability, quality and affordability of child care. Families up to 200 percent of the Federal poverty level are given access to subsidies, and family copayments are limited to 10 percent of income over the Federal poverty level. Further investments are being made to increase capacity in child care "deserts" and to help parents find the child care provider that's right for them. In all, \$2.3 billion in extraordinary support is being given to families and child care providers.

The efforts to stabilize and strengthen the availability, affordability, and quality of child care in New York State builds on \$832 million for child care subsidies through the New York State Child Care Block Grant, maintained in the FY 2023 Executive Budget. These funds serve approximately 132,000 children, ages 0-13, from approximately 79,000 low-income families.

MENTAL HYGIENE

Office for People with Developmental Disabilities (OPWDD). OPWDD workforce-related initiatives in the Executive Budget include a 20

percent Longevity Bonus, 20 percent Retention Bonus, Frontline Healthcare Worker Bonuses and vaccination bonuses all aimed at rewarding direct care workers and relieving providers of the longstanding recruitment and retention issues that were worsened by the pandemic.

Opioid Stewardship and Settlements Investments: The Executive Budget utilizes over \$100 million collected from pharmaceutical companies responsible for fomenting the opioid crisis to fund an historic investment in addiction services across New York State, including \$4 million to fund scholarships for current and future members of New York State's addiction services workforce.

GENERAL GOVERNMENT

Modernizing Civil Service Exams: The Executive Budget provides \$5.8 million in additional funding to the DCS to continue modernizing the State's exam process, including the creation of a new Test Validation and Evaluation Unit within DCS that will continually create and evaluate exam content to maintain the highest levels of integrity, establishing new SUNY campus test centers, and funding for technical assistance for online/virtual exams. Additionally, the Executive Budget advances several pieces of legislation that will make the exam process more accessible, resulting in a more diverse and inclusive state workforce.

ECONOMIC DEVELOPMENT

Establish the Office of Workforce and Economic Development. A new Office of Workforce and Economic Development at Empire State Development will coordinate efforts statewide through the State's Regional Economic Development Councils, and in conjunction with the Department of Labor, the State University of New York, and the City University of New York.

The State will also invest in a full spectrum of programs to unlock career opportunities that prepare more New Yorkers for the jobs of the future – with particular focus on information technology, life sciences and advanced manufacturing, the green economy, and film production and post-production.

Build on New York's Support for MWBEs. Governor Hochul recently announced that New York State's utilization rate for MWBEs has

surpassed 30 percent – the highest in the country – with more than \$3 billion in State contracts awarded to MWBEs in FY21. To ensure that MWBEs across the state continue to have meaningful opportunities to participate in state contracting, Governor Hochul will:

- Provide increased resources and up to \$11 million in additional funding to improve the MWBE program and ensure timely and efficient processing of MWBE certifications for qualified businesses; and,
- Establish a new unit within ESD dedicated exclusively to processing administrative appeals, including challenges to the denial of MWBE certifications, to ensure timely processing of appeals.



SECTION III

RESTORING FAITH IN GOVERNMENT



OVERVIEW

Governor Hochul is committed to restoring New Yorkers' faith in their State government. The Executive Budget includes many key pieces of legislation to help follow through on this promise.

Term Limits. To ensure New Yorkers are the focus of the State's elected officials, the Executive Budget includes Governor Hochul's proposal for a Constitutional amendment to limit all four statewide elected officials to two consecutive four-year terms in office.

Independent Commission on Ethics and Lobbying in Government.

Governor Hochul will replace the Joint Commission on Public Ethics (JCOPE) with a new independent ethics enforcement organization to be overseen by a five-member rotating board selected by New York State-accredited law school deans or their designees. The Executive Budget will provide additional funding to JCOPE's \$5.6 million in annual funding for this new ethics entity. This new ethics entity will abide by and be subject to:

- Majority voting and will no longer use "Special Vote" practices;
- Freedom of Information Law (FOIL) and Open Meeting Laws, consistent with other State agencies; and
- Ban on communicating with outside parties regarding potential or ongoing investigations.

Advancing Election Reform. Governor Hochul will continue New York State's progress in expanding voting rights as more work remains to be done.

10-Day Voter Registration Deadline. Governor Hochul will amend State Law to lower the voter registration deadline from 25 days to 10 days before the election.

College Campus Polling Locations. In instances where a college/university campus has 300 or more students, then the polling place designated within that election district will be located at the college/university or at an alternative location approved by the college/university.

Public Campaign Finance. The Public Campaign Finance (PCF) program will go into effect November 9, 2022. The PCF program establishes public financing to encourage candidates for public office to focus campaign efforts toward soliciting small donations from individual constituents rather than corporate interest groups. As such, the State will provide matching funds on the first \$250 of any qualifying donation. The Executive Budget commits to funding the State's matching portion, with estimated spending occurring for the first time in FY 2024. Additionally, the Executive Budget provides \$3.2 million in additional funding for the State Board of Elections to support additional PCF staff and IT-related costs.

Strengthen Ethics Requirements for Local Officials: To make ethics requirements more consistent and easier to understand across all levels of government in New York State, the Executive Budget proposes legislation to harmonize the laws for State and local officials with respect to gifts, standards of conduct for all public officers, nepotism, and lobbying. For decades, the State has amended the ethics provisions within the Public Officers Law and the Legislative Law without also amending the similar ethical provisions in General Municipal Law that governs the hundreds of municipal officials (outside of New York City). The result is that municipal officials are sometimes held to different and lower standards of conduct. This action will further help assure New Yorkers that those entrusted with government service are fulfilling their ethical duty to the public.

TRANSPARENCY

Governor Hochul has also pledged to improve transparency to increase accountability in State government. In September, Governor Hochul directed heads of New York State agencies, authorities and boards to assess and evaluate their existing policies and practices and create a plan detailing their new efforts to increase transparency and accessibility. These plans can be found online at governor.ny.gov/hochul-administration-transparency-plans.

As part of this initiative, the Division of the Budget is implementing transparency measures, including:

- **Boards and Commissions Landing Page.** The Division will soon launch a landing page for the boards and committees on which the Director serves that will provide links directly to where each

board will be posting their materials 24 hours before the meeting, consistent with Chapter 481 of the Laws of 2021 that the Governor approved last year. This will provide New Yorkers with a single location to find this information.

- **Completed FOIL Requests.** DOB will soon post on its website a listing of recently completed FOIL requests.
- **Frequent FOIL Inquiries.** DOB will soon post a listing of frequent FOIL requests and the information responsive to those requests.

DATA STRATEGY

The Division of the Budget supports the Governor's strong transparency objectives and endeavors to provide policy makers and the public with extensive budget and fiscal information at every step of the process. To further accomplish these objectives, DOB is leading the development of a data strategy initiative to establish a uniform approach for data governance and management across state agencies. New York State believes a transparent government is one where data is responsibly shared, kept secure, and utilized to inform decision making. New York State considers program data, including metrics related to program outputs, outcomes, populations, and financing to inform budget recommendations.

The State's efforts to improve data quality and analytics will strengthen strategic planning and program inventory capabilities to prioritize allocations for effective programs. This approach reinforces New York's goal to focus critical resources on the highest risk communities, populations, and individuals. In the coming months, the Division of the Budget will release its data strategy for comment. When the comment period has concluded, DOB will consider this feedback and begin to implement the strategy.

FEMA CLAIMING PROCESS

New York State, through coordination by the Division of the Budget and the Division of Homeland Security and Emergency Services, manages Federal COVID-19 recovery efforts centrally to most appropriately assign Federal funding to each effort and ensure compliance with all associated Federal requirements. The Division of the Budget tracks COVID-related expenditures, compiles data to complete Federal reports, and facilitates the reimbursement

process. Expenditures must pass through several levels of compliance based on the results of agency risk assessments. The State developed internal controls and processes to mitigate the risk of inappropriately claimed expenses and audit disallowances. This includes the statewide implementation of a subrecipient monitoring and management policy for all agencies (including State and Federal programs). During the past year the State increased automation for more efficient processing of the State's financial reporting and eliminate certain findings.





SECTION IV

PROGRAM OVERVIEW



EXECUTIVE BUDGET HIGHLIGHTS

CREATING EDUCATIONAL OPPORTUNITIES



\$31.3B

The highest level of School Aid ever for the 2023 school year



\$1.6B

Additional Foundation Aid



\$1.5B

Increased investment in SUNY and CUNY over five years

INVESTING IN PUBLIC HEALTH



\$1.2B

to support healthcare and mental hygiene worker retention



+20%

Growing the Healthcare workforce over the next five years



\$500M

To help raise wages for human services workers through Cost-of-Living Adjustments



\$2.4B

To support capital infrastructure and improved lab capacity

EXECUTIVE BUDGET HIGHLIGHTS

PROVIDING TAX RELIEF

 **2M+**

Households receiving a **Homeowner Tax Rebate**

6.1M 

Middle-class New Yorkers receiving lower tax rates

 **250M**

In tax credits for **Small Businesses'** COVID-19 related expenses

BUILDING INFRASTRUCTURE

 **\$32.8B**

5-Year **DOT Capital Plan**

\$1B 

Increase to the **BRIDGE-NY program**

 **\$1B**

For new **Operation Pave Our Potholes** program

SUPPORTING AFFORDABLE HOUSING

\$25B 

To combat homelessness and expand access to affordable housing

CLEANING UP OUR ENVIRONMENT

 **\$4B**

For the landmark Clean Water, Clean Air, and Green Jobs **Environmental Bond Act**

\$500M 

Investment in **New York's offshore wind supply chain** and port infrastructure



As New York continues its efforts to rebound from the economic impacts of the COVID-19 pandemic, the FY 2023 Executive Budget makes unprecedented investment into New York's economic recovery and the promotion of job creation, job retention, workforce development and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally balanced economic development strategies with a focus on industries and businesses disproportionately impacted by the COVID-19 pandemic.

Governor Hochul's economic development vision sets forth a strong response geared toward economic rejuvenation. The Executive Budget will promote growth with an emphasis on easing the economic burden New York has endured.

OVERVIEW

Together, the Empire State Development Corporation and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State to strengthen New York businesses, industries and overall economic growth throughout the state. The Economic Development portfolio at the Division of the Budget includes the administration of regionally based economic development programs, marketing and advertising activities to promote tourism, and strategic business investments, as well as the administration of programs to expand university-based research and technology.

RESPONDING TO THE PANDEMIC

Following Federal inaction as the coronavirus migrated from Europe to the United States, New York was among the first and most heavily impacted states in the nation by the pandemic. The need for New Yorkers to take significant health precautions to reduce the spread of the virus and save lives caused an economic upheaval in every region of New York State.

From the beginning and throughout the pandemic, New York State has implemented numerous initiatives to support struggling businesses. These include:

- The \$800 million COVID-19 Pandemic Small Business Recovery Grant Program has provided thousands of small businesses impacted

by the pandemic, particularly those in socially and economically distressed communities, with grants to offset losses in revenue and reimbursement for pandemic-related improvements.

- Tourism Return-to-Work Grant Program -- \$100 million in grant funding to support the rehiring of workers by COVID-impacted tourism businesses.
- Meet in New York Grant Program -- \$25 million in grant funding to help support the return of conferences, meetings and trade shows that generate significant tourism economic activity through overnight stays, dining and other tourism-related activities.
- Restaurant Resiliency Program -- \$25 million in grant funding to support restaurants that provide meals to distressed and under-represented communities.
- Restaurant Return-To-Work Tax Credit -- For small, independently owned restaurants within New York City or any area in New York State.
- As New York State continues to recover, supports for business will remain in place and adapt to changing national, statewide and regional economic conditions and are supported by the Executive Budget.

CREATING JOBS AND GROWING THE ECONOMY

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

As part of this strategy, the State has deployed multiple rounds of investment through the Regional Councils to shovel-ready projects throughout FY 2022 on a continuous and competitive basis to stimulate the state's economic recovery and address the immediate needs of applicants. In addition, the State invested \$200 million to support downtown transformation projects in up to 20 communities across the State to develop strategic investment plans that advance the community's vision for revitalization.

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

PROPOSED FY 2023 ECONOMIC DEVELOPMENT BUDGET ACTIONS

Regional Economic Development Councils. The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth with a focus on businesses and industries most impacted by the ongoing public health emergency. The Executive Budget includes a wide variety of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core funding of \$225 million in grants and tax credits to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes significant resources for a robust package of workforce development initiatives (up to \$350 million) and downtown and community revitalization initiatives (up to \$450 million) that will be coordinated with REDC-driven economic development strategies where appropriate.

Downtown Revitalization. Governor Hochul is committed to reviving New York State's downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative, which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization.



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

ConnectALL Initiative. Governor Hochul's ConnectALL initiative will be the largest-ever investment in New York's digital infrastructure, transforming it so all New Yorkers have affordable, reliable broadband statewide. Catalyzing over \$1 billion in new public and private investments, ConnectALL will provide affordable broadband access to New Yorkers in rural and urban areas statewide and continue New York State's leadership on connectivity.



Restore New York Communities Program. Established in 2006-07, the Restore New York Communities program supported municipal efforts to demolish, deconstruct, rehabilitate, or reconstruct vacant, abandoned, condemned, or surplus properties. To renew the State's commitment to rehabilitating blighted areas, the Executive Budget includes \$250 million for a revitalized Restore New York program, which has been successful in jumpstarting local economies and investing in the future of New York State's communities. Prior rounds of the Restore New York program have resulted in the removal and restoration of dozens of sites statewide, but no new rounds of funding have been launched since 2017. Under Governor Hochul's leadership, this program will be enhanced to target disadvantaged communities, and to address not only urban but also rural areas, which are too often overlooked in such revitalization initiatives.

Launch a Billion-Dollar Small Business Plan. Governor Hochul is proposing a nearly billion-dollar plan focused on the State's small businesses, including targeted programs to address small business needs and ensure all types of small businesses prosper throughout the State. Key components of this plan include:

- Funding for Small Businesses of the Future – Capital and venture debt awards to emerging small businesses in the innovation sector, including minority-and-women-owned companies often overlooked by venture investments.
- Small Business COVID Capital Investment Tax Credit – A \$250 million tax credit to small businesses that took on COVID-related capital expenses.
- Seed Funding for Small Business – A \$200 million flexible grant program for early-stage businesses recently opened despite the COVID-19 pandemic.
- Small Business Lending Initiative – Provide reduced interest rate and accessible loans to expanding small businesses.

Regional Economic Community Assistance Program. Extraordinary transformations have occurred in downtowns and waterfronts around the state. Areas such as Buffalo, Niagara Falls, and Rochester contain vast potential for this kind of growth. The Executive Budget includes \$800 million to foster commercial and workforce development, tourism promotion, and community and urban revitalization, particularly in historically disadvantaged communities.



Olympic Regional Development Authority (ORDA) Capital Improvements.

The Budget includes \$105 million in new capital funding for ORDA, including \$92.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts with a focus on preparations for the 2023 World University Games, \$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 State 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 are being 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.

Overhaul the State's Workforce Development Efforts. To advance meaningful job opportunities and support industries across the state, Governor Hochul will overhaul the state's approach to workforce development through a robust funding package of up to \$350 million.

- Provide increased resources and up to \$11 million in additional funding to improve the MWBE program and ensure timely and efficient processing of MWBE certifications for qualified businesses, and;
- Establish a new unit within ESD dedicated exclusively to processing administrative appeals, including challenges to the denial of MWBE certifications, to ensure timely processing of appeals.
- A new Office of Workforce and Economic Development at Empire State Development (ESD) will coordinate efforts statewide through the State's Regional Economic Development Councils, and in conjunction with the Department of Labor, the State University of New York, the City University of New York, and other State agencies.





EDUCATION





The Executive Budget reflects Governor Hochul's strong commitment to education by providing additional funding and services to meet the needs of students, teachers, and schools amid the pandemic. The Executive Budget provides a \$2.1 billion (7.1 percent) annual School Aid increase, for a record total of \$31.3 billion, largely driven by the second year of the three-year phase-in of full funding of the Foundation Aid formula.

OVERVIEW

- New York State's 673 major school districts educate approximately 2.4 million children in kindergarten through 12th grade.
- Public education in New York State represents a significant commitment of State and local resources. With total State, local, and Federal spending levels exceeding \$75 billion, education is both the largest area of State spending and the largest component of local property taxes.
- New York State has ranked first nationally in school district spending per pupil for 15 straight years, a reflection of the State's longstanding commitment to provide all students with the opportunity to excel as learners, workers, and citizens.
- With this Executive Budget, School Aid increases will total \$11 billion over 10 years – a 55 percent increase over that period.

RESPONDING TO THE PANDEMIC

Providing Masks and Tests to Schools. In the current school year, the State has distributed more than 4.4 million reusable adult- and child-sized masks to school districts, charter schools, and nonpublic schools statewide. Further, to meet the expanded need for COVID-19 testing in schools due to the Omicron variant, the State has issued over 7.5 million rapid, over-the-counter COVID-19 tests to school districts, charter schools, and nonpublic schools.

Promoting Vaccination of Students and School Staff. Under Governor Hochul's direction, the Public Health and Health Planning Council passed an emergency regulation to ensure that school staff are either vaccinated or tested regularly for COVID-19. The Governor also launched a multi-faceted #VaxtoSchool campaign to support increasing COVID-19 vaccination rates among school-

aged children, including pop-up vaccination sites and mobile vaccination buses.

Addressing Student Learning Loss and Mental Health. The pandemic created an unprecedented disruption to education in New York State and across the country, leaving students months behind on reading and math and widening existing disparities. The Executive Budget includes a total of \$100 million over two years for a new State matching fund, the Recover from COVID School Program (RECOVS), for school districts with the highest needs to address student well-being and learning loss in response to the trauma brought about by the COVID-19 pandemic. Districts will be required to match these State grants with their federal pandemic relief funds.

Historic Funding for Schools to Respond to the Pandemic. In addition to the historic State aid increases provided to school districts in the FY 2022 Enacted Budget and FY 2023 Executive Budget, New York's public schools were also awarded \$14 billion of federal Elementary and Secondary School Emergency Relief (ESSER) funds, available for use over multiple years. School districts were required to create plans for how the Federal funding would be prioritized for expenses such as safely returning students to in-person instruction or purchasing educational technology.

Free Meals for Students. Since the start of the pandemic, the U.S. Department of Agriculture has authorized schools to provide free meals to all students regardless of income eligibility, benefitting approximately 3 million students attending nearly 6,000 public and nonpublic schools in New York State. This flexibility is currently set to continue through the end of SY 2022.

PROPOSED EXECUTIVE BUDGET ACTIONS

School Aid. The Executive Budget provides \$31.3 billion in total School Aid for SY 2023, the highest level of State aid ever. This investment represents a year-to-year increase of \$2.1 billion (7.1 percent) compared to SY 2022, including a \$1.6 billion Foundation Aid increase and a \$466 million increase in all other School Aid programs.

Foundation Aid. Foundation Aid is the State's main education operating aid formula. It is focused on allocating State funds equitably to all school districts, especially high-need districts, based on student need, community wealth, and regional cost differences. The Executive



Budget provides a \$1.6 billion (8.1 percent) increase in Foundation Aid, supporting the second year of the three-year phase-in of full funding of the current Foundation Aid formula and ensuring each school district receives a minimum year-to-year increase of 3 percent.

Expense-Based Aids. The Executive Budget includes full funding of current statutory formulas that reimburse a portion of certain school district expenses, such as school construction, pupil transportation, services from boards of cooperative educational services (BOCES), and the educational costs of certain students with disabilities. In total, these aid categories are projected to increase by \$464 million (5.9 percent), largely reflecting the reduced impact of the pandemic on school operations in SY 2022 compared to SY 2021.

Prekindergarten Programs. New York State appropriates over \$952 million annually to support public prekindergarten programs, providing access to over 136,000 students statewide, including nearly 125,500 four-year-old children and over 10,500 three-year-old children. Funding has historically been prioritized for students in high-need school districts. The Executive Budget continues current funding for prekindergarten programs.

OTHER P-12 EDUCATION

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

RECOVS Learning and Mental Health Grants. The Executive Budget includes a total of \$100 million over two years for a new State matching fund, the Recover from COVID School Program (RECOVS), for school districts with the highest needs to create or expand summer learning, after school, or extended-day and extended-year programs to help students recover academically. It will also support the hiring of mental health professionals, the expansion of school-based mental health services, and other evidence-based mental health supports to help students and school staff recover socio-emotionally. School districts will be required to match this State grant funding with their Federal pandemic relief funds.

Charter Schools. Approximately 180,000 students attend 331 charter schools in New York State. Charter schools receive tuition payments made by school districts, funded through State and local

sources; these tuition rates are established for each school district based on the average annual growth in the district's spending. The Executive Budget increases New York City charter schools' per-pupil funding by 4.7 percent. This will allow 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 370,000 students attend roughly 1,700 nonpublic schools statewide. The Executive Budget provides \$295 million in State support for nonpublic schools, an increase of \$44 million (18 percent), which includes: \$193 million in aid to reimburse nonpublic schools for costs of State-mandated activities; \$55 million for science, technology, engineering, and math (STEM) instruction; and \$45 million for capital health and safety projects, including critical repair and maintenance of nonpublic schools' facilities. The Executive Budget also authorizes any unobligated federal Emergency Assistance to Nonpublic Schools funds to be used to reimburse nonpublic schools for allowable pandemic-related costs through the Governor's Emergency Education Relief Fund.

Special Education. Approximately 80,000 preschool-age children with disabilities receive services, 14,000 school-age students with disabilities are educated in private settings and special act school districts during the school year, and 50,000 school-age students with disabilities receive summer services. Funding for these providers is determined through an annual rate-setting process. The Division of the Budget will administratively authorize a cost-of-living adjustment (COLA) of 11 percent for the SY 2023 tuition rates, increasing providers' annual funding by more than \$240 million. The State will ultimately reimburse roughly 60 percent of these costs, which are paid in the first instance by school districts and counties.

OTHER BUDGET ACTIONS

Zero-Emission School Buses. To improve air quality, the Executive Budget requires that all new school bus purchases be zero-emissions by 2027 and all school buses on the road be zero-emissions by 2035. The Executive Budget ensures that the State provides Transportation Aid for zero-emission bus infrastructure, including charging stations, and purchasing or leasing electric buses. Additionally, the Executive Budget authorizes school districts to lease or finance zero-emission buses for 10 years, double the



current five-year limitation for diesel buses, in order to help districts meet this goal.

Building/Transportation Aid Penalty Forgiveness. The Executive Budget addresses Building and Transportation Aid penalties once and for all by authorizing the State Education Department to forgive all such penalties that the Department deems to be a result of inadvertent clerical errors.

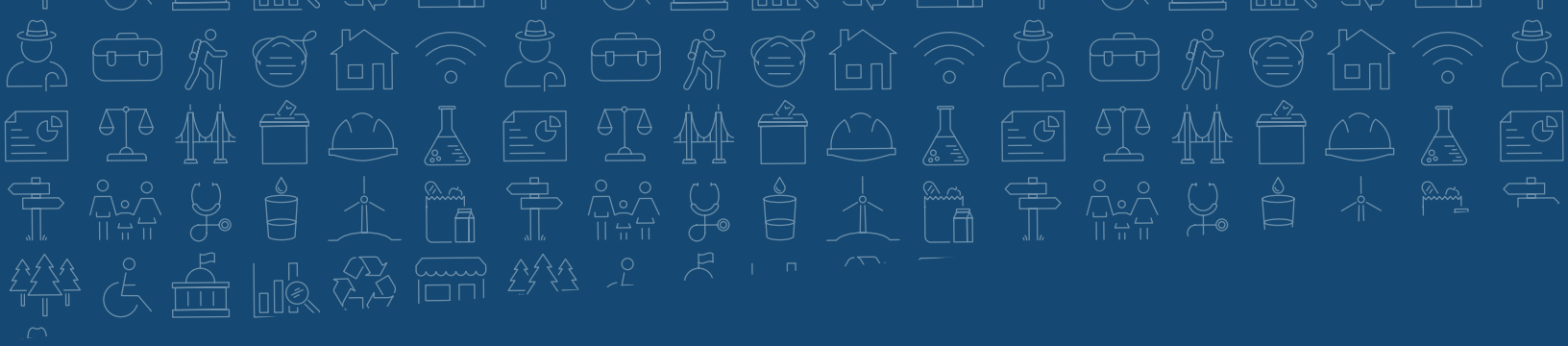
NYC Mayoral Control. The Executive Budget provides a four-year extension of Mayoral control of the New York City school system.

Major Capital Investments in Native American Reservation Schools. The Executive Budget provides \$35.7 million for capital improvements to the three State-owned schools on Native American reservations, including the St. Regis Mohawk School (\$17.8 million), the Tuscarora School (\$11.8 million), and the Onondaga School (\$6.1 million).

EXECUTIVE BUDGET SCHOOL AID				
SCHOOL YEAR BASIS	2021-22 <i>(MILLIONS OF DOLLARS)</i>	2022-23 <i>(MILLIONS OF DOLLARS)</i>	DOLLAR CHANGE <i>(MILLIONS OF DOLLARS)</i>	PERCENT CHANGE <i>(%)</i>
FOUNDATION AID	19,816	21,417	1,600	8.1
OTHER FORMULA-BASED AIDS	8,860	9,331	471	5.3
SCHOOL AID ON THE RUN	28,677	30,748	2,071	7.2
CATEGORICAL AIDS ¹	308	300	(7)	(2.3)
COMPETITIVE GRANTS	230	232	2	0.9
TOTAL SCHOOL AID	29,214	31,280	2,066	7.1

¹Projected decline on an annual basis under current law is due to a one-time, timing-related increase in 2021-22.





ENVIRONMENT, ENERGY AND AGRICULTURE





OVERVIEW

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

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

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe, enjoyable recreational and interpretive opportunities for New York State residents and visitors, and functions as a steward of New York State's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of 181 State parks and 35 historic sites. In 2020 the system welcomed a record 78 million visitors.

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

The Department of Agriculture and Markets (AGM) has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and 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 \$33

billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service.

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

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.

Last year, despite being in the midst of an global pandemic, New York announced the largest combined clean energy solicitations ever issued in the United States, seeking up to 4,000 megawatts (MW) of renewable energy. Under Governor Hochul's leadership, work continues on expanding New York State's offshore wind capacity, building the nation's largest offshore wind program as the State continues to move toward its goal of 9,000 MW of offshore wind energy by 2035.

RESPONDING TO THE PANDEMIC

DEC staff from every division - including forest rangers and environmental conservation police officers - continue to assist in the response to COVID-19. To-date, more than 1,000 staff have volunteered to help combat the pandemic, supporting thousands of public health missions throughout New York.

AGM, along with the New York State Department of Health (DOH), implemented the Nourish NY program to create a lifeline for New York State's families and farmers who had been struggling with the changes brought on by COVID-19. This critical program helps people who are food insecure to access the nourishment that they need, while providing a market for farmers to sell their products. Building on this initiative, New York State also launched the Restaurant



Resiliency Program through which participating restaurants provide nutritious meals and other food-related items to New Yorkers experiencing food insecurity, with a focus on serving those living in distressed or underrepresented communities.

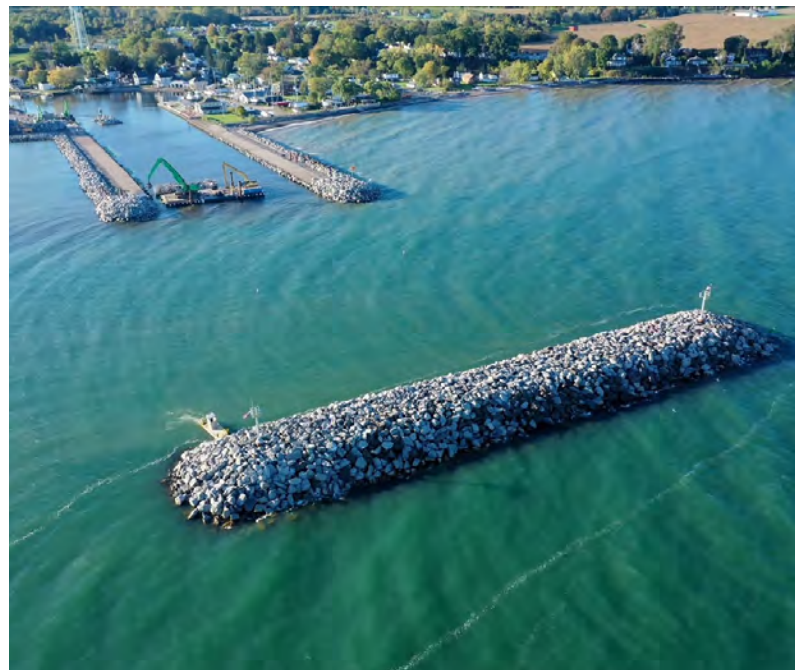
LEADING THE NATION

In her historic State of the State Address, Governor Hochul made it clear that combating climate change will be a top priority for New York State going forward. We know that the cost of inaction is far too high, so New York State will implement an aggressive agenda that will lead the nation in transitioning to a sustainable green energy economy, as we confront the urgency of an unprecedented global crisis.

Recently, Governor Hochul -- alongside United States Secretary of Energy Jennifer Granholm -- announced the finalization of contracts between New York State and Empire Wind Offshore LLC and Beacon Wind LLC, representing a key milestone in the advancement of offshore wind development in New York State. Upon completion, these offshore wind farms will yield a combined 2,490 MW of carbon-free energy; create more than 5,200 jobs, and unleash \$8.9 billion of economic activity in New York State.

In addition to taking decisive action on the climate crisis, Governor Hochul's Executive Budget will provide the funding New York State needs to preserve, protect and enhance our natural resources, expand our outdoor recreation opportunities, and drive economic growth through sustainable agriculture and eco-tourism. Highlights of the Executive Budget include:

- \$4 billion for the landmark Clean Water, Clean Air, and Green Jobs Environmental Bond Act. This historic initiative will provide the support New York State needs to restore critical environmental habitats; reduce flood risks; conserve additional lands and open spaces; protect and improve our water resources; and invest in climate change mitigation projects that will reduce pollution and lower carbon emissions. The Bond Act will also support a substantial investment in the Clean Green Schools initiative that will reach every public school located in a disadvantaged community.



- A \$500 million investment to develop the State's offshore wind supply chains and port infrastructure. This nation-leading initiative will create 2,000 jobs in a growing industry, while helping to make New York State the offshore wind capital of the country for years to come.
- An additional \$500 million in clean water infrastructure funding, bringing the State's total clean water investment to \$4.5 billion since 2017. This critical investment in our State's infrastructure will ensure New Yorkers have access to clean drinking water and will allow municipalities to invest in efficient and effective wastewater treatment strategies.



- \$400 million -- a record level of funding for the Environmental Protection Fund (EPF) -- is provided to support critical projects that work to mitigate the effects of climate change, improve agricultural resources, protect our water sources, advance conservation efforts, and provide recreational opportunities.
- \$90 million, an increase of \$15 million from FY22, 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. The Executive Budget also includes an additional \$20 million in funding for infrastructure improvements at the state-owned Conklingville Dam.
- \$200 million, an increase of \$90 million from FY22, for OPRHP to invest in enhancing and improving our State parks. This substantial level of funding will aid the ongoing transformation of New York's flagship parks and support critical infrastructure projects throughout the park system.
- \$12 million for the Climate Resilient Farms Program and \$12.5 million for Soil and Water Conservation Districts to support climate-friendly and environmentally-focused agriculture.
- Transferring the National School Lunch Program from the State Education Department (SED) to AGM in order to better connect schools and farmers and support local production.







GENERAL GOVERNMENT



OVERVIEW

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

The Office of General Services (OGS) is responsible for a wide array of State support services including managing and leasing properties, designing, building, and maintain State facilities, and establishing contracts for goods, services, and technology. \$1.48 billion in funding is included in the Executive Budget.

The Department of Civil Service is responsible for providing human resource management services to the State and local governments, assisting State agencies with workforce recruitment, administering exams, overseeing job classifications, and administering employee benefits. \$69.0 million in funding is included in the Executive Budget.

The Office of Cannabis Management (OCM) is responsible for developing a comprehensive regulatory structure to monitor and control the cultivation, processing, manufacturing, distribution, transportation, and sale of cannabis in New York State. \$46 million in funding is included in the Executive Budget.

The Division of Alcoholic Beverage Control (ABC) operates under the direction of the State Liquor Authority (SLA). ABC/SLA is responsible for regulating and issuing licenses for the manufacture, sale and distribution of alcoholic beverages within the State. \$15.7 million in funding is included in the Executive Budget.

The State Board of Elections (SBOE) is responsible for executing and enforcing all laws related to elections, overseeing the conduct of elections and the disclosure of campaign finance activities. SBOE is also responsible for reviewing the practices of all local boards of elections, facilitating ballots for State offices, approving the voting systems, maintaining the Statewide voter registration database, and implementing various federal programs. \$30.4 million in funding is included in the Executive Budget.

The Office of Employee Relations (OER) is responsible for various activities related to collaborative labor relations, workforce training, education, and benefits. Operating under the Public Employees' Fair Employment Act (the Taylor Law), OER assists in relations between the State and its employees. \$11.76 million in

funding is included in the Executive Budget.

PROPOSED EXECUTIVE BUDGET ACTIONS

Equity and Economic Justice in New York's Cannabis Industry

Governor Hochul's nominees for the Chair of the Cannabis Control Board (CCB) and Executive Director of the Office of Cannabis Management (OCM) were confirmed by the Legislature in September 2021. These were the first confirmed nominees of the Governor's administration. Soon after, the remaining members of the CCB were appointed, which included two other nominations made by the Governor.

As Governor Hochul prioritized getting New York's cannabis industry up and running, the CCB responded swiftly and held their first meeting in October 2021. Since that time, the CCB, as well as OCM, have been creating and implementing a comprehensive regulatory framework for New York's cannabis industry, including the production, licensing, packaging, marketing and sale of cannabis products.

Through the direction provided in the Marijuana Regulation and Taxation Act (MRTA), along with the support of Governor Hochul, the CCB and OCM have been making efforts to provide progressive opportunities to those from communities historically impacted by prohibition. OCM will have a goal of awarding 50 percent of all licenses to social and economic equity applicants, including individuals from impacted communities, MWBEs, distressed farmers, justice-involved individuals, and service-disabled veterans.

For adult-use cannabis, the MRTA established two State taxes and one local tax. There is a State tax based on the milligrams of THC in the product, a 9 percent excise tax and a 4 percent local excise tax. The State projects \$56 million in revenue (includes \$40 million in license fees) in FY 2023, \$95 million in FY 2024, \$158 million in FY 2025, \$245 million in FY 2026, \$339 million for FY 2027 and \$363 in FY 2028. All State cannabis revenue will be deposited in the Cannabis Revenue Fund in which 40 percent would be directed to education, 40 percent to the Community Grants Reinvestment Fund and 20 percent to the Drug Treatment and Public Education Fund. For the local tax, 25 percent is directed to the county and 75 percent is directed to the city, town or village within the county.

The Executive Budget includes the creation of a \$200 million public-private fund to provide direct capital and startup support to social equity applicants, ensuring that New York State's cannabis industry is the most diverse and inclusive in the nation. Additionally, OCM will create a State-run business incubator to further support equity applicants.

RESTORING FAITH IN GOVERNMENT

Anti-Discrimination Investigations: The Executive Budget expands upon the Office of Employee Relations' current responsibility for investigating all complaints of employment-related protected class discrimination in agencies.

- \$2.5 million in additional funding for increased investigations staff.
- This increase in funding and staffing will allow OER to conduct investigations within the 30-day timeframe.
- Additionally, this staff will take proactive steps in combating discrimination through in-person education/training for state employees.

Modernizing Civil Service Exams: The FY 2023 Executive Budget provides \$5.8 million in additional funding to the Department of Civil Service (DCS) to continue modernizing the State's exam process, including the creation of a new Test Validation and Evaluation Unit within DCS that will continually create and evaluate exam content to maintain the highest levels of integrity, establishing new SUNY campus test centers, and funding for technical assistance for online/virtual exams.

- Additionally, the Executive Budget advances several pieces of legislation that will make the exam process more accessible, resulting in a more diverse and inclusive state workforce.

INVESTING IN STATE GOVERNMENT INFRASTRUCTURE

The Executive Budget invests \$242 million in state government facility infrastructure projects including:

- \$176 million for various Empire State Plaza (ESP) infrastructure projects that will address the natural deterioration that causes



recurring mechanical failures, structural vulnerabilities, and power outages.

- \$41 million for the renovation of the Capitol Eastern Approach Staircase.
- \$25 million for recurring deferred maintenance funding to address the backlog of projects across the State.

Electrifying the State Fleet. The Executive Budget provides \$17 million in funding for a phased-in approach to electrifying the State fleet by 2035. This increase in funding will cover the incremental costs associated with purchasing zero-emission vehicles versus diesel engine vehicles (i.e., increased vehicle costs, and charging infrastructure). This annual funding is estimated to grow as the percentage of zero-emission vehicles purchased by the State increases through 2035.

Streamlining SLA Licensing System. The Executive Budget provides the State Liquor Authority (SLA) with \$2 million in additional funding to address lagged processing times for new licenses. This increase in funding will allow SLA to hire additional staff to expedite the timeframe for processing new licenses, resulting in businesses receiving their licenses sooner and being able to operate and generate revenue sooner.



HEALTHCARE





The Executive Budget prioritizes investment in the work of healthcare and direct support workers who have continued to serve those in need throughout the COVID-19 pandemic. It also strengthens the Department of Health's capability to fight the COVID-19 pandemic, and addresses its health and social consequences through:

- Continued investment of resources to develop robust statewide diagnostic testing capacity;
- Increasing access to rapid at-home testing for individuals and families; and
- Administration of a multi-faceted statewide vaccination and booster program that ensures all New Yorkers, including communities with disparate health challenges, receive equal access.

To build the healthcare system of tomorrow, Governor Hochul will make a more-than-\$10 billion, multi-year investment in healthcare, including more than \$4 billion to support wages and bonuses for healthcare workers. Key components of this multi-year investment include:

- \$2 billion to support healthcare worker wages;
- \$1.2 billion to support healthcare and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to workers earning less than \$100,000 who remain in their positions for one year, and prorated bonuses for those working fewer hours;
- \$500 million for Cost of Living Adjustments to help raise wages for human services workers;
- \$2.4 billion for healthcare capital infrastructure and improved lab capacity; and
- Other investments in workforce and healthcare access and delivery.

With these investments, Governor Hochul proposes to rebuild and grow the healthcare workforce by 20 percent over the next five years with a program designed to strengthen home care, improve the career pipeline, expand access to healthcare training and education, and recruit healthcare and direct support professionals to care for people in underserved areas.

The Executive Budget also preserves critical social supports, promotes the long-term fiscal sustainability of the healthcare system and continues to advance important reforms aimed at improving the health of New Yorkers at a sustainable cost.

OVERVIEW

The Department of Health's mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive healthcare and long-term care coverage for low- and middle-income individuals and families through Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined, these programs provide affordable health insurance coverage for nearly 9 million New Yorkers, through a network of over 80,000 healthcare providers.

At the forefront of the State's response to the COVID-19 pandemic, DOH also protects public health, funds and supervises community public health activities and critical social supports, regulates healthcare facilities statewide, and operates healthcare facilities including Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Center for Laboratories and Research.

The Office of the Medicaid Inspector General (OMIG) promotes the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for Medicaid-funded services. The Executive Budget continues to support a workforce investment to support enhanced program integrity efforts.

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. The Executive Budget continues \$23 million to support unmet need, invests \$2.9 million to combat social isolation by connecting more older New Yorkers with friends, family, and other supports, and establishes a program to expand elder abuse and financial exploitation prevention programs in up to ten counties.

The DOH Wadsworth Center Labs collaborated with laboratories sequencing SARS-CoV-2-positive samples across the state and monitored data submitted to public sequence databases to track



the spread of variants of concern which emerged throughout 2021, including Delta and most recently Omicron.

DOH's cross-functional communications and marketing teams have led the design, development, and execution of audience-based campaign strategies to launch new eligibility categories and increase vaccination rates across age groups. This includes:

- The State's multifaced #VaxtoSchool program, with over 217 pop-up sites established to date;
- Reaching parents and guardians of 5–11 year-olds under the State's #VaxForKids umbrella;
- An effective and ongoing booster and additional dose push, with a booster-specific website, direct-to-constituent messaging via SMS, robo-calling, and Excelsior Pass push notifications; and
- A multi-pronged effort to combat vaccination mis- and disinformation through the State's #GetTheVaxFacts messaging, resources, and toolkits.

New York State is closely monitoring the COVID-19 pandemic across data sources related to testing, hospitalizations, fatalities, vaccination, breakthrough infections, variants, and a variety of other topics. Online dashboards, reports, data sources, and a robust public information strategy including dedicated microsites summarizing key information on these topics.

New York State has led the nation in the largest real-world vaccine effectiveness studies to date, with the Department's research published by the CDC and the New England Journal of Medicine (NEJM).

ENSURING QUALITY HEALTHCARE FOR ALL NEW YORKERS

New York State's Medicaid program is the State's largest payer of healthcare and long-term care services and supports. Over 7 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 45 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$92.0 billion in FY 2023. This includes \$50.6 billion in federal spending and \$33.1 billion in State spending. In 2012, the State implemented the Medicaid Global Cap, which

statutorily sets the annual growth rate to an industry-based metric. The Executive Budget proposes to modify this existing metric to incorporate the Centers for Medicare & Medicaid Services (CMS) actuary projection of spending growth which will better accommodate pandemic spending levels identified in this sector.

PROPOSED FY 2023 HEALTHCARE BUDGET ACTIONS

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. However, the Executive Budget proposes to update the metric used to set the Global Cap spending limit from the ten-year rolling average of the Medical component of the Consumer Price Index (CPI) to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services.

The Executive Budget includes targeted investments to improve and enhance the delivery of public health and aging programs, ensuring critical areas of health and social services are protected and enhanced, while also achieving modest savings through program reforms and general cost-control efforts.

INVESTING \$10 BILLION IN HEALTHCARE AND STRENGTHENING HEALTHCARE WORKFORCE

The healthcare workforce is a vital part of New York State's healthcare delivery system. All other healthcare priorities depend on a stable and strong workforce.

The Executive Budget includes a multi-year investment of \$10 billion that will rebuild and grow the healthcare workforce with a program designed to strengthen home care, improve the career pipeline and retention of the existing workforce, expand access to healthcare training and education, and recruit care workers to underserved areas, including:

Workforce Bonus. The State will invest \$1.2 billion in a frontline healthcare worker bonus program to workers earning up to \$100,000 annually program to incentivize the recruitment and retention of qualified frontline healthcare and direct support professionals. The bonuses will be tailored in varying amounts based on hours worked, and length of time in service.



Provider Rate Increases. To provide structural long-term support to providers so they are able to invest in better wages and improve their ability to compete for the most qualified healthcare professionals, Medicaid reimbursement rates will be increased, resulting in multi-year investments across all programs through the following actions:

Across-the-Board (ATB). Rate Restoration and 1 Percent Rate Increase: In order to provide flexible funding for providers to respond to market needs and compete in the labor market to attract qualified workers, and to respond to industry requests for payment reform to be operationalized via a structural long-term increase to Medicaid inpatient and outpatient rates, the State is making a multi-year investment of \$3.7 billion through restoration of the 1.5 percent reduction taken in the FY 2021 Budget, and increasing Medicaid rates across the board by an additional 1 percent.

“Safety Net” Hospitals. The State will invest \$2.8 billion in payments directed to “Safety Net” hospitals to support urgent operating needs and address pandemic-related impacts.

Hospitals. The Executive Budget delays rebasing by a year due to the irregular cost base resulting from the pandemic.

Supporting Managed Care. The Executive Budget fully restores \$77 million in the Mainstream and Managed Long Term Care quality pools in order to incentivize and reward quality care. Additionally, the State will invest \$34.7 million in the Medicaid Managed Long Term Care (MLTC) program and HIV Special Needs Plans by increasing plan premiums for certain plans to the middle and high end of the rate range.

Expanding Medicaid Eligibility. New York State will expand Medicaid eligibility so that low-income New Yorkers age 65 and up, as well as those with disabilities, are able to maintain Medicaid eligibility after they become eligible for Medicare. This coverage expansion will eliminate the resource eligibility test and raise the income level to 138 percent of the Federal poverty level for these populations. Continuing the State Takeover of Local Medicaid Costs. In FY 2023, the State will assume nearly \$5.2 billion in costs that would have otherwise been incurred by localities.

Additional Executive Budget highlights include:

SUMMARY OF ALL FUNDS HEALTHCARE SPENDING				
CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Medicaid	83,374	91,978	8,604	10.3%
Medicaid (Global Cap)	20,572	21,538	966	4.7%
Department of Health (Excluding Medicaid and EP)*	5,467	6,079	612	11.2%
Essential Health Plan	5,741	6,161	420	7.3%
Office of the Medicaid Inspector General	48	49	1	1.6%
Office for the Aging*	267	273	5	1.8%

*Note that these values are adjusted to exclude the impact of extraordinary spending associated pandemic response efforts, including timing the impacts year-to-year spending.

MATERNAL HEALTH

The State remains committed to structural and institutional change in the healthcare system to address systemic inequality and create a safer birth experience for mothers and families across the state.

To successfully improve maternal health outcomes, reduce racial disparities and advance equity for mothers across the State, the FY 2023 Executive Budget includes over \$20 million in annual investments designed to expand access to holistic prenatal and postnatal care.

Additionally, the State will work with the Biden Administration to provide year-long Medicaid postpartum coverage for mothers for up to one year, increasing from 60 days after they give birth, leading to more equitable health outcomes across the State.

PROMOTING THE ESSENTIAL PLAN

The Essential Plan (EP) -- covers nearly 892,000 New Yorkers. The program has served as a critical safety net during the COVID pandemic for those New Yorkers who lost their job and/or income.

With the Centers for Medicare & Medicaid Services (CMS) approval, the EP would expand eligibility to raise the Federal Poverty Limit cap from 200 percent to at least 250 percent. Raising this limit will allow 14,000 currently uninsured eligible New Yorkers to enroll in the EP free of cost and increase the affordability of healthcare for an additional 92,000 New Yorkers. Healthcare. In addition, with CMS approval, the EP would be expanded to provide coverage for individuals with long-term chronic illnesses.

SUPPORTING THE NEW YORK STATE OF HEALTH

The Exchange – NY State of Health (nystateofhealth.ny.gov) – serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan.

The health plans offered through NYSOH are, on average, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace.

To date, over 6.3 million New Yorkers have enrolled in coverage

through the marketplace as the number of uninsured New Yorkers declined by 1.3 million since 2010.

The Executive Budget includes \$523 million in total gross funding (18 percent increase from FY 2022) for the operation of the NY State of Health in FY 2023.



STRENGTHENING PUBLIC HEALTH AND AGING PROGRAMS

DOH and SOFA administer programs that support New York State's public health and senior care systems. The Executive Budget makes several new programmatic investments while providing additional support services to county and local governments. Key initiatives include:

Fund the "Nourish New York" Initiative to Feed New Yorkers and Support Farmers. Nourish NY supports both local farmers and underserved communities by purchasing surplus food supply and rerouting it to State food banks, providing an additional income stream for farmers while feeding families in need. To continue supporting farmers and feed residents, the Executive Budget includes \$50 million of new annual funding to support the Nourish NY program permanently.

Support Harm Reduction and Naloxone Distributions. The Executive Budget proposes to support additional Harm Reduction Services (\$9 million recurring) and Naloxone distribution (\$8 million in FY 2023 and \$10 million thereafter) under the AIDS Institute by utilizing additional resources from the Opioid Stewardship Fund and the Opioid Settlement Fund, respectively.

Ending the AIDS Epidemic. HIV incidence has declined annually since 2014. However, the COVID pandemic has delayed fully achieving



the Ending the Epidemic (ETE) goals. As a result, the state is recalibrating the ETE benchmarks and timeline to reach ETE goals by the end of 2024. The Executive Budget continues the \$200 million multi-year commitment towards these efforts.

Increase County Public Health Funding. Local health departments (LHDs) have been at the forefront of public health issues, including COVID, and serve as the first line of defense against all new and widespread public health crises. The Executive Budget recommends:

- Investing \$6.7 million in FY 2023 (\$13.4M in FY 2024) statewide to increase all General Public Health Work (Article 6) county base grants.
- Investing \$19 million in FY 2023 (\$38 M in FY 2024) statewide to allow LHDs to claim for fringe benefits expenses to assist in the hiring and retention of staff.
- In August, Governor Hochul announced a \$65 million investment to support counties in building the infrastructure necessary for quick and reliable distribution of COVID-19 booster shots.
- In December, Governor Hochul announced a separate \$65 million investment to assist with the costs associated with administering COVID-19 vaccines and boosters, as well as enforcing the mask-or-vaccine mandate for indoor public places.
- The New York State Public Health Corps is being mobilized across New York to build public health capacity to support COVID-19 vaccination operations and increase preparedness for future public health emergencies. This program will bolster the state's public health infrastructure by mobilizing up to 1,000 Fellows to provide critical support and services to local health departments.

Support New Innovative Aging Programs. The COVID pandemic has led to immediate changes in service delivery and identified new needs for seniors. In response, the State Office for the Aging has provided the leadership to innovate and test new models of care. A new \$2.9 million investment will help develop, expand on and replicate innovative services to address social isolation to combat social isolation, elder abuse, and support caregivers.

Continue the COVID Emergency Home Food Delivery (EFD) program. Beginning in 2021 and administered by the Office for the Aging, the

Executive Budget continues New York's EFD program, which supplies meals to low-income older adults and other COVID-19 vulnerable populations. Funded through FEMA, the program has served more than 250,000 unique households that otherwise would be unable to safely access food.

Increase Cost of Living Adjustment (COLA) Payment. The Executive Budget increases the FY 2023 Human Services COLA payment, investing an additional \$6 million into SOFA programming.

TRANSFORMING THE HEALTHCARE SYSTEM

The FY 2023 Executive Budget builds on prior successes in transforming the State's healthcare delivery system. To date, New York State has appropriated \$3.8 billion in capital financing for essential healthcare providers with the goal of preserving and expanding essential healthcare services in communities throughout New York State through the development of high-quality medical facilities and programs serving the inpatient, primary care, and long-term care needs of communities. Awards are also focused on projects that will help ensure the financial sustainability of safety-net healthcare providers, and the preservation or expansion of essential healthcare services.

Transforming the Future of Healthcare in New York State. The Executive Budget establishes a new \$1.6 billion capital program for the purpose of financing capital improvements for eligible healthcare facilities and nursing homes and building out ambulatory care infrastructure for financially distressed hospitals. This will bring the total capital investments for healthcare providers to a historic \$5.4 billion in total support through FY 2028.

\$750 million will be provided for health care delivery transformation via grants to health care providers for capital projects which build innovative, patient-centered models of care, increase access to care, improve care quality, and ensure healthcare provider financial sustainability.

- \$450 million will be provided for a mix of traditional healthcare capital investments, including the opportunity to finance submitted proposals under prior healthcare capital programs, and includes minimum guaranteed allocations for residential healthcare facilities and nursing homes (\$50 million),

community-based health care providers (\$25 million), and behavioral health centers (\$25 million).

- \$200 million will be provided for the modernization of emergency departments of regional significance.
- \$150 million will be provided to build out IT infrastructure and telehealth capabilities across all eligible provider types.
- \$50 million will support implementation of the Green House nursing home initiative – an innovative care model based on the delivery of nursing home level care in real homes, and movement away from the traditional institutional nursing home model in favor of small residential houses where residents both live and receive care.

Improving Laboratory Capacity in New York State. The Executive Budget includes \$750 million in funding to support the construction of a new Laboratory on the Harriman campus in Albany. In addition to upgrading the world-leading Wadsworth Laboratories facility to today's cutting-edge standards for testing and epidemiological research, this project will incorporate the lessons learned from the COVID-19 pandemic to rapidly scale up testing capacity and improve genomic sequencing.

The Department of Health is building on prior successes in transforming the State's ability to provide Medicaid services by preparing a three-year extension of the Medicaid Redesign Team (MRT) 1115 waiver. The purpose of an 1115 waiver is to give states additional flexibility to design and improve their Medicaid programs, and demonstrate and evaluate state-specific policy approaches to better serving Medicaid populations.

By March 2022, the Department of Health will submit the waiver amendment to the Centers for Medicare and Medicaid, inclusive of comprehensive feedback from CMS.

The waiver amendment proposes a framework for substantial new federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and healthcare in the State.

OTHER INITIATIVES

Investing in Healthcare Transformation. The Financial Plan reserves \$1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

CHP Premiums. The Executive Budget invests \$4 million in FY 2023 growing to \$8 million in FY 2024 to eliminate the \$9 monthly premium for children in families with income levels between 160 percent and 222 percent FPL, to improve healthcare access and affordability for vulnerable children.

CHP Behavioral Health. The Executive Budget invests \$11 million in FY 2023 growing to \$44 million in FY 2024 in mental health and other critical services for children in the Child Health Plus Program. These investments will align the services provided to children in CHP with the services received by children in Medicaid.

Local Distressed Hospital Funding Pool. The Executive Budget continues the Distressed Provider Relief Fund permanently to support financially distressed facilities throughout the state through the collection of a portion of sales tax revenue from counties and New York City, generating \$250 million in designated funding annually. These extraordinary resources will support distressed providers so they are better positioned coming out of the COVID-19 pandemic to manage operating expenses while also providing competitive wages and benefits to attract and retain highly qualified healthcare workers.

Drinking Water State Revolving Fund Federal Investment. The Budget includes \$300.0 million in Federal drinking water appropriation authority to provide additional resources made available under the Infrastructure Investment and Jobs Act. These new dollars will provide a significant opportunity to improve public water systems, specifically those in communities disproportionately impacted by lead in drinking water, including debt retirement and no-interest loans for public water system projects, lead line replacements, and activities to address emerging contaminants.

COVID Wastewater Surveillance. The Executive Budget invests \$5 million of Clean Water Infrastructure Act funding for each year from FY 2023 to FY 2025, to support and expand the statewide wastewater surveillance initiative, which conducts analysis of



municipal wastewater for genetic markers of COVID. This wastewater surveillance network will help guide policymaking for the COVID response, and the new expanded testing network will also be useful for monitoring the opioid epidemic and any future infectious disease threats that may arise.

Roswell Park Cancer Institute (RPCI) Lung Cancer Screening. The Budget provides a one-time investment of \$4.0 million to RPCI for the procurement of lung cancer screening mobile vans and associated medical technology. These mobile vans will be deployed in racially diverse neighborhoods and communities for early detection of lung cancer. In addition, the Budget invests \$4.0 million in additional ongoing operational support for Roswell Park to expand and enhance cancer screening operations amongst diverse and underrepresented populations.

Rashaun King Community Health and Education Center. The Executive Budget increases the capital support for the RPCI by \$2 million to provide support for the Community Health and Education Center.

LGBTQIA+ Health Services. The Executive Budget invests \$7.0 million (in addition to existing \$4.967 million funding) to support the LGBTQIA+ community with direct health services, cultural competency education and training, and organizational capacity building.

Increased Support for Newborn Screening. The Executive Budget provides an additional \$2 million in capital funding under the Wadsworth Center for Laboratories and Research. These resources will be used to procure additional laboratory equipment necessary to increase newborn screening testing capabilities.

Promulgate the Office of Gun Violence Prevention. The Executive Budget provides authority for the establishment of the Office of Gun Violence Prevention under the Department of Health. Data collected on gun violence will be used by the Office of Gun Violence Prevention to track emerging gun violence hotspots and deploy resources to those areas that need it most.

Create the New Pharmacy Benefits Bureau to Reduce Prescription Drug Costs. The Executive Budget supports the creation of the new Pharmacy Benefits Bureau in the Department of Financial Services to lead efforts to lower drug prices, the number one driver of health insurance premium increases. The new Bureau

will begin licensing Pharmacy Benefit Managers (PBMs) and will issue comprehensive regulations to ensure transparency and accountability for PBM practices. The Bureau will also hire a new compliance team to investigate PBM business practices and review complaints of misconduct.





HIGHER EDUCATION





The Executive Budget includes Governor Hochul's comprehensive plan to make higher education in our state more affordable and accessible, and to help two-thirds of New Yorkers earn a post-secondary credential (degree or non-degree) by 2030.

OVERVIEW

- New York State's higher education institutions educate nearly 1.2 million students, as reported for Fall 2020 enrollment. The State University of New York and the City University of New York administer 47 four-year colleges and graduate schools that provide 400,000 full- and part-time students with an array of undergraduate, graduate, and professional degrees. SUNY and CUNY also support 37 community colleges that serve 260,000 students. In addition, 530,000 students attend the nearly 200 private colleges and universities across the State.
- The State University Construction Fund (SUCF), the City University Construction Fund (CUCF), and the Dormitory Authority of the State of New York (DASNY) administer a capital program for over 3,000 academic, research, hospital, dormitory, and multi-use facilities, which make up the physical infrastructure of the 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), and 26 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 300,000 students during the 2020-21 academic year (AY 2021). HESC also partners with the Office of the State Comptroller (OSC) in administering the College Choice Tuition Savings program.
- The State Education Department (SED) also administers funding for higher education, including opportunity programs that help support the success of disadvantaged students.

RESPONDING TO THE PANDEMIC

COVID-19 confronted New York's public university systems with unprecedented challenges that threatened their progress in providing New Yorkers with access to a college education. Both systems rose to the challenge in maintaining course offerings and helping to support the State's COVID response.

- SUNY and CUNY offered in-person learning at all 84 campuses, providing approximately 610,000 students the opportunity to continue their education uninterrupted in the Fall 2021 semester.
- Following months of aggressive student-driven awareness campaigns, SUNY students met the call to get vaccinated to protect themselves and their campus communities, reaching a COVID vaccination mandate compliance rate of 99.5 percent across all 64 campuses in the Fall 2021 semester.
- CUNY students returned to campus in Fall 2021 helped by the VaxUpCUNY campaign and measures that made CUNY campuses among the safest places in New York City. SUNY and CUNY campuses hosted vaccination sites that put shots in more than 2 million arms.
- CUNY instituted the CUNY Comeback Program, a debt-forgiveness initiative that erased nearly \$100 million in unpaid tuition and fees for more than 52,000 students.
- During the pandemic, SUNY and CUNY oversaw the timely distribution of a combined \$1.4 billion of emergency grants to students from three federal pandemic relief bills, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act.
- New York State launched two separate vaccination incentive scholarship public outreach campaigns consisting of a series of statewide drawings to increase awareness of the availability and efficacy of COVID-19 vaccines and provided incentives to New Yorkers 5-17 years of age to get a COVID-19 vaccination. Each of the 100 winners selected received a full-ride scholarship to SUNY or CUNY.

PROTECTING ACCESS AND OPPORTUNITY

New York has made substantial investments in higher education and is a national leader in expanding access to a quality, affordable college education. These investments have been bolstered in the face of challenges presented by the pandemic.

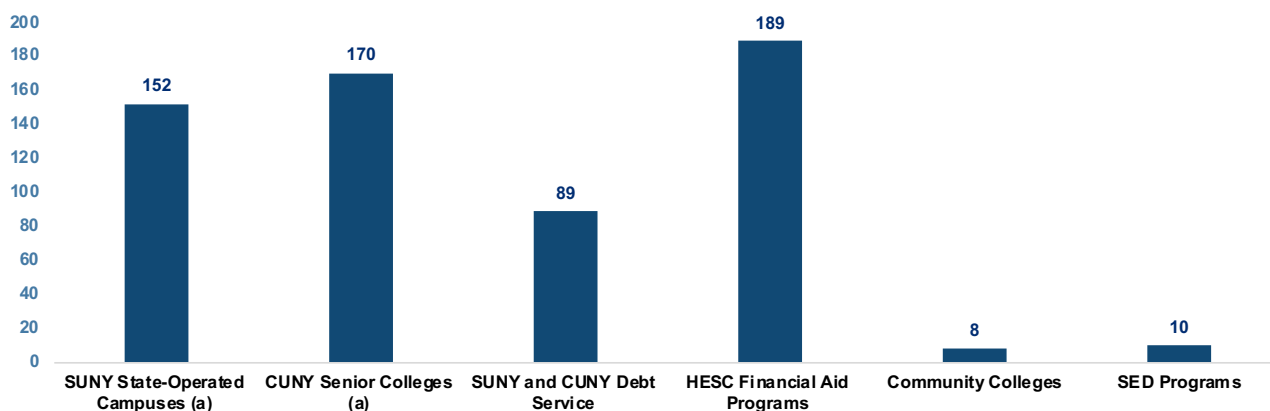
- Funding for higher education has increased by \$2.1 billion (35 percent) since 2012, from \$6.0 billion to \$8.1 billion – including a \$619 million (8.3 percent) increase in the Executive Budget.
- State and local funding per student for public colleges in New York State was \$12,252 in FY 2020 – \$3,616 (42 percent) more than the national average of \$8,636 and higher than 44 other states.
- In New York State, two-thirds of public colleges' total revenue per student comes from State and local support – 10 percent higher than the national average and more than 38 other states.
- The average tuition and fees at the State's four-year public institutions was \$8,555 in Academic Year (AY) 2022 – \$2,185 (20 percent) less than the national average of \$10,740 and lower than 41 other states.
- New York State's investment in higher education opportunity programs and training centers has increased by \$136 million (101 percent) since 2012 and now totals \$271 million.

PROPOSED FY2023 BUDGET ACTIONS

The Executive Budget includes Governor Hochul's comprehensive plan to make higher education in our state more affordable and accessible:

- **Expand Part-Time Students' Access to TAP.** The Executive Budget includes \$150 million to expand TAP, which currently is largely unavailable for students studying part time, to cover students enrolled in six or more credits of study at a SUNY, CUNY, or not-for-profit independent college – an investment estimated to provide support to 75,000 additional New York students annually.
- **Provide Financial Aid for Workforce Credential Programs at Community Colleges for High-Demand Fields.** The Executive Budget further expands part-time TAP to cover students enrolled in workforce credential programs at community colleges in high-demand fields. To ensure the program focuses on the highest-growth areas, Empire State Development and the State's Regional Economic Development Councils will recommend which courses of sequence would be eligible for State funding, based on an analysis of regional industry trends, workforce needs, and existing program offerings.
- **Provide a 10 Percent Increase in Support for Our Neediest Students.** The Executive Budget includes a \$24 million (10 percent) increase in funding for educationally disadvantaged students through higher education opportunity programs and training centers administered by CUNY, SUNY and private

HIGHER EDUCATION GENERAL FUND SPENDING: NET CHANGE FY22 TO FY23
(millions of dollars)





colleges. Funding for these programs has doubled since 2012 and now totals \$271 million.

- **Invest \$106 Million in Full-Time Faculty.** The Executive Budget provides SUNY and CUNY with \$106 million – \$53 million each – to hire additional full-time faculty at both four-year colleges and community colleges. This investment will fund an estimated 880 additional full-time faculty – 340 at SUNY and 540 at CUNY, including support for CUNY's plan to convert adjuncts to full-time faculty.
- **Increase SUNY and CUNY Operating Support by \$127 Million.** The Executive Budget will increase operating support to SUNY State-operated campuses and CUNY senior colleges by fully reimbursing colleges for the \$108.4 million cost of "TAP Gap" tuition credits, providing additional State support of \$59.6 million to CUNY and \$48.8 million to SUNY. The university systems will also receive an \$18.6 million in additional operating revenue from Executive Budget legislation to raise the amount of State support that campuses receive for Excelsior Scholarship

recipients, increasing operating support by \$13.7 million to SUNY State-operated campuses, \$2.8 million to CUNY senior colleges and \$2.1 million to community colleges.

- **Raise the Community College Funding Floor.** The Executive Budget will maintain a funding floor for community colleges at 100 percent of prior year funding, up from the 98 percent floor enacted in FY 2022. Without a funding floor, community colleges would face a \$81 million (13 percent) loss in formula aid due to enrollment declines.

HIGHER EDUCATION GENERAL FUND SPENDING				
CATEGORY	FY 2022 <i>(MILLIONS OF DOLLARS)</i>	FY 2023 <i>(MILLIONS OF DOLLARS)</i>	DOLLAR CHANGE <i>(MILLIONS OF DOLLARS)</i>	PERCENT CHANGE <i>(%)</i>
SUNY State-Operated Campuses ^(a)	3,012	3,164	152	5.1
CUNY Senior Colleges ^(a)	1,430	1,600	170	11.9
SUNY and CUNY Debt Service	1,299	1,388	89	6.9
HESC Financial Aid Programs	933	1,122	189	20.2
Community Colleges	681	689	8	1.2
SED Programs	147	157	10	7.2
GENERAL FUND TOTAL	7,502	8,121	619	8.3

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





HUMAN SERVICES





The Executive Budget supports programs that are a lifeline for vulnerable New Yorkers as the global pandemic persists. The Budget also advances a slate of critical programs and policies that bolster social and economic justice and open doors to opportunity, including a new \$25 billion investment in housing and homeless services, support for renters and homeowners, investments in child care, and worker protections.

OVERVIEW

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

The Office of Temporary and Disability Assistance and the Office of Children and Family Services 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 protects workers, operates the State's Unemployment Insurance System, and promotes workforce development. The Division of Human Rights (DHR) protects civil rights in the areas of employment, housing, public accommodations, education and credit.

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

RESPONDING TO THE PANDEMIC

The COVID-19 pandemic made plain the fragile connection many New Yorkers have to basic needs, especially in vulnerable and underserved communities. As the virus wreaked havoc, the ensuing economic fallout was congruently challenging for many families. The State's human services agencies administered programs that helped keep people in their homes, stave off financial ruin, keep families fed, pay utility bills, and ensure access to child care so people could return to work.

Keeping Renters in their Homes. In 2021, OTDA paid and obligated more than \$2 billion for rental arrears, temporary rental assistance, and utility arrears through the Emergency Rental Assistance Program (ERAP), supporting more than 160,000 low and moderate-income households at risk of housing instability. Additionally, OTDA is administering State-funded programs totaling \$250 million for renters who do not meet the income criteria of ERAP and landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Protecting Homeowners. Homeowners at risk of default, foreclosure, or displacement as a result of a financial hardship caused by the COVID-19 pandemic are receiving support from the \$540 million New York State Homeowner Assistance Fund, administered by HCR.

Extending Benefits to Excluded Workers. Thousands of workers across New York State lost income during the pandemic but did not qualify for government-issued COVID-19 benefits, even though they were an integral part of keeping the State running during the worst moments of the pandemic. The Excluded Workers Fund, administered by DOL, was created to bring financial relief to these individuals. In 2021, \$2 billion in benefits were paid.

Ensuring the Availability of Child Care. As access to quality child care is critical not only to children and families, but to the economic recovery, the State is investing \$2.3 billion through the Federal American Rescue Plan Act and Coronavirus Response and Relief Supplemental Appropriations Act. In 2021, OCFS awarded Stabilization Grants to nearly 15,000 child care providers, helping to cover the costs of personnel, rent or mortgage, utilities, facility maintenance or improvements, personal protective equipment, supplies needed to respond to COVID-19, goods and services needed to maintain or

resume child care services, mental health supports for children and employees, health and safety training for staff, and more. Funding is also supporting child care for the children of essential workers, expanding access in child care deserts, bolstering subsidy programs, and helping to improve the quality of providers.

Providing Basic Needs. The Home Energy Assistance Program, administered by OTDA, which helps vulnerable New Yorkers avoid having their home heating disconnected or exhausting their heating source amid fuel price increases, has been expanded through the availability of additional federal funding. Likewise, emergency assistance through the Supplemental Nutrition Assistance Program is playing an integral role in helping to reduce food insecurity across the state.

PROVIDING OPPORTUNITY AND SUPPORT FOR ALL NEW YORKERS

As the need to ensure basic needs are met persisted during the pandemic, ongoing efforts by the human services agencies to make lives less precarious were redoubled. Progress continues on a slate of critical programs and policies that are providing social and economic justice and opening doors to opportunity at a time when it is needed most.

New York is in the final stage of the \$20 billion investment in affordable and supportive housing, which is creating or preserving more than 100,000 units of affordable housing and creating 6,000 new units of supportive housing over five years. With the supportive housing component of the plan achieved and exceeded, the State is now on a path towards creating, over 15 years, a total of 20,000 supportive housing units, which provide both affordable housing and services to people who may be at risk of homelessness. There is much more to do, and a new five-year housing plan is launched with this Executive Budget.

Through the Raise the Age initiative, New York State's youth who commit crimes are now receiving age-appropriate programming, separate from adults, to lower their risk of re-offense. New York State was previously one of only two states that automatically prosecuted 16- and 17-year-olds as adults, which prevented youth from receiving the services they needed to be rehabilitated and re-integrated into their communities.

Efforts continue to modernize the way Unemployment Insurance benefits and other programs administered by DOL are provided, with improved technology to improve service, new ways of communicating with recipients, and greater transparency.

PROPOSED FY 2023 HUMAN SERVICES BUDGET ACTIONS

Expanding Access to Affordable Housing and Combatting Homelessness

Launch a New Five-Year, \$25 billion Comprehensive Housing Plan.

The Budget advances a new \$25 billion, five-year Housing Plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes as part of the State's plan to electrify one million homes and make another one million electrification-ready. Funding includes \$5.7 billion in capital resources, \$8.8 billion in State and Federal tax credits and other federal allocations, \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies. The plan expands on existing State programs and creates new ones, including the following:

- **Supportive Housing.** \$1.5 billion for the construction of 7,000 supportive housing units and rehabilitation of 3,000 supportive housing units throughout the State, toward the creation of 20,000 units over 15 years;
- **Multi-Family New Construction.** \$1 billion 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.** \$300 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 60 and above;
- **Middle-Income Housing.** \$90 million for new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn between 60 and 130 percent of AMI;
- **Community Investment Fund.** \$80 million for mixed-use affordable housing developments that may include retail, commercial or community development components;

- **Public Housing Preservation.** \$150 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;
- **Multi-Family Preservation.** \$450 million for substantial or moderate rehabilitation of affordable multi-family rental housing currently under a regulatory agreement;
- **Mitchell-Lama Preservation.** \$120 million to preserve and improve Mitchell-Lama properties throughout the State;
- **Small Building Rehab.** \$60 million for rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units;
- **Accessory Dwelling Units.** \$85 million for the creation or rehabilitation of Accessory Dwelling Units (ADUs), including backyard cottages, attics, garages, and basements;
- **Manufactured Homes.** \$20 million for mobile and manufactured home programs;
- **Homeownership Programs.** \$400 million for promoting home ownership among families of low and moderate income and stimulating the development, stabilization, and preservation of New York communities. This includes a \$50 million pilot for affordable homeownership opportunities that prioritize resident control;
- **Electrification.** \$250 million to weatherize and electrify New York's housing stock, including through all-electric, high-performance equipment for heating and air-conditioning, alternative energy sources, and other energy-efficient best practices.

\$2 Billion to Protect Renters. The Executive Budget continues support for the federally funded Emergency Rental Assistance Program. In 2021, ERAP paid or obligated more than \$2 billion for rental arrears, temporary rental assistance, and utility arrears, and the State continues to request additional federal funds to support this program. Additionally, OTDA is administering State-funded programs totaling \$250 million for renters who do not meet the income criteria of ERAP and landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Expand Housing Supply. Housing costs continue to rise throughout the state, exacerbated by inadequate housing supply. To improve housing affordability and availability, the Budget advances legislation to expand the State's housing supply, as follows.

- Bolster Accessory Dwelling Units (ADUs)—Require municipalities to allow a minimum of one ADU on owner-occupied residentially zoned lots.
- Spur Transit-Oriented Development—Allow dense multifamily construction in zones around rail transit stops within commuting distance to New York City.
- Allow Appropriate Density—Repeal of the statutory limitation on the maximum density of the residential area of buildings in New York City, authorizing the City to allow for denser residential development where appropriate.
- Encourage Hotel Conversions—Allow any Class B hotel located within or near a residential zoning district in New York City to use the existing certificate of occupancy to convert to permanent residences, as long as the units are subject to applicable rent stabilization laws and agreements. Alterations must follow regulations for Class B hotels.
- Create Affordable Neighborhoods—The Budget establishes the Affordable Neighborhoods for New Yorkers program to provide for the development of much needed affordable housing in New York City.

Keep People in their Homes. The Executive Budget supports three key initiatives that are geared toward ensuring that both homeowners and renters remain in their homes, preventing evictions and homelessness.

- Homeowner Assistance Fund (HAF)—Continue support for the \$540 million federally funded program that provides direct financial support to homeowners at risk of default, foreclosure, or displacement as a result of a financial hardship caused by the COVID-19 pandemic.
- Homeowner Protection Program (HOPP)—Provide \$20 million for HOPP, which offers homeownership counseling, assistance with applying for a mortgage modification, and direct representation in court proceedings and settlement conferences.

- **Legal Representation for Eviction**—Provide \$35 million for the Eviction Prevention Legal Assistance Program, which will offer free legal assistance to renters who currently cannot afford counsel in eviction proceedings outside of New York City, where services are already available. Renters facing eviction with incomes at or below 200 percent of the Federal poverty line will be supported by local legal service providers.

Ensure Fair and Equitable Housing. The Budget advances legislation and funds efforts to address the challenges and discrimination that many New Yorkers face when seeking rental housing.

- **Credit History**—Landlords will be prohibited from automatically denying applicants on the basis of credit history or score if the applicant can demonstrate 12 months of on-time rental payments, receipt of rental subsidies, or evidence that the negative credit history is solely due to unpaid student loan or medical debt.
- **Justice Involvement**—Landlords will also be prohibited from automatically rejecting individuals with justice involvement.
- **Fair Housing Testing**—The Budget provides \$2 million for fair housing testing and education throughout the State, including in counties not previously served by local fair housing organizations. Under such programs, people pose as prospective renters, borrowers, or patrons to identify unlawful housing discrimination.

Expand Uses of Transitional Rental Assistance Program. Governor Hochul signed legislation expanding the Family Homelessness and Eviction Prevention Supplement (FHEPS) program in New York City. This bill ensures that FHEPS is an eligible use of the \$100 million Transitional Rental Assistance Program that was created with the FY 2022 Budget to enable local social service districts to support rent supplements to prevent homelessness and address housing instability.

Ensure Availability of Disaster Assistance. The Budget provides an additional \$77 million in capital funding to continue projects related to ongoing reconstruction efforts at the Governor's Office of Storm Recovery (GOSR).

PROVIDING QUALITY HUMAN SERVICES

Support Child Care Programs. Child care is essential to give children the best possible chance at success and parents the ability to participate and advance in the workforce. Similarly, the availability of child care is vital to the State's economic recovery. However, the pandemic has caused acute stress on the child care industry, as many providers closed and others struggled with workforce issues.

Using Federal funding, New York State has reinforced the care industry, awarding \$900 million in Child Care Stabilization Grants to more than 15,000 providers Statewide. These payments are helping to cover the costs of child care workers, rent or mortgage, utilities, supplies, training and many other purposes.

In recognition of the vital role essential workers played during the pandemic, child care scholarships were provided to nearly 42,000 of their children.

Federal funds are also being used to make systemic changes that will permanently expand the availability, quality and affordability of child care. Families up to 200 percent of the Federal poverty level are given access to subsidies, and family co-payments are limited to 10 percent of income over the Federal poverty level. Further investments are being made to increase capacity in child care "deserts" and to help parents find the child care provider that's right for them. In all, \$2.3 billion in extraordinary support is being given to families and child care providers.

The efforts to stabilize and strengthen the availability, affordability, and quality of child care in New York State builds on \$832 million for child care subsidies through the New York State Child Care Block Grant, maintained in the FY 2023 Executive Budget. These funds serve approximately 132,000 children, ages 0-13, from approximately 79,000 low-income families.

The Executive Budget builds on these successes in several ways:

- **Increase Eligibility for Subsidies**—eligibility for child care subsidies will be increased from up to 200 percent of the Federal poverty level (about \$53,000 for a family of four) to up to 300 percent of the Federal poverty level (about \$79,500 for a family of four), over three years. In FY 2023, in the first phase of the



expansion, an additional 100,000 children will become newly eligible as subsidies become available to families with incomes up to 225 percent of the Federal poverty level (about \$59,600 for a family of four).

- **Maintain Access to Child Care Providers**—\$125 million in funding annually is included to maintain child care subsidies when the rates are scheduled to reset in October 2022.
- **Support Child Care Workers**—\$75 million is invested in child care worker wages, an endorsement of the importance of their work which will also help providers stay open in a tight labor market.

The Executive Budget supports more than \$5 billion in programming for families with child care-aged children, including child care subsidies, child-focused tax credits, pre-kindergarten programs, support for the child care system, and extraordinary aid.

Continue Implementation of Raise the Age. The Executive Budget continues \$250 million in appropriated support for Raise the Age, which increased the age of criminal responsibility from 16 to 18.

Invest in Home Visiting. Currently, 37 of 58 social service districts operate home visiting programs, serving 6,000 families and achieving positive outcomes. The Executive Budget directs an additional \$11 million to the Home Visiting program, bringing the total level of State support to \$41.5 million. This increase will allow the program to serve an additional 1,600 families, statewide.

Modernize Foster Care Rates. The Executive Budget advances legislation to modernize the rate methodology used to reimburse costs associated with the care of a child in foster care. The new methodology will use United States Department of Agriculture (USDA) data. This change will provide \$43.5 million to nearly 25,000 families through increased adoption subsidies.

Pay the 5.4 percent Human Services COLA. Funding is included to pay the 5.4 percent human services COLA for applicable OCFS and OTDA programs, including Foster Care, Adoption, NY/NY III, and Nutrition Outreach and Education Program.

Establish the first New York State Veterans' Cemetery. The Executive Budget supports the establishment of the first State Veterans'

cemetery which will provide a permanent, State-owned resting place to honor New York's veterans and their families.

Reinforce Support for Veterans. Current State law requires New York to provide every county and city Veterans' Service Agency with \$10,000 per year, and an additional \$5,000 for each increment of 100,000 people living in the county or city. The Executive Budget increases the minimum annual State funding to Veterans' Service Agencies from \$10,000 to \$25,000. The Executive Budget also includes \$1 million to expand the number of Veterans' Benefit Advisors at DVS. Together, these investments will help connect veterans with the benefits they have earned.

Invest in Runaway and Homeless Youth Housing. The Executive Budget proposes a \$2 million increase in funding for runaway and homeless youth services by supporting the expansion of crisis and transitional living beds.

Make Changes to the Public Assistance (PA) Program to Address Poverty. The Executive Budget proposes changes to PA to help alleviate the "benefits cliff" by encouraging increased earnings and allowing more savings while remaining eligible for the program. In addition, the Budget proposes to eliminate the 45-day waiting period for prospective Safety Net Assistance recipients before they can begin to receive program benefits.

Disability Advocacy Program (DAP). The Executive Budget doubles Executive support for the DAP program from \$2.6 million to \$5.3 million, supporting the legal representation of disabled individuals seeking Federal disability benefits under SSI or SSDI.

Services for Refugee Resettlement. The Executive Budget continues Governor Hochul's investment of \$2 million to provide services to help refugees resettle in New York State.

Invest in Worker Protections and Strengthen Workers' Rights. To support New York State's workforce, the Budget invests \$12.4 million in the Department of Labor's enforcement of worker protections, including those protections enacted through recent legislation related to elevator safety, airborne diseases, and prevailing wage. Legislation submitted with the Executive Budget also bans agreements that limit workers' ability to move and work freely by eliminating non-compete agreements for workers making below

the median wage and explicitly banning all "no-poach" agreements under State antitrust law. Additional legislation increases criminal penalties for employers who knowingly or intentionally commit wage theft violations to more closely align with penalties for other forms of theft.

Support Investigations of Discrimination. Coverage under the Human Rights Law has expanded, and caseloads have increased in recent years. The Executive Budget invests \$3.7 million to support DHR's efforts in protecting New Yorkers from unlawful discrimination based on their protected class status, bringing the new total to \$12.5 million.

Expand Human Rights Protections. The Executive Budget adds both status as a victim of domestic violence and citizenship and immigration status to the protected classes covered by the Human Rights Law.

Bolster Nonprofit Infrastructure. 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. The Executive Budget provides an additional \$50 million for new grant awards.

Continue Re-aligned Fiscal Responsibility for Committee on Special Education Placements. The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts and school districts. There is no State share for New York City placements, and the former 18.42 percent State share for placements outside of New York City was eliminated for one year in both the FY 2021 and FY 2022 Enacted Budgets. For statewide consistency, the Executive Budget makes the current funding structures permanent, thereby aligning the fiscal responsibility with the school district responsible for the placement.

Enhance the Liberty Defense Program. The Liberty Defense Project provides legal assistance and representation to immigrants in New York State. The Executive Budget includes \$12 million in funding to sustain the current program, serve additional New Yorkers who need protection and assistance, fund federal litigation efforts around immigration law, and increase social worker capacity.

Strengthen the Office of New Americans. The Executive Budget includes \$8 million to enhance the current Office of New Americans (ONA) Program. ONA administers grant programs and oversees a network of community providers that help immigrant New Yorkers with citizenship applications and workforce development.





SUMMARY OF ALL FUNDS SPENDING

CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
OTDA	8,165	5,986	(2,179)	26.7
OCFS	4,543	3,799	(744)	(16.4)
DOL*	3,162	622	(2,540)	(80.3)
HCR	1,246	2,133	887	71.2
DVS	21	20	(1)	(3.3)
NCS	18	18	0	1
DHR	17	18	1	5.9
NICIP	14	35	21	250.0
TOTAL	17,186	12,631	(4,555)	-27%





LOCAL GOVERNMENT





The Executive Budget continues to deliver core local government aid, including Aid and Incentives to Municipalities (AIM), and an array of shared service and efficiency-based funding, as well as advances several mandate relief actions to improve county and local operations. The Executive Budget also reflects the distribution by the State of extraordinary federal aid for local governments.

OVERVIEW

These past two tumultuous years have required sustained extraordinary efforts from the State and every level of local government to provide necessary services amidst the pandemic. The State and local governments shouldered large public health efforts to protect, test, trace, treat, and vaccinate millions of New Yorkers.

To support these services, and at the encouragement of Governor Hochul and other officials at the State, federal, and local levels, the federal government is providing municipalities with much needed funding from the American Rescue Plan Act (ARPA). Additional State funding is available for local governments to help with the infrastructure necessary to carry out pandemic response activities.

The combination of these State and Federal aid programs, along with resilient local revenues and the realization of mandate relief benefits, has led most local governments to recover and achieve firm financial footing.

The State's elimination of the internet tax advantage has generated more than \$1 billion for local governments outside of New York City from FY 2020 through FY 2022.

The State's takeover of local Medicaid cost increases has saved counties and New York City more than \$30 billion through FY 2022, an amount those local governments would have otherwise had to bear.

Even with the improved financial outlook of most municipal budgets, the Executive Budget continues incentives that bolster efficiency and multi-governmental collaboration across all levels of government.

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.

The Aid and Incentives to Municipalities (AIM) program provides general purpose aid to cities, towns, and villages. Other programs provide aid to specific local governments, including Small Government Assistance, Miscellaneous Financial Assistance and support for Municipalities with Video Lottery Gaming Facilities.

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.

The overall impact of the Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2023 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total over \$48 billion in FY 2023 under the Executive Budget. This represents an increase of \$2.5 billion over the prior year, predominantly due to increases in School Aid.

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

Under these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of \$2.4 billion for municipalities and school districts for their fiscal years ending in 2023.

- **Support for New York City.** Total State spending on behalf of New York City through major local aid programs is expected to total nearly \$20 billion in FY 2023 under the Executive Budget. This includes \$2.6 billion attributable to the State takeover of

local Medicaid growth and nearly \$12.4 billion in School Aid. Total support for New York City is higher than FY 2022 by over \$700 million, in large measure due to a year-to-year Foundation Aid increase of \$345 million as well as an over \$185 million increase in expense-based and categorical School Aid. New York City will also receive a significant increase in a variety of transportation aid, including transit operating aid and CHIPs, as well as increases for General Public Health Work.

- Traditional local impacts presented in the Executive Budget reflect a net positive impact of \$503 million for the 2023 City Fiscal Year, including positive impacts of \$531 million for school aid and \$108 million in increased transportation aid, including increasing the CHIPs base, increased transit operating aid, providing Extreme Wintery Recovery and State Touring Routes aid, increasing PAVE NY and Operating Pave Our Potholes. These increases are partially offset by a \$200 million negative impact as a result of making permanent the sales tax intercept for distressed health provider assistance.
- **Support for County Governments.** Total State spending on behalf of counties outside of New York City through major local aid programs is expected to total nearly \$5.5 billion in FY 2023 under the Executive Budget. This includes \$2.5 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net positive impact of \$207 million, including \$146 million in increased transportation aid, including increasing the CHIPs base, increased transit operating aid, providing Extreme Wintery Recovery and State Touring Routes aid, increasing PAVE NY, and Operation Pave Potholes. There is also a \$35.8 million net impact due to various human service proposals, including increasing adoption support and maintaining the childcare market rate. These increases are partially offset by a \$50 million negative impact as a result of making permanent the sales tax intercept for distressed health provider assistance.

- **Support for Other Cities, Towns and Villages.** The Executive Budget provides nearly \$1.3 billion in support for towns, villages, and cities other than the City of New York. Traditional local impacts result in a net positive impact of over \$200 million. The most notable local impacts for such local governments in the FY 2023 Executive Budget are increases in transportation funding,

including increasing the CHIPs base, increased transit operating aid, providing Extreme Wintery Recovery and State Touring Routes aid, and increasing PAVE NY. In LFY 2022, the City of Albany will be provided \$15 million in Miscellaneous Financial Assistance.

Beginning September 2022, the FY 2023 Executive Budget would change the AIM funding source to the General Fund for certain town and villages that currently receive AIM-Related Payments funded by local sales tax.

- **Support for School Districts.** In School Fiscal Year 2023, the Executive Budget increases Foundation Aid for school districts outside New York City by nearly \$1.3 billion and expense-based and categorical aid by \$278 million. Partially offsetting this impact, the Budget also makes permanent the school districts' share of the residential cost for Committees on Special Education (CSE) placements, which results in a \$28.6 million negative impact in the 2023 school year.

RESPONDING TO THE PANDEMIC

Governor Hochul is taking a science-based, collaborative approach to combating the COVID-19 virus and safely re-opening the economy. Recognizing the vital role played by local governments in providing core pandemic-related services, the State made resources available to bolster response infrastructure. In August of 2021, Governor Hochul announced \$65 million for local health departments across New York State to support the quick and reliable distribution of booster shots. In December of 2021, the Governor announced an additional \$65 million for counties to help with the costs associated with administering vaccines and boosters and enforcing the mask-or-vaccine mandate for indoor public places.

But the magnitude of this pandemic and the economic fallout would exceed State and local capabilities absent a federal partnership. Governor Hochul and other officials from across all levels of governments encouraged Congress to join in support of State and local pandemic responses, an effort that ultimately proved successful.

The American Rescue Plan Act (ARPA) provided \$350 billion for eligible state, local, territorial, and tribal governments to respond to the COVID-19 emergency, including \$10.7 billion in relief for New York State's local governments.



While larger municipalities received their funding directly from the U.S. Treasury Department, the State is responsible for distributing allocations on a per-capita basis to Non-entitled units of government (NEUs) – cities, towns and villages that did not receive a direct payment. On June 16, 2021, the Division of the Budget launched a website and application and began the process of reaching out to all NEUs to encourage participation. By August 2021, \$387.1 million was distributed to 1,453 municipalities.

The Federal requirements, including the Treasury Department's Final Rule released January 6, 2022, allow New York's cities, towns, and villages receiving ARPA funds to use this aid to:

Support public health expenditures. For example, funds may be used for COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.

Address negative economic impacts caused by the public health emergency. This includes economic harms to workers, households, small businesses, impacted industries, and the public sector.

Replace lost revenue. Funds may be used to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

Provide premium pay for essential workers. Additional support may be offered to those who have and will bear the greatest health risks because of their service in critical sectors.

Invest in water, sewer, and broadband infrastructure. Funds may be used to make necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

A second distribution will be made in 2022, following the Treasury Department's expected release of remaining ARPA NEU funding.

The Property Tax Cap: Providing Stability in Uncertain Times
Since enactment of the cap, property taxes have grown by an average of just 1.96 percent per year – less than half the average annual growth from 2000 to 2010. Taxpayers have saved \$74 billion as a result of the cap, with the typical taxpayer saving \$9,900.

As the pandemic has added uncertainty to the lives and finances of many families, the stability provided by the tax cap, which is now permanent law, is more vital for homeowners than ever. Especially in any areas of the State that are experiencing rapid increases in property values, the tax cap guards against significant escalations in property tax levies.

REDUCING PROPERTY TAXES AND SUPPORTING LOCAL GOVERNMENTS THROUGH SHARED SERVICES AND EFFICIENCIES

By working together, local governments can capture efficiencies, save money, and protect programs and services. The Budget continues support for a variety of local government restructuring and efficiency grants, including the following:

County-Wide Shared Services Initiative. Local governments in each county are required to meet to discuss and pursue opportunities to share and consolidate 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 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. Through 2020, countywide plans have identified more than 1,000 projects with recurring local property tax savings. The Executive Budget includes over \$200 million in appropriations to support State matching grants for these collaborations.

Local Government Efficiency Grants. Competitive grants 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.

RESTRUCTURING DISTRESSED LOCAL GOVERNMENTS

The Financial Restructuring Board for Local Governments helps 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 26 local governments.

PROPOSED EXECUTIVE BUDGET ACTIONS

The Executive Budget seeks to enact measures to both lessen existing mandates on local governments and improve fiscal operations.

Local Government Revenue

- **Grant Permanent Sales Tax Authority.** All counties would be provided permanent authority to set a local sales tax rate of up to four percent, or their current rate, if greater, consistent with New York City. Most counties collect sales tax at four percent, currently, but the authority must be periodically renewed. This action would provide counties with revenue certainty while alleviating an administrative burden.

- **Resume General Fund AIM for Towns and Villages.** Currently, 846 towns and 479 villages receive a total of \$59.1 million in AIM-Related payments funded through local sales tax collections. The Executive Budget ends this practice and resumes State General Fund support for these towns and villages through the traditional AIM program, allowing local governments to retain a greater amount of local sales tax revenue, annually.
- **Achieve Sales Tax Parity for Vacation Rentals.** In order to create a level playing field between traditional hospitality industry participants such as hotels, motels, and B&Bs and the growing vacation rental sector, the Executive Budget subjects all vacation rentals to State and local sales taxes, as well as the New York City hotel unit fee. This action will allow counties outside New York City to collect an estimated \$9 million in additional sales tax revenues, annually.

Health

- **Continued Medicaid Relief.** The Executive Budget shoulders \$5.2 billion in Medicaid cost increases on behalf of local governments as part of the takeover of local Medicaid growth. In FY 2022 alone, New York City is saving \$2.4 billion from the State takeover, and counties across the State are saving another \$2.4 billion. From FY 2013 when the State takeover of Medicaid growth began, through FY 2022, the State has assumed more than \$30 billion in Medicaid costs that counties and New York City would have otherwise had to bear.
- **Increase County Public Health Funding.** The state is investing \$26 million in FY 2023 (\$51 million in FY 2024) for counties to increase all General Public Health Work (Article 6) county base grants, as well as allow LHDs to claim fringe benefits expenses to assist in the hiring and retention of staff.

Local Government Finance

- **Continue County-Wide Shared Services Initiative Match.** The Executive Budget continues the effort 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 2021 are eligible to receive matching funds from the State beginning in calendar year 2022. In



addition, legislation would encourage realization of shared services initiatives by allowing projects included in previous local plans that are not yet implemented to be eligible for State matching funds when they are implemented.

- **Provide a Market-Rate of Interest on Court Judgments.** For court judgments paid by public and private entities, the Executive Budget allows a variable market-based interest rate, providing mandate relief for local governments and lower State taxpayer costs. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

- **Provide Additional Cybersecurity Funding.** The Executive Budget will include an additional \$44 million to further strengthen State and Local cyber defense and response efforts. Investments in hardware and software security tools and cyber personnel will enhance protection of State and Local systems and reduce risk and vulnerabilities.
- **Continue Local Government Restructuring Programs.** The Executive 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.
- **Provide 100 Percent Reimbursement for Restructuring/Efficiency and Shared Services Grants.** In FYs 2021 and 2022, certain efficiency and shared service program payments were reduced by 5 percent. The Executive Budget restores full funding.

AMERICAN RESCUE PLAN ACT (ARPA) FUNDING FOR LOCAL GOVERNMENTS (MILLIONS OF DOLLARS)		
ENTITY	SFY 2022 ALLOCATION	SFY 2023 ALLOCATION
New York City	2,939	2,939
Counties	1,140	1,140
Big Four Cities (Buffalo, Rochester, Syracuse, Yonkers)	372	372
Other Entitled Cities	342	342
Entitled Town and Villages	178	178
Non-Entitled Cities	25	25
Non-Entitled Towns and Villages	362	362
TOTAL	5,359	5,359

SUMMARY OF ALL FUNDS LOCAL GOVERNMENT STATE SPENDING

CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Aid and Incentives to Municipalities	714.7	714.7	0.0	0.0
County-Wide Shared Services Initiative	25.0	31.0	6.0	24.0
Citizens Empowerment Tax Credits and Grants	6.3	7.0	0.7	11.1
Local Government Efficiency Grants	3.1	5.1	2.0	64.5
Local Government Performance and Efficiency Program	8.3	12.9	4.6	55.4
VLT Impact Aid	28.9	28.9	0.0	0.0
Miscellaneous Financial Assistance	3.8	18.8	0.0	0.0
Small Government Assistance	0.2	0.2	0.0	0.0



MENTAL HYGIENE





OVERVIEW

The Mental Hygiene agencies and associated community-based programs provide services to individuals with developmental disabilities, mental illness, and addictions. These agencies include the Office for People With Developmental Disabilities, the Office of Mental Health, the Office of Addiction Services And Supports, 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 1 million individuals, including more than 800,000 people with mental illness, 680,000 individuals with substance use disorders or problem gambling, and nearly 128,000 people with developmental disabilities.

RESPONDING TO THE PANDEMIC

To support people who routinely face significant challenges meeting basic needs, the system addressed a myriad of challenges presented by the global pandemic to ensure vulnerable New Yorkers continued to receive services for their everyday needs. The Mental Hygiene agencies quickly modified service delivery requirements and provided extensive guidance to ensure vulnerable individuals continued to receive essential care and services in accordance with current infection control standards.

- **OPWDD** - Prioritized vaccination for people with developmental disabilities and their staff and is encouraging boosters for those already vaccinated. By incorporating innovations such as the use of teleservices and provision of day habilitation services within the home, OPWDD was able to continue to provide services to the greatest number of people. As infection levels across the state fluctuated, OPWDD also regularly updated visitation measures and infection control guidance and training as needed. With these measures in place, OPWDD has been able to minimize the effect of COVID on people with developmental disabilities.
- **OMH** - Launched a wide range of initiatives to ensure the safety of employees and those receiving services in the New York State public mental health system during the pandemic. OMH continues to issue and update guidance regarding COVID-19 screening, quarantine, and isolation procedures for OMH-operated hospitals, community mental health providers, and housing agencies. Emergency regulations authorized broad

use of telehealth, allowing the public mental health system to maintain capacity and also meet emerging new mental health needs related to the pandemic. OMH operated a program offering vaccinations to staff and service providers, and continues to support efforts to ensure booster doses are available to vulnerable New Yorkers.

- **OASAS** - Adapted its system of care by implementing innovative methods to ensure that critical services remained available to New Yorkers with substance use disorder, such as employing telehealth, take-home dosing and various methods for rapid access to care. OASAS worked to support these adaptations through technical assistance, evolving infection control guidelines and vaccine support, and working to expand services to incarcerated individuals. The OASAS State-operated programs, and voluntary-operated crisis, inpatient, residential and other providers have remained open and are providing safe spaces and services to treat patients with substance use disorder while navigating the ever-changing COVID-19 pandemic.

The Executive Budget makes investments amid the continuing global pandemic to help ensure that individuals are served safely in the most integrated and cost-effective setting possible, support the expansion of community-based care and continue the oversight of services for vulnerable persons. The Executive Budget also expands efforts to combat the opioid epidemic through prevention, treatment, and recovery programs.

Continuing efforts to counter the effects of the global pandemic include:

- **Telehealth** - The use of telehealth was rapidly expanded and continues to be an important tool to ensure access to care. The lessons learned during the first year of the pandemic, which will be used to continually improve the effectiveness of treatment and delivery of services for vulnerable populations throughout New York State, are supported by the Executive Budget. Additionally, an investment in telehealth equipment is included in the Executive Budget to support the mobile treatment services for opioid addiction.
- **OPWDD** - Targeted Home and Community-Based Services (HCBS) 10 percent enhanced Federal Medical Assistance Percentage

(eFMAP) to address critical needs by supporting the OPWDD workforce; improving service delivery and IT infrastructure; piloting opportunities to enhance residential and day services; expanding crisis services; and promoting diversity, equity, and inclusion in accessing and providing services. Workforce-related initiatives include a 20 percent Longevity Bonus, 20 percent Retention Bonus, and Frontline Healthcare Worker Bonuses and Vaccination Incentive bonuses all aimed at rewarding direct care workers and relieving providers of the longstanding recruitment and retention issues that were exacerbated by the pandemic.

- **OMH** - Enhanced funding will support and strengthen the OMH workforce, implement rate adjustments for rehabilitative services including clinics, expand community-based services for children and families, enhance and expand Assertive Community Treatment (ACT) teams for children and adults, support the redesign of Personalized Recovery Oriented Services (PROS), expand peer and family support capacity, and invest in the development of a comprehensive crisis system.
- **OASAS** - Enhanced funding will support and strengthen the OASAS workforce, implement a 10 percent rate adjustment to residential addiction treatment services, and invest in outpatient addiction rehabilitation treatment services.

CARING FOR NEW YORK'S VULNERABLE CITIZENS

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

The Executive Budget reflects the Governor's priority to fundamentally improve the quality of care, services, and protection of vulnerable individuals. Proposed actions for the Mental Hygiene agencies include enhanced efforts to combat the opioid crisis, continued support for community-based services -including residential programs, a 5.4 percent Cost of Living Adjustment for voluntary operated providers, - and bonuses for direct care workers delivering services to the mental hygiene community. Other proposals reflect ongoing efforts by these agencies to safely

respond to the needs of vulnerable populations during the pandemic. The Executive Budget proposals result in Mental Hygiene system spending of \$7.9 billion in FY 2023, reflecting annual spending growth of \$101 million (1.3 percent).

PROPOSED FY 2023 BUDGET ACTIONS

The Executive Budget continues to support agencies' responses to the pandemic, combat the opioid epidemic through innovations in treatment and recovery programs, and fund initiatives to ensure access to care during the pandemic. The Executive Budget expands community-based care, strengthens the oversight of services for vulnerable people, and invests in the direct care workforce to ensure that individuals receiving mental hygiene services are in the most integrated, appropriate, and cost-effective setting possible.

SUPPORTING PEOPLE WITH DEVELOPMENTAL DISABILITIES AND THEIR FAMILIES

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

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

Continue Investments in New Service Opportunities. The Executive Budget continues to invest State resources that have increased by 30 percent over five years to support OPWDD priority program reforms that ensure individuals receive the support they need. This includes individuals who are entering the system for the first time and seeking access to services, and individuals already receiving services, but whose needs have changed.

Commit an Additional \$15 Million to Develop Housing. The Executive Budget continues to expand independent living opportunities for individuals with intellectual and developmental disabilities. Since FY 2016, the State has invested \$95 million in capital resources to develop safe and accessible residential opportunities, and the Executive Budget raises this investment to a total of \$110 million.



These funds are distinct from, and 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.

Housing Subsidy Enhancements. OPWDD provides housing subsidies through the Individual Supports and Services (ISS) and Self-Direction (SD) programs supporting over 7,000 individuals with developmental disabilities who choose to live independently in their communities. Continued investments in these subsidies are essential and OPWDD will invest \$13 million in ISS/SD housing subsidies in FY 2023 to increase payment standards and align reimbursement for administration of these subsidies with changing policies.

Restore Room & Board Supplement. OPWDD provides a supplement to Supervised and Supportive Residential Habilitation providers whose room and board costs exceed projected revenues. The agency will spend \$9.5 million in FY 2023 to align room and board supplemental payments with actual costs and reimburse providers for the full amount of OPWDD-approved costs incurred.

Expand Crisis Services. OPWDD has continued to expand its crisis intervention and behavioral health services over the years, implementing Crisis Services for Individuals with Intellectual and/or Developmental Disabilities (CSIDD) and establishing regional crisis networks. The Executive Budget provides \$4.5 million to continue rate enhancements for Intensive Behavioral Services (IBS) and improve connections to county-based mobile crisis services. These investments will allow more individuals to remain in independent settings or with their family, and can also reduce unnecessary emergency room visits.

Child and Adolescent Needs and Strengths (CANS) Investment. CANS is an assessment designed for children and youth up to age 17 that are eligible for OPWDD services. The information gathered helps Care Managers create an individualized, person-centered plan of services and supports. The FY 2023 Executive Budget includes a \$10 million investment to increase the number of assessments and reassessments being conducted with the goal to better align the needs of individuals and the services provided.

OPWDD Transition to Managed Care. The State continues to assess the potential effectiveness and sustainability of the proposed delivery system to ensure individuals continue receiving appropriate services in the most cost-effective manner.

PROMOTING MENTAL HEALTH

The Executive Budget demonstrates Governor Hochul's commitment to enhancing and expanding OMH community services to ensure people have access to the most appropriate and cost-effective community setting. OMH has continued to strengthen its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services such as mobile crisis teams. Since FY 2015, the expansion in community-based services has resulted in nearly 106,000 previously unserved individuals receiving services, including over 2,100 individuals served in reinvestment-funded supported housing beds. The success of these community investments has resulted in the reduction of nearly 800 unnecessary, vacant inpatient beds over the same period. The Budget advances efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

Support the Federal Creation of a 988 Crisis Hotline. The Executive Budget includes \$35 million in FY2023, increasing to 60 million in FY2024, to support the implementation of the 988 Crisis Hotline in New York State; and legislation to authorize expanded supports and services and ensure the continuation of current suicide prevention call center resources.

Strengthen Suicide Prevention to Combat Increased Mental Health Challenges due to the Pandemic. The Executive Budget will enhance mental health and suicide prevention programs available for youth and families experiencing a mental health crisis. This includes an investment of \$10 million to fund the expansion of the Home-Based Crisis Intervention (HBCI) program and the establishment of a Mental Wellness Community Workforce.

Establish Safe Options Support Teams. OMH will partner with NYC to reach homeless individuals living on the streets by establishing 20 new teams of mental health professionals performing Critical Time Intervention, an evidence-based practice to help connect people to housing and services.

Increase Support for Existing Residential Programs. The Executive Budget makes a two-year commitment of an additional \$104 million – \$65 million in FY 2023 and \$39 million in FY 2024 – for existing community-based residential programs and includes legislation to extend property pass-through provisions to include OMH's supported housing. This investment helps preserve access to housing, a critical component of recovery.

Expand the Joseph P. Dwyer Program Statewide. The Executive Budget includes \$7.7 million to expand the Joseph P. Dwyer Peer-to-Peer Veterans' Support Program statewide, providing vital peer support and counseling services to veterans who are transitioning from military service to civilian life.

Enhance Children's Mental Health Programs. The Executive Budget will bolster mental health services for children and families by continuing to integrate behavioral health services into pediatric primary care visits through the HealthySteps program, investing an additional \$7.5 million in Residential Treatment Facilities (RTFs) for children, and continuing expansion of other children's community mental health services.

ADDRESSING ADDICTION AND THE OPIOID CRISIS

Under Governor Hochul's leadership, OASAS will take significant steps to address the opioid crisis by improving access to addiction treatment services, removing barriers to treatment, developing new and innovative treatment models, and expanding the number of treatment facilities in communities around New York State.

The Executive Budget provides an increase of \$402 million (56 percent) in operating and capital support for OASAS to enhance prevention, treatment and recovery programs targeted toward addiction services, residential service opportunities, and primary prevention activities consistent with state opioid settlement agreements; and invests more than \$100 million in new resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors.

The Executive Budget increases New York State's commitment to critical initiatives, including:

Expand Mobile Treatment Services for Opioid Addiction. The Executive Budget will expand access to Medication Assisted Treatment (MAT) by investing in mobile methadone services, including additional mobile treatment vehicles and telehealth equipment, to provide increased access to these life-saving services.

Combat the Opioid Epidemic Using a Public Health Approach. OASAS will collaborate with the Department of Health to enhance harm-reduction services, health monitoring, and evidence-based community interventions to fight the opioid epidemic. The State's efforts will be bolstered by the creation of a Division of Harm Reduction within OASAS.

Opioid Stewardship Investments. The Opioid Stewardship Act, which imposed the nation's first monetary charges on opioid distributors and manufacturers, withstood a legal challenge and a recent U.S. Supreme Court ruling in the State's favor will allow New York to collect monies owed retroactive to 2017 and 2018. The Executive Budget appropriates \$200 million to invest these funds in new initiatives to combat the opioid crisis. This includes the harm reduction initiatives by both OASAS and DOH, expanding access to naloxone and buprenorphine, creating a public awareness campaign, and implementing a program to help uninsured and underinsured individuals receive treatment and medication. Separately and consistent with statewide opioid settlement agreements, the Budget appropriates and allocates monies which are anticipated to be deposited to the Opioid Settlement Fund as the result of litigation filed by the State against opioid manufacturers and distributors.

Establish a Certification for Recovery Residences. The Executive Budget will create a voluntary certification process for recovery-supportive housing to help ensure that safe housing is available for individuals who have completed their substance use disorder treatment. This certification would incorporate inspection, record keeping and operational standards for recovery home; increase the availability of recovery housing units; and ensure a high quality of housing and services.

PROTECTING VULNERABLE PEOPLE

To protect the health and safety of vulnerable people under the State's care or oversight, the Justice Center has primary responsibility for receiving, investigating and/or reviewing abuse and neglect allegations at certain facilities and programs that are



operated, certified, or licensed by the following six agencies: OMH, OPWDD, OASAS, DOH, OCFS, and the SED. The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the approximately 3,500 facilities or service providers overseen by the six State agencies. The FY 2023 Executive Budget includes an investment of \$850,000 for the Justice Center to bolster its IT capabilities, create a data analytics group, and purchase automation equipment to streamline their processes. The ability to investigate incidents in a timely fashion improves the care and safety of all those in their purview.

MULTI-AGENCY BUDGET ACTIONS

Cost Of Living Adjustment (COLA). The Executive Budget includes a 5.4 percent COLA to human services providers in FY 2023. The COLA applies to voluntary operated providers of services for OPWDD, OMH, OASAS, OCFS, OTDA, and SOFA. For the Mental Hygiene agencies, this amounts to \$379.7 million (\$643.6 million including federal matching funds) for OPWDD, OMH and OASAS voluntary operated programs, and will provide immediate fiscal relief to providers, enabling them to offer more competitive wages to their staff to permanently address workforce recruitment and retention issues and better support the individuals they serve.

Healthcare and Mental Hygiene Worker Bonuses. As part of Governor Hochul's plan to grow the healthcare workforce by 20 percent over the next five years, bonuses will be provided to frontline and direct care and clinical workers in the Mental Hygiene sector. The Executive Budget includes over \$200 million in State resources to fund these bonuses for the community workforces providing services on behalf of OPWDD, OMH, and OASAS; and central appropriations for healthcare and mental hygiene workers employed by the State.

NYS Direct Care Workforce Recruitment and Retention. In addition, NYS will begin to address its workforce recruitment and retention challenges immediately, in key direct care titles.

Minimum Wage. The Executive Budget leverages an additional \$40.7 million in State funds to support minimum wage increases for staff at not-for-profits licensed, certified, or otherwise authorized by OPWDD, OMH, and OASAS.

Commit NYS to Becoming a Model Employer. The FY 2023 Budget includes provisions that will increase the number of workers with disabilities employed by New York's public sector to set an example for other states to follow. To achieve this goal, the Governor proposes amending laws to increase the number of positions reserved for individuals with disabilities, developing trainings for State employees to better support individuals, and creating toolkits for local governments to become Model Employers.

Create an Office of the Chief Disability Officer (CDO). The FY 2023 budget creates this office to address the multiple factors preventing more people with disabilities from finding meaningful employment. The CDO and staff will be charged with making specific, action-oriented recommendations around ensuring businesses have the necessary toolkits to hire people with disabilities and to help workers find these jobs.

Reinvest Medicaid Managed Care Recoupments from Underspending on Behavioral Health Services. Insurers are contractually required to dedicate a portion of premiums toward behavioral health services, and failure to meet the threshold spending results in a recoupment. The FY 2023 budget reinvests these recovered funds into behavioral health services. The Executive Budget appropriates \$111 million for OMH and OASAS to fund rate increases for community mental health and addiction services, including clinics, and expansion of other essential community-based services and supports.



SUMMARY OF ALL FUNDS MENTAL HYGIENE STATE SPENDING

CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
OPWDD	4,065.71	4,548.49	482.78	11.9
OMH	3,356.64	3,933.85	577.21	17.2
OASAS	718.73	1,120.33	401.61	55.9
JUSTICE CENTER ¹	49.06	47.65	-1.41	-2.9
DDPC	4.20	4.20	-	0.0
SUBTOTAL	8,194.33	9,654.52	1,460.19	17.8
Adjustments – OPWDD²	306.88	1,382.75	1,075.87	N/A
TOTAL	8,501.21	11,037.26	2,536.06	29.8

¹ Reflects shifting fringe benefits from federal funds to General State Charges, not a spending reduction.

² Adjustments reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources. This shift has no impact on OPWDD service delivery or operations.



PUBLIC SAFETY





The Executive Budget affirms New York State's progressive values within the criminal justice system. The Executive Budget reflects a major investment in gun violence prevention efforts, including law enforcement and community-based organizations. The Budget also invests in opportunities for incarcerated individuals to successfully re-enter the workforce and reduce recidivism.

OVERVIEW

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 incarcerated individuals need in safe and secure facilities, preparing incarcerated individuals 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.

DSHES conducts annual Red Team exercises to test the security measures of businesses and facilities in each of the State's 16 Counter Terrorism Zones. These exercises evaluate and enhance the effectiveness of the State's suspicious activity reporting programs; partnerships between local and State law enforcement business owners and the public; and the State's overall counter terrorism posture. In calendar year 2021, DHSES conducted 631 Red Team exercises across the State in coordination with 76 State agencies.

The Office of Indigent Legal Services (ILS) and the associated Indigent Legal Services Board are responsible for examining, overseeing, and improving the quality of legal representation to people who are unable to afford an attorney.

The Division of Military and Naval Affairs (DMNA) provides fully capable land, air, and naval military forces and facilities executing global missions across unified air and land operations in support of our communities, State and Nation.

PUBLIC SAFETY SPENDING

Spending for public safety agencies is projected at \$7.8 billion for FY 2023. For DHSES, the decrease in year-to-year spending is largely related to the timing of federal reimbursements for COVID-19 claims. In FY 2022, DOCCS and State Police shifted additional payroll costs to the Coronavirus Relief Fund (CRF) provided for in the Federal CARES Act. As a result, the associated fringe costs are not included in FY 2023 spending.

TAKE STRONG ACTION AGAINST GUN VIOLENCE

The Executive Budget makes a major state investment in initiatives that will strengthen the gun violence prevention efforts of law enforcement and community-based organizations. Through these actions, we will work to restore New Yorkers' sense of safety and community.

The Executive Budget invests in the following programs that strengthen proven law enforcement strategies:

- Triple Resources for Crime Gun Tracing Efforts – The Executive Budget provides \$215,000 in funding to triple the state's gun violence intelligence resources by staffing the New York State Intelligence Center (NYSIC) with a team of analysts necessary to process and investigate crime guns across the state.
- Strengthen Law Enforcement Partnerships – The Executive Budget provides \$13.1 million to expand the use of Community Stabilization Units that partner the most experienced State Troopers with local law enforcement agencies to combat community-specific crime problems.

- Expand the State's Direct Support to Local Law Enforcement (GIVE) – The Executive Budget increases funding to \$18.2 million for New York's nationally recognized Gun Involved Violence Elimination (GIVE) initiative which supports local law enforcement efforts to stop the gun violence in New York. This investment will enable the launch of several new initiatives which will support law enforcement's ability to clear non-fatal shooting cases, engage in youth-centered community programming, and reduce recidivism for individuals under community supervision.
- Invest in New York's Crime Analysis Center Network – The Executive Budget increases funding to \$15 million and provides a stable funding stream to enhance the State and local law enforcement capacity to solve and prevent firearm-related crime. This includes the establishment of Gun Intelligence Centers across the State to share meaningful crime and gun violence data.
- Enhance Social Media Analysis to Identify Threats and Criminal Activity – The Executive Budget includes \$527,000 in funding to enhance the Social Media Analysis Unit at the New York State Intelligence Center (NYSIC) by staffing a team of analysts to perform daily analysis of publicly available social media activity related to school violence threats, gang activity, and illegal firearms.
- Modernize Forensic Examination by Linking Digital Devices to Crimes – The Executive Budget provides \$5.3 million in new funding to increase personnel and equipment to provide timely and comprehensive forensic analysis.
- Respond to Regional Needs in the Aftermath of Gun Violence – The Executive Budget includes \$20 million in new funding to support the people and places that have been most impacted by the spike in gun violence. This will allow the deployment of innovative community empowerment and crime-reduction programming in high-need areas that will facilitate the repairing and rebuilding of regions victimized by crime involving guns.
- Provide Pretrial Services to Promote Public Safety – The Executive Budget provides \$10 million in new funding to probation and community-based providers for localities outside of New York City so they can provide a continuum of pretrial services that divert people from unnecessary detention and at the same time keep communities safe.
- Securing Communities Against Hate Crimes (SCAHC) – The Executive Budget provides \$25 million for a 7th round of the SCAHC program, which provides up to \$50,000 in funding to boost safety and security at New York's nonpublic schools, community centers, and daycare facilities at risk of hate crimes or attacks because of their ideology, beliefs, or mission.
- Capital Investment in Communities to Combat Gun Violence – The Executive Budget includes funding for a new \$50 million grant program to meet the needs of communities most impacted by gun violence by supporting capital investments related to innovative crime-reduction strategies.

The FY 2023 Executive Budget invests in the following programs that strengthen proven community-based strategies:

- Triple Investment in Community-Based Gun Violence Response (SNUG) – The Executive Budget sustains last year's emergency increase in funding for New York's SNUG Outreach program and further expand support to combat the spike in gun crimes. This investment of \$24.9 million will expand hospital-based and street outreach programs to touch all corners of the state. It will facilitate the piloting of several new initiatives which provide wrap-around services for youth, job-readiness and work-placement training.

EDUCATION AND JOB SKILLS FOR INCARCERATED INDIVIDUALS

The Executive Budget makes critical investments in programs that help incarcerated and formerly incarcerated individuals to get critical job skills and find work. These investments are designed to improve re-entry into the workforce, reduce recidivism, and increase community safety in New York.

The FY 2023 Executive Budget invests in the following education and job skills programs for incarcerated individuals:

- Tuition Assistance Program (TAP) – In 1995, a New York State law prohibited incarcerated people from being eligible to receive state financial aid. The Executive Budget repeals the prohibition against using TAP in prisons.



- Broaden Focus of Parole Officers – The Executive Budget provides funding to train a network of parole officers and re-entry specialists on career planning and job placement. These trained professionals will be available throughout each of the 35 DOCCS parole field offices to help those facing difficulties in their re-entry to the workforce by developing and delivering comprehensive employment training.
- Expand Vocational, Job Readiness, and Re-Entry Programs – The Executive Budget requires the assessment of current DOCCS vocational programming to ensure that offerings prepare incarcerated individuals with the skills they need to meet the demands of the current job market when they return to the community.
- Eliminate Supervision Fees – The Executive Budget eliminates outdated supervision fees, reducing the financial burden on parolees.
- Transitional Housing – The Executive Budget includes funding for a pilot program to secure suitable residences for parolees who might otherwise have been released into the shelter system. This pilot would leverage a residential treatment facility set up to provide parolees with stable housing for 90 days as they pursue a job and a permanent home. Once a parolee successfully secures an approved housing location, they would be eligible to receive a temporary stipend to help offset household costs for a 12-week period.

ENSURING EQUITY AND SAFETY FOR ALL NEW YORKERS

The Executive Budget advances a wide-ranging plan to promote and support gender equity, racial equity, antihate, social justice, the LGBTQIA+ community, immigrants and new arrivals, and veterans with the goal of protecting the health, safety, economic opportunities, and fundamental dignity of every New Yorker.

- Expand Benefits for Victims of Hate Crimes – The Executive Budget includes legislation to increase the capped reimbursement rate for Essential Personal Property (EPP) from \$500 to \$2,500.

- Create the New York State Gender-based Violence Training Institute – The Executive Budget establishes the Gender-Based Violence Training Institute within the Office for the Prevention of Domestic Violence, which will create a mandatory 40-hour training certificate for domestic violence advocates and will offer train-the-trainer certifications.
- Continue the Hurrell-Harring Settlement (HHS) Implementation – The Executive Budget provides \$50 million in funding for the continued expansion of the HHS reforms to every county to improve the quality of indigent criminal defense statewide.

RESPONDING TO THE PANDEMIC

Public Safety Agencies have been critical partners in supporting the State's response to the COVID-19 pandemic.

- Division of Military and Naval Affairs (DMNA) – DMNA continues to respond to the pandemic with the largest civil support activation in the National Guard's history. DMNA's mission includes staffing testing sites and medical care facilities, setting up test kit assembly operations and managing and distributing personal protective equipment (PPE) from State stockpiles. They are also providing security at vaccine sites and providing trained medics to administer the vaccine.
- Division of Homeland Security and Emergency Services (DHSES) – The DHSES Emergency Operation Center (EOC) has been activated since March 2020 in response to the pandemic. Their asset management personnel have continued to coordinate the receipt, storage, and distribution of millions of pieces of PPE and durable medical equipment at locations throughout the State. Additionally, DHSES remained involved in managing the State's diagnostic testing operations, procuring test kits, distributing medical supplies, and facilitating mask fit testing.
- Division of State Police – During the early stages of the response, the State Police were responsible for the safe transport of thousands of test samples from numerous testing sites to appropriate laboratories for analysis. Additionally, the State Police assumed an important role of assisting Department of Health officials in collecting data from travelers entering New York State, at seven of the State's regional airports.

- Department of Corrections and Community Supervision (DOCCS)
 - In order to mitigate the spread of COVID-19, low level technical parole violators continue to be released from state custody to reduce congestion within the facilities and allow safe social distancing. Additionally, DOCCS decommissioned over 3,000 top bunks allowing less congestion within dorm settings and developed new protocols to prevent the spread of COVID-19.

SUMMARY OF ALL FUNDS SPENDING				
CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Department of Corrections and Community Supervision	3,694	3,139	(555)	(15)
Division of State Police	1,139	936	(203)	(18)
Division of Criminal Justice Services	357	357	0	0
Division of Homeland Security and Emergency Services	3,827	2,643	(1,184)	(31)
All Other	659	729	71	11
TOTAL PUBLIC SAFETY	9,676	7,803	(1,872)	(19)



STATE WORKFORCE





RESPONDING TO THE PANDEMIC

Over the past year, the State workforce was instrumental in responding to the COVID-19 pandemic.

The Department of Health and its workforce has coordinated and led the statewide COVID-19 vaccination campaign, an effort without precedent in living memory. This work has involved implementing and rapidly scaling up distribution of life-saving COVID-19 vaccines that, to date, have reached 95 percent of adult New Yorkers, and 83.4 percent of all New Yorkers.

The Mental Hygiene agencies (OMH, OPWDD, OASAS and JC) have gone to great lengths to ensure the most vulnerable New Yorkers continue to receive services during the pandemic, from pivoting to providing services through telehealth, to adjusting service delivery models to provide services while preventing spread, implementing the NY Project Hope emotional support line, staffing the State's pandemic call center, and working significant amounts of overtime to provide services.

The Office of Information Technology Services (ITS) and its workforce have created new technology solutions in response to the pandemic. These efforts include the development of dozens of applications, including the NYS Excelsior Pass Program, and providing technical support at the State's mass vaccination and testing sites.

The NYS Department of Transportation (DOT) and its workforce have provided assistance with pandemic response efforts by delivering vaccines to local health departments, mass vaccination sites, and pop-up vaccination pods. Staff have also assisted with delivering supplies and setting up drive-through testing locations across the State.

The Human Services agencies (OCFS, OTDA, HCR, DOL, DHR, DVS) supported programs that have been a lifeline for vulnerable New Yorkers as the global pandemic persists, including administering rental relief to help keep New Yorkers in their homes, delivering record unemployment insurance payments, providing benefits to excluded workers, and ensuring access to child care so people could return to work. These programs helped families stave off financial ruin, and the work was done while critical ongoing efforts to bolster social and economic justice and open doors to opportunity continued.

The Division of Homeland Security and Emergency Services (DHSES) has continued to coordinate the receipt, storage and distribution of PPE, test kits, and medical equipment that the State has received. Most recently, DHSES served an integral role in distributing millions of rapid tests and masks across the State to counties, school districts, and state-run vaccination sites to respond to the surge caused by the Omicron variant.

The Division of State Police (DSP) has expanded the scope of their mission and assumed new responsibilities related to the management, security, and logistical support to dozens of testing and vaccination sites throughout New York. State Police continues to play a significant role in the State's response including: transporting thousands of test samples from across the State to the Wadsworth Laboratory in Albany; assisting in establishing, operating, and securing State testing and vaccination sites; and supporting other state and local agencies in enforcement operations to help stem the spread of the virus.

In March of 2020, the Department of Tax and Finance (DTF) established New York State's COVID Hotline, which answered the public's questions about COVID-19 and scheduled appointments for COVID testing throughout the state. The hotline was operational 24-hours a day and staffed with DTF employees, volunteers from other state agencies, and national guardsmen and women. While under DTF's management, the hotline answered over 2.7 million calls from the public. DTF was also instrumental in assisting the Department of Health launch New York State's COVID-19 Vaccination Hotline.

STATE AGENCIES

The Executive Budget is committed to regrowing the state workforce to pre-pandemic levels through continued suspension of the hiring freeze and new fill investments.

The Budget assumes a workforce level of approximately 184,195 annual-salaried, full-time equivalent (FTE) positions within the 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), and the Offices of the Attorney General and the State Comptroller. The assumed level of the workforce under the direct control of the Executive is approximately 118,673 FTEs (64 percent).

The State has collective negotiating agreements in place with most of the State unions through FY 2023, including the recently settled agreement with the Public Employees Federation (PEF), and continues to negotiate in good faith with the unsettled unions for successor agreements.

The Executive Budget includes several new state workforce initiatives, including recognition of the essential workers who have sustained the healthcare and mental hygiene systems, and other initiatives, including recruiting the next generation of public servants, expanding the State's 'technology pipeline,' making New York a model for the employment of workers with disabilities, and investing in workforce regrowth.

- **Healthcare and Mental Hygiene Worker Retentions Bonuses.** This retention program will provide up to \$3,000 bonuses to full-time workers who remain in their positions for one year, and prorated bonuses for those working fewer hours.
- **Expansion of the Statutory Shift Pay Differential.** The Executive Budget advances legislation to improve staffing of hard-to-fill shifts within the State's institutional settings, including healthcare settings, by authorizing the provision of the shift pay differential for any work shift which it is deemed necessary to incentivize employees to work.
- **Make Civil Service Exams More Accessible.** New Department of Civil Service testing centers will be established at the designated SUNY college campuses throughout the state to make it easier for students to enter into New York State service upon graduation.
- **Promote Diverse Hiring.** To help state agencies hire the best and brightest as quickly as possible, the Budget proposes legislation to change Civil Service Law to accelerate the hiring of qualified diverse candidates to public service careers and streamline hiring practices.
- **Improve Civil Service Exam Quality.** DCS will expand efforts to ensure that civil service exams are maintaining the highest standards of integrity and equity.
- **A New Fellowship Program.** The Executive Budget will expand the tech talent pipeline by increasing exposure to technical

roles in government service through a new fellowship program intended to provide graduates, including those historically under-represented in technology, the opportunity to enter public service for two years right out of school.

- **Digital Swat Team.** A new Digital Swat Team program will offer mid-career technologists the opportunity to spend an 18-month stint in government, working to accelerate the State's ability to deliver quality digital services for New Yorkers.
- **Office of the Chief Disability Officer (CDO).** This new CDO will address the multiple factors preventing more people with disabilities from finding meaningful employment.
- **Commit New York State Government to Becoming a Model Employer.** The Executive Budget will charge DCS with working with other State agencies to improve the Civil Service 55-b-/c programs, which authorize the State to designate up to 1,200 positions in the non-competitive class to be filled by qualified people with disabilities and up to 500 positions to be filled by qualified wartime veterans with disabilities.
- **Commission on Prosecutorial Conduct (CPC).** This new commission will investigate complaints and make recommendations that a prosecutor should be removed and transmit its findings of fact and recommendations to the Appellate Division. The Commission consists of 11 members appointed by the Governor, Legislature and the Chief Judge of the Court of Appeals. The FY 2023 Executive Budget provides \$1.75 million to support the CPC, including \$1.35 million for staff \$400,000 for other costs to create the office.
- **Invest \$106 Million in Full-Time Faculty.** The Executive Budget provides SUNY and CUNY with \$106 million – \$53 million each – to hire additional full-time faculty at both four-year colleges and community colleges. This investment will fund an estimated 880 additional full-time faculty – 340 at SUNY and 540 at CUNY, including support for CUNY's plan to convert adjuncts to full-time faculty.

EMPLOYEE FRINGE BENEFITS AND FIXED COSTS

The State provides a variety of fringe benefits to its current and



former employees, including health insurance, pensions, payment of the Social Security payroll tax and workers' compensation coverage for injured workers. Fixed costs include payment in lieu of taxes to the City of Albany for the Empire State Plaza and taxes on other state-owned land, as well as payments for judgments / settlements against the State under the Public Officer's Law and in the Court of Claims.

All Governmental Funds spending is projected to increase by \$322 million (3.1 percent) as illustrated in the table in this section.

- NYSHIP - The increase is reflective of medical inflation, including the potential for increased utilization following the height of the pandemic.
- Pensions - The decrease is reflective of the State Comptroller's material actuarial adjustments within the New York State and Local Retirement System which have resulted in a significant reduction in the FY 2023 employer contribution rates. This is primarily the result of the Comptroller resetting the valuation of assets following the Common Retirement Fund's record-level of investment earnings in FY 2021.
- Social Security Payroll Tax - The reduction reflects the Judiciary's accelerated repayment of the deferral of the employer-share of the payroll tax authorized by the CARES Act.
- All Other - Workers' Compensation, other fringe benefits and fixed costs reflect wage and property tax increases, and current spending trends.

PROPOSED EXECUTIVE BUDGET ACTIONS

Provide a Market Rate of Interest on Court Judgments

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower state taxpayer costs. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what

otherwise could be earned while cases are being adjudicated.

Waive the Income Cap for Retired Teachers and School Workers

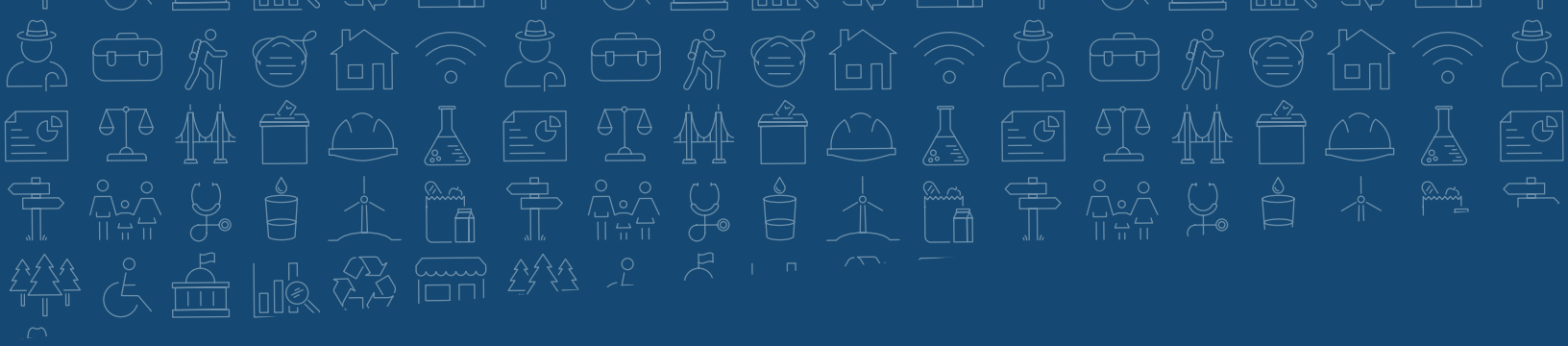
The Executive Budget will incentivize retired teachers and other school workers to rejoin the workforce by temporarily waiving the \$35,000 income limit for retirees. This cap serves as a disincentive to return to work, and thousands of educational professionals have left the workforce during the pandemic.

EXPANDING THE STATE WORKFORCE

STATE WORKFORCE CATEGORY	YEAR-END ACTUAL 3/31/2019	YEAR-END ACTUAL 3/31/2020	YEAR-END ACTUAL 3/31/2021	YEAR-END ESTIMATE 3/31/2022	YEAR-END ESTIMATE 3/31/2023	YEAR-TO-YEAR CHANGE
Subject to Direct Executive Control	117,967	118,193	111,230	117,648	118,673	1,025
University Systems	60,396	61,023	59,853	60,043	60,932	889
Independently Elected Agencies	4,436	4,499	4,476	4,539	4,590	51
GRAND TOTAL	182,799	183,715	175,559	182,230	184,195	1,965

SUMMARY OF ALL FUNDS FRINGE BENEFIT AND FIXED COST SPENDING

CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT (%)
NYSHIP	5,016	5,475	459	9.2
Pensions	2,525	2,369	(156)	(6.2)
Social Security	1,483	1,429	(54)	(3.6)
Workers' Compensation	569	600	31	5.4
Other Fringe Benefits / Fixed Cost	660	702	42	6.3
TOTAL	10,253	10,575	322	3.1



TECHNOLOGY



OVERVIEW

The Executive Budget will continue to fund New York State's investments in technology, which are designed to provide online services to the public, modernize legacy systems and focus on opportunities to improve automation. The State will also make a historic \$1 billion investment to bring affordable broadband services to New Yorkers and transform digital infrastructure. The Executive Budget provides funding for additional investments in cybersecurity tools and resources, which will improve the State's security posture and keep public data secure.

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

The Executive Budget includes a \$116 million ITS Capital Innovation Fund appropriation to fund enterprise technology projects and infrastructure upgrades, designed to increase efficiencies, improve automation, and expand the number of online services and transactions available to citizens.

RESPONDING TO THE PANDEMIC

The State's response to the COVID-19 pandemic has driven the need for new technology tools, support, and applications. The initiatives below were developed to respond to and mitigate the impacts of the pandemic.

- Developed dozens of new applications to address emerging needs, including the Facility Entry Screening tool, the Vaccine Scheduling system and the use of Robotic Process Automation to respond to the unprecedented number of unemployment benefit claims.
- Provided new software tools and equipment that enabled tens of thousands of employees to work remotely.
- Developed the Excelsior Pass Program, which is a free, voluntary platform that provides secure, digital proof of COVID-19 vaccination or negative test results for citizens.
- Established the Excelsior Pass Blueprint, a framework to aid in the development and implementation of digital health credentials for other states and territories.
- Provided 24 x 7 technical support at the State's mass vaccination and testing sites.

BROADBAND

The State's ConnectALL initiative will be the largest-ever investment in New York's digital infrastructure, transforming it so all New Yorkers have affordable, reliable broadband statewide. Including over \$1 billion in new public and private investments, ConnectALL will provide affordable broadband access to New Yorkers in rural and urban areas statewide and continue New York State's leadership on connectivity.

As part of the ConnectALL initiative, the Executive Budget will establish several broadband-related programs and investments, including but not limited to:

- Local Connectivity Planning Grant Program
- 21st Century Municipal Infrastructure Investment Program
- Rural Broadband Grant Program
- Connectivity Innovation Fund Program
- Affordability and Affordable Housing Connectivity Programs
- Digital Equity Program
- Build-Free Initiative for Rural Broadband Deployment Cellular Siting Guide for Local Governments

CYBERSECURITY

The volume and severity of cyber threats and attacks on State and Local governments has increased in the past few years. Several

State agencies have a specific role in cybersecurity oversight, including ITS, DHSES, NYSP and several others. The Executive Budget will include \$44 million in increased funding appropriations to further strengthen State and Local cyber defense and response efforts. Further investment in hardware and software security tools and cyber personnel will be included to enhance protection of State and Local systems and reduce risk and vulnerabilities.

IT AUTOMATION AND ONLINE SERVICES

The State will continue to invest in opportunities to increase the availability of ways for New Yorkers to interact with agencies and perform transactions online – adding to convenience and safety for the public and making government more efficient and transparent. The Executive Budget will include an investment to continue the digitization of government services, including, but not limited to, expanded use of digital credentials, identity rationalization, and streamlined access to digitized government services.

The State will look to expand on prior successful technology initiatives, including:

- DMV Digital Intake transaction system, which allows citizens to electronically submit required documents, reducing the need for in-person appointments at DMV offices.
- NY Business Express, an online licensing portal that is designed to reduce paperwork and duplicative information gathering and transactions. Recent expansions of this service included automating licensing processes for hemp growers, elevators inspectors and corporations conducting business in the State.
- Open NY Data Portal has been developed to provide public access to high-quality data sets that are continuously updated and include metadata and documentation to promote public understanding. Data has been published by 58 State agencies and authorities with more than 725 million records available.
- Civil Service Exam Modernization began a pilot program to allow citizens throughout the State to complete testing remotely for various government job opportunities.





TRANSPORTATION





The Executive Budget will help grow the economy by continuing New York State's historic investments in the State's transportation system, which are improving our transit systems, roads and bridges, and increasing mobility. These investments also are 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.

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 43,700 State highway lane miles and 7,700 State highway bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

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

In a typical year, the MTA provides transit and commuter services in the New York City region to 2.5 billion passengers who ride the subways, buses and commuter rail systems, and facilitates nearly 330 million annual bridge and tunnel crossings. It includes the Metro North Railroad (MNR) and Long Island Rail Road (LIRR) commuter lines.

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 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.

In a typical year, DMV conducts more than 20 million customer transactions and collects more than \$2 billion in revenue for the State and localities. New Yorkers rely on credentialing and identification documents issued by DMV to, among other things, conduct financial transactions, obtain employment, and board aircraft.

RESPONDING TO THE PANDEMIC

The administration continues to take steps to protect the health and safety of all citizens who rely on transportation systems, particularly essential workers, and State agencies continue to carry out the new roles taken on to support the State's COVID response.

The MTA deployed new and advanced technologies to disinfect thousands of transit cars daily and incorporate new air filtration systems to protect riders. In FY 2022, the MTA supported the State's COVID-19 vaccination program, providing pop-up sites in various station stops and supported testing opportunities at select subway stations.

The DMV instituted changes to maintain services, including extending expired documents, managing density in the regional offices, providing extensive services online, and expanding services by mail.

To date, over 2,000 DOT employees have participated and devoted more than 295,000 hours to COVID response. All the while, DOT has continued to adhere to its core mission of maintaining state highways, delivering capital projects, and responding to natural disasters. DOT's contributions to the fight against COVID-19 since March of 2020 have included:

- Delivering vaccines to local health departments, mass vaccination sites, and pop-up vaccination pods across the state; and providing planning, logistics and general support for vaccination sites;
- Delivering supplies (including 7 million bottles of hand sanitizer, 8.4 million COVID testing kits, and millions of items of PPE);
- Setting up drive-through COVID-19 testing locations across the State;
- Assisting with enforcing COVID-19 safety protocol in NYC/LI establishments;

- Providing construction management services for 3 temporary COVID hospitals; and
- Assisting with DOH call center by handling over 130,000 calls.

INVESTING IN A SAFE, RELIABLE TRANSPORTATION SYSTEM

Reimagining the MTA

Despite the challenges brought about by the coronavirus, the MTA has continued to provide reliable service while ensuring a safe public transportation system for all riders and fulfilling its essential role in supporting the region's recovery.

In addition, the MTA remains committed to its Capital Program. The MTA's \$52 billion 2020-2024 Capital Program represents the largest investment in MTA infrastructure in state history, about 70 percent larger than the previous program. The program will revitalize the subway system and prioritize improving signal technology, increasing accessibility, improving quality of life issues, ensuring investment in the Long Island Rail Road (LIRR) and Metro North Railroad, and upgrading bus service. The Capital Program will advance several major initiatives including:

Central Business District Tolling Program. The congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion in financing to support the 2020-2024 Capital Plan.

Accessibility. The program will increase accessibility by making 70 more subway stations ADA-accessible so that stations serving over 60 percent of passengers will be accessible.

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

Penn Station Access. The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible Metro-North commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.

East Side Access. The project will bring the Long Island Rail Road into a new concourse below Grand Central Terminal.

LIRR Third Track. The project will add 10 miles of mainline between Floral Park and Hicksville and provide capacity and shorten service disruptions for 41 percent of LIRR ridership.

To further efforts to expand transit networks, the MTA will begin the environmental review process for the Interborough Express, a project that would connect neighborhoods along a 14-mile existing freight right-of-way from Bay Ridge, Brooklyn, to Jackson Heights, Queens. The MTA will also resume the environmental review process for the Staten Island North Shore Bus Rapid Transit project, which would provide faster, more reliable travel along Staten Island's North and West Shores.

The Executive Budget proposes changes designed to provide safety and protections for MTA workers and to provide for more effective and efficient MTA operations and delivery of its capital program.

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 renewal and modernization of transportation infrastructure is fundamental to rejuvenating and enhancing the economic competitiveness of the State's communities. During FY 2021, the DOT replaced or rehabilitated more than 100 State bridges and completed over 4,600 corrective and preventive bridge treatments to slow deterioration. In addition, MTA approximately 2,600 lane miles of State highway were resurfaced or reconstructed.

Building on unprecedented DOT investments, the Executive Budget proposes a record \$32.8 billion, five-year DOT Capital Plan that ensures stronger State and local roads and bridges for years to come. This record level of investment provides DOT with resources necessary to renew, modernize and continue to drive economic development in local communities.

- The new, five-year Capital Plan will be aligned with Federal funding commitments recently made in the Infrastructure Investment and Jobs Act (IIJA). New York will receive an estimated \$13.5 billion in highway and bridge formula aid over five years from the IIJA (an increase of \$4.6 billion compared to the five-year Fixing America's Surface Transportation (FAST) Act). The total includes a projected \$1.9 billion of formula funding for bridges.



- Major projects funded in this plan include phases of the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also advances priorities across the State including modernizing the Livingston Avenue Bridge in Albany, reconnecting neighborhoods across the Kensington Expressway in Buffalo, converting Route 17 to I-86 in Orange and Sullivan Counties, and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County.
- The DOT Capital Plan includes a new \$1 billion program, Operation Pave Our Potholes (POP) designed to improve state and local road conditions and prevent deterioration. The statewide "Bridge NY" program will also be increased by an additional \$1 billion over five years, which will serve to rehabilitate or replace structures that are susceptible to recurring flooding or foundation scour.

In order to reduce traffic congestion and improve the customer experience, the Thruway Authority has fully implemented cashless tolling system wide. The Authority made a total of \$317 million in infrastructure investments on the Thruway's 570-mile system in 2021. Investments continued the Authority's commitment to modernizing the nearly 70-year-old system and focused on providing a high level of maintenance, safety, and reliability. In 2021, the Thruway also continued their multi-year initiative to redevelop 27 service areas.

PROPOSED FY 2023 TRANSPORTATION BUDGET ACTIONS

Improving Roads, Bridges, and Safety

DOT Capital Plan. The Executive Budget provides \$6.7 billion for the first year of a record \$32.8 billion, five-year DOT Capital Plan that will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the last five-year DOT Capital Plan, this is an increase of \$9.4 billion, or 40 percent.

Local Highways and Bridges. The Executive Budget continues and expands the State's record commitments to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year's level of \$577.8 million. The budget provides

\$100M for the new Pave Our Potholes program, \$150 in highway aid through the PAVE NY program and \$200 million to fund the local projects from the BRIDGE NY programs. These programs are further improving conditions on State and local roads and bridges.

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

Investing in Transit

New York State provides transit operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Transit systems provide an estimated 3.9 billion rides annually (2019). State transit aid typically accounts for approximately one-third of MTA operating resources and over 40 percent of non-MTA operating resources.

The Executive Budget provides over \$7.3 billion in mass transit operating support:

MTA. The MTA will receive \$6.6 billion in State operating aid in FY 2023, including resources collected by the State and sent directly to the MTA without appropriation. On-budget MTA assistance will increase over 24 percent, from \$3.1 billion to over \$3.8 billion.

Upstate. Upstate transit systems are slated to receive \$261 million, representing at least a 13 percent increase per system.

Downstate. Downstate systems will receive \$471 million, representing a 36 percent increase per system.

The Executive Budget also invests in transit capital needs:

MTA Capital. The \$52 billion 2020-24 MTA Capital Program remains the largest and most expansive plan in its history. In addition to the \$25 billion secured in the FY 2020 Budget, the State will re-appropriate \$3 billion which will be matched by the City of New York.

Non-MTA Capital. Non-MTA transit capital will receive \$160 million. Core appropriations will increase by 41 percent, from \$85 million to \$120 million, as part of an additional \$175 million five-year

investment in non-MTA transit service, and the State will again appropriate \$20 million for bus electrification and \$20 million to rehabilitate NFTA's light rail.

Transforming DMV Customer Service

Accounting for the steady increase in the volume and complexity of its transactions and complications of the pandemic, 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 7 million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of additional online transactions.

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

Additional DMV-related Budget actions include the following:

The Executive Budget provides an additional \$106 million to support additional investments in technology and process improvement to enhance the DMV customer experience.

Extend the New York State Point and Reduction Program (IPIRP). This budget proposes extending the IPIRP program for two years.

Extend authorization of costs for the Dedicated Highway and Bridge Trust Fund (DHBTF). This budget proposes extending DMV's authorization to shift costs to the DHBTF for two years.

Waive non-driver identification (NDID) card fees for incarcerated individuals. This budget proposes the fee for issuance of an NDID card be waived if the applicant is an inmate in an institution under the jurisdiction of a state department or agency.

Expand the Gender Recognition Act. This budget proposes requiring all State agencies to update all applicable forms and data systems to include a gender "x" option so that all New Yorkers have the option to use either male, female or gender "x" as an identifier on forms that collect gender data.

STATE OPERATING FUNDS SPENDING

CATEGORY	FY 2022 (MILLIONS OF DOLLARS)	FY 2023 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Department of Transportation	930	1,086	156	17
Metropolitan Transportation Authority	5,631	6,628	997	18
Department of Motor Vehicles	83	100	17	20
TRANSPORTATION SPENDING (TOTAL)	6,645	7,814	1,169	18

MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For-Hire Vehicle surcharges, former MTA Aid Trust revenues, and Mansion Tax. FY 2022 spending is adjusted -\$121M for local aid spending from appropriations of prior years.



SECTION V

**SUPPLEMENTAL
REFERENCE
INFORMATION**



SUBMISSION OF THE EXECUTIVE BUDGET

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

EXECUTIVE AMENDMENTS

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

LEGISLATIVE REVIEW AND RECOMMENDATIONS

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

The Budget Reform Act 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 called early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills. These final bills are available from the legislative document rooms and online.

BUDGET ENACTMENT

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

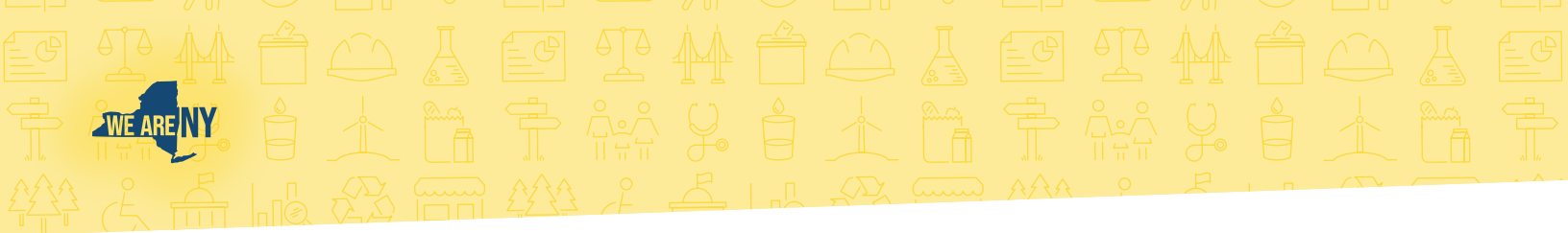
Chapter numbers are assigned to bills that become law. For any bill or item of appropriation that is vetoed, the Governor provides a "veto message" to the Legislature stating the reasons for the veto. Vetoes may be overridden by a two-thirds vote of each house of the Legislature, in which case the vetoed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

POST ENACTMENT

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

Note: Readers are encouraged to visit the New York State Budget Division's website (budget.ny.gov) and the Open Budget website (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.





A

- **AAA** - Area Agencies on Aging
- **ACA** - Affordable Care Act
- **AFP** - American Families Plan
- **AG** - Attorney General
- **AIG** - American International Group, Inc.
- **AIM** - Aid and Incentives for Municipalities
- **AJP** - American Jobs Plan
- **ALICO** - American Life Insurance Company
- **AMI** - Area Median Income
- **AML** - Anti-Money Laundering
- **AMTAP** - Additional Mass Transportation Assistance Program
- **APCD** - All-Payer Claims Database
- **ARP** - American Rescue Plan Act of 2021
- **AXA** - AXA Equitable Life Insurance Company
- **AY** - Academic Year (July 1 through June 30) – SUNY/CUNY

B

- **BANs** - Bond Anticipation Notes
- **BBA 19** - Bipartisan Budget Act of 2019
- **BEA** - Bureau of Economic Analysis
- **BLS** - Bureau of Labor Statistics
- **BNPP** - BNP Paribas, S.A., New York Branch
- **BOCES** - Boards of Cooperative Educational Services
- **BofA** - Bank of America
- **BofAML** - Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated
- **BSA** - Bank Security Act
- **BTMU** - Bank of Tokyo-Mitsubishi UFJ, Ltd.

C

- **CANS** - Child and Adolescent Needs & Strengths
- **CARES Act** - Coronavirus Aid, Relief, and Economic Security Act
- **CBPP** - Center for Budget and Policy Priorities
- **CES** - Current Employment Statistics
- **CFT** - Corporate Franchise Tax
- **CFY** - City Fiscal Year
- **CHP** - Child Health Plus
- **CHUBB** - Chubb Group Holdings Inc. and Illinois Union Insurance Company

- **CIGNA** - Cigna Health and Life Insurance Company
- **CISO** - Chief Information Security Office
- **CLCPA** - Climate Leadership and Community Protection Act of 2019
- **CMS** - Centers for Medicare & Medicaid Services
- **COLA** - Cost-of-Living Adjustment
- **COVID-19** - Coronavirus Disease 2019
- **CPI** - Consumer Price Index
- **CPRSA** - Coronavirus Preparedness and Response Supplemental Appropriations Act
- **CRF** - Coronavirus Relief Fund
- **CRRSA** - Coronavirus Response and Relief Supplemental Appropriations Act
- **CSEA** - Civil Service Employees Association
- **CSX** - CSX Transportation, Inc.
- **CUNY** - City University of New York
- **CUT** - Corporation and Utilities Tax
- **CW/CA** - Clean Water/Clean Air
- **CY** - County Year

D

- **DANY** - New York County District Attorney
- **DASNY** - Dormitory Authority of the State of New York
- **DDPC** - Developmental Disabilities Planning Council
- **DEC** - Department of Environmental Conservation
- **DelAm** - Delaware American Life Insurance Company
- **DFS** - Department of Financial Services
- **DHBTF** - Dedicated Highway and Bridge Trust Fund
- **DHCR** - Division of Housing and Community Renewal
- **DHSES** - Division of Homeland Security & Emergency Services
- **DMNA** - Division of Military and Naval Affairs
- **DMV** - Department of Motor Vehicles
- **DOB** - Division of the Budget
- **DOCCS** - Department of Corrections and Community Supervision
- **DOH** - Department of Health
- **DOS** - Department of State
- **DOT** - Department of Transportation
- **DS** - Debt Service
- **DSH** - Disproportionate Share Hospital
- **DTF** - Department of Taxation and Finance

E

- **EANS** – Emergency Assistance for Nonpublic Schools
- **ECEP** – Employer Compensation Expense Program
- **EDF** – Economic Development Fund
- **eFMAP** – Enhanced Federal Medical Assistance Percentage
- **EI** – Early Intervention
- **EP** – Essential Plan
- **EPIC** – Elderly Pharmaceutical Insurance Coverage
- **ERS** – Employees’ Retirement System
- **ESEA** – Elementary and Secondary Education Act
- **ESD** – Empire State Development
- **ESG** – Environmental, Social and Governance
- **ESPRI** – Empire State Poverty Reduction Initiative
- **ESSER** – Elementary and Secondary School Emergency Relief Fund
- **ESSHI** – Empire State Supportive Housing Initiative

F

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

G

- **GAAP** – Generally Accepted Accounting Principles
- **GASB** – Governmental Accounting Standards Board
- **GASBS** – Governmental Accounting Standards Board Statement
- **GDP** – Gross Domestic Product
- **GEER** – Governor’s Emergency Education Relief
- **GFOA** – Government Finance Officers Association
- **GLIP** – Group Life Insurance Plan

- **GPHW** – General Public Health Work
- **GSCs** – General State Charges
- **GSEU** – Graduate Student Employees Union

H

- **HALT** – Humane Alternatives to Long Term Solitary Confinement Act
- **HCBS** – Home and Community-Based Services
- **HCRA** – Health Care Reform Act
- **HCTF** – Health Care Transformation Fund
- **HEAP** – Home Energy Assistance Program
- **HESC** – Higher Education Services Corporation
- **HFNY** – Healthy Families New York
- **HMO** – Health Maintenance Organization
- **HRI** – Health Research, Inc.
- **HUT** – Highway Use Tax

I

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

J

- **J&J** – Johnson & Johnson

L

- **LFY** – Local Fiscal Year
- **LGAC** – Local Government Assistance Corporation
- **LICH** – Long Island College Hospital
- **LLC** – Limited Liability Company
- **LWA** – Lost Wages Assistance

M

- **MAT** - Medication-Assisted Treatment
- **MC** - Management Confidential
- **MLF** - Municipal Liquidity Facility
- **MLTC** - Managed Care/Managed Long Term Care
- **MOE** - Maintenance of Effort
- **MRT** - Medicaid Redesign Team
- **MRT II** - Medicaid Redesign Team II
- **MSA** - Master Settlement Agreement
- **MTA** - Metropolitan Transportation Authority

N

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

O

- **OAG** - Office of the Attorney General
- **OASAS** - Office of Addiction Services and Supports
- **OCFS** - Office of Children and Family Services
- **OFAC** - Office of Foreign Assets Control
- **OMH** - Office of Mental Health
- **OPEB** - Other Post-Employment Benefits
- **OPWDD** - Office for People with Developmental Disabilities
- **ORP** - Optional Retirement Program
- **OSC** - Office of the State Comptroller
- **OTDA** - Office of Temporary and Disability Assistance

P

- **PAYGO** - Pay-As-You-Go
- **PBA** - Police Benevolent Association
- **PBANYS** - Police Benevolent Association of New York State
- **PBT** - Petroleum Business Tax
- **PEF** - Public Employees Federation
- **PFRS** - Police and Fire Retirement System
- **PHE** - Public Health Emergency
- **PIA** - Police Investigators Association
- **PIGI** - Personal Income Growth Index
- **PILOT** - Payments in Lieu of Taxes
- **PIT** - Personal Income Tax
- **PMT** - Payroll Mobility Tax
- **PPE** - Personal Protective Equipment
- **PPO** - Preferred Provider Organization
- **PPP** - Paycheck Protection Program
- **PS** - Personal Service
- **PSC** - Public Service Commission
- **PTET** - Pass-Through Entity Tax
- **PwC** - PricewaterhouseCoopers LLP

Q

- **QCEW** - Quarterly Census of Employment and Wages

R

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

S

- **SALT** - State and Local Tax
- **SCB** - Standard Chartered Bank
- **SCB NY** - Standard Chartered Bank, New York Branch
- **SED** - State Education Department
- **SFY** - State Fiscal Year (April 1 Through March 31)

- **SHIN-NY** - Statewide Health Information Network for New York
- **SNAP** - Supplemental Nutrition Assistance Program
- **SOFA** - State Office for the Aging
- **SSI** - Supplemental Security Income
- **STAR** - School Tax Relief
- **STEM** - Science, Technology, Engineering, and Math
- **STIP** - Short-Term Investment Pool
- **SUNY** - State University of New York
- **SY** - School Year (July 1 through June 30)

T

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

U

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

V

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



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