



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

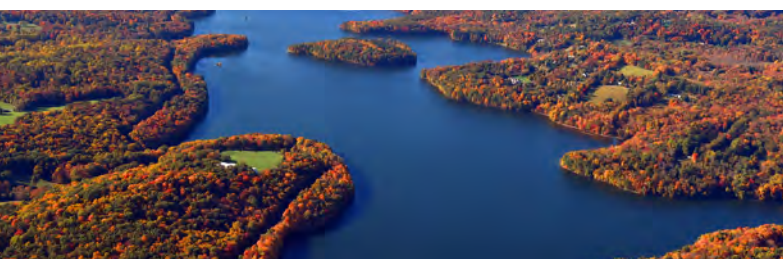


Plan also increases the existing BRIDGE-NY program by \$1 billion, adds a new \$1 billion Operation Pave Our Potholes program, and continues record commitments to funding local highway and bridge programs through the Consolidated Highway Improvement Program [CHIPS].

- **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.

