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# Report on the State Fiscal Year 2017-18 Enacted Budget



OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Message from the Comptroller

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May 2017



This year's Enacted Budget for New York State provides increased resources for education, clean water, affordable housing and other essential programs. The Budget also enacts important policy changes, including raising the age of criminal responsibility and taking other steps to improve the State's justice system.

Ideally, decisions on resources, policies, and the budget process should meet high standards of transparency and accountability. Here, however, the Enacted Budget falls short in some important ways.

The Budget includes hundreds of millions of dollars in new lump-sum appropriations that allow taxpayer dollars to be spent with minimal disclosure. Significant amounts of spending have been shifted off-budget, which reduces transparency and oversight for those resources and obscures the actual level of State spending. Members of the public, and even members of the Legislature, had little time to review important elements of the final budget bills before their enactment.

The Enacted Budget comes at a time when leaders in Washington are considering cuts to federal aid for health care and other services. Given that the State relies on this aid for approximately one-third of its revenues, the unpredictable nature of federal budget and policy discussions presents an elevated concern. The Budget for this year creates a process that could be used to address potential reductions during the fiscal year. This approach provides flexibility but also leaves uncertainty as to how any such adjustments might affect state agencies, local governments, nonprofits and other entities that rely on State funding.

Many important details as to the fiscal impact of the Enacted Budget are not yet available. This Office will provide additional analysis after the Division of the Budget releases its updates to the State's Financial Plan and the Capital Program and Financing Plan.

Thomas P. DiNapoli  
State Comptroller

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# I. Executive Summary

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The State Fiscal Year (SFY) 2017-18 Enacted Budget provides new funding for clean water projects, education, addiction treatment and other programs. At the same time, it enacts important criminal justice reforms, including raising the age of criminal responsibility, as well as new protections against the contamination of public water supplies.

The State faces an elevated risk of reductions in federal aid for health care and other programs. The Enacted Budget includes a provision which empowers the Director of the Budget to cut planned spending if certain federal assistance is reduced by \$850 million or more. The Budget leaves unclear the specific circumstances under which the \$850 million threshold would be deemed to have been met, and leaves the manner in which State spending reductions would be identified to the discretion of the Director of the Division of the Budget (DOB), absent action by the Legislature. While this measure provides the State with a process to address potential federal funding reductions, it leaves uncertainty regarding fiscal and programmatic repercussions for recipients of State funding.

For the first time since 2010, final legislative action on the Budget occurred more than a week after the start of a new fiscal year. Revisions to the Executive Budget related to both spending and policy provisions were enacted with little time for public review.

Several other aspects of the Enacted Budget raise concerns regarding transparency, accountability and oversight. The Budget continues use of lump-sum appropriations, including a new \$385 million appropriation for the State and Municipal Facilities program, which now totals more than \$1.9 billion. Such broad authorizations allow expenditures with minimal disclosure of how funds are allocated, how recipients are selected and what public benefits are expected. In addition, significant amounts of spending are shifted off-budget, obscuring the level of State spending and year-to-year growth. For example, revenue from the 1998 tobacco settlement will be used to pay certain Medicaid costs outside the budget, estimated by the Executive to total \$125 million this year and \$400 million annually going forward. Other resources from the State Insurance Fund and the State of New York Mortgage Agency Mortgage Insurance Fund, totaling \$255 million, will be used outside the budget for various purposes.

The Enacted Budget does not include certain Executive proposals that would have reduced accountability and oversight. While such omissions are a positive step, the Budget lacks needed reforms to the State's procurement practices that could enhance protections against corruption and waste.

The Enacted Budget provides a \$1 billion, or 4 percent, increase in General Support for Public Schools for the coming school year, along with a \$50 million increase in competitive grants. The overall increase includes an additional \$700 million in Foundation Aid, which is intended to provide aid to school districts based on student needs and local resources. The Budget also provides for increased tuition payments from school districts to charter schools. New funding streams are provided for technology and security costs, as well as certain teacher salaries, at nonpublic schools.

The Budget creates the Excelsior Scholarship program, modified from the Executive proposal and phased in over three years, at the State University of New York (SUNY) and the City University of New York (CUNY) for families making up to \$125,000 per year. When combined with other financial aid sources, the Excelsior Scholarship will make attending SUNY and CUNY tuition-free for recipients. Assistance with other costs such as room, board and books is not included. Recipients are required to live in New York State for the same number of years for which they receive awards; if they move out of State, awards will be converted to loans. The Budget also authorizes undergraduate tuition increases of up to \$200 annually at SUNY and CUNY institutions through academic year 2020-21, and provides Enhanced Tuition Awards of up to \$3,000 for students at certain private, nonprofit institutions.

Legislation enacted with the Budget requires the Department of Health (DOH) to create a new regulatory program for “emerging contaminants,” including certain mandated testing by most public water systems in the State. DOH is required to establish notification levels for listed contaminants, which must include PFOA, PFOS and 1,4-dioxane. In certain cases, DOH may require that water systems take action to reduce exposure to contaminants. Related measures in the Enacted Budget include a new capital appropriation of \$2.5 billion for clean water infrastructure projects, an increase of \$500 million from the Executive proposal, with all such spending expected to be funded by borrowing.

The Budget increases total State-Supported debt authorizations by more than \$10.5 billion, all to be issued by public authorities without voter approval. This figure represents an increase of 8 percent over previously authorized amounts, including General Obligation borrowing. Authorizations besides those for clean water projects include more than \$2 billion for economic development and other purposes, and more than \$1.8 billion for transportation.

Appropriations in the Department of Economic Development (DED) and the Urban Development Corporation (UDC) for economic development purposes total \$2.8 billion. The Enacted Budget requires that certain advertising contracts for economic development programs include specific performance goals and benchmarks for outcomes, and that DED post on its website annually a comprehensive report on all economic development assistance granted by DED or UDC, including data on certain performance indicators. A separate provision in the Budget, however, eliminates annual reporting requirements for the START-UP NY program.

The Budget includes legislation that raises the age of criminal responsibility for certain crimes from 16 to 17 years as of October 1, 2018 and to 18 years as of October 1, 2019. It also enacts several other criminal justice changes, including requiring video recording of interrogation for certain serious offenses, revising procedures intended to increase the reliability of witness identification of suspects, and expanding eligibility for crime victims services claims.

This report provides an overview of appropriations and other major provisions in the Budget. Other key points include:

- The Executive indicates the Budget provides All Funds spending of \$153.1 billion, excluding federal funding associated with the Affordable Care Act and Superstorm Sandy. The Assembly estimates the All Funds total, including those two elements, at \$163.2 billion, up 4.5 percent from the most recent Executive estimates for spending in the previous year.

- The 8.82 percent personal income tax (PIT) rate for high-income taxpayers is extended for two years, through tax year 2019, with projected revenue estimated by the Executive to increase by more than \$680 million this fiscal year and more than \$3.3 billion in each of the two following years. The Budget enacts more than a dozen other tax and fee changes, including a 4 percent assessment on newly authorized ride-sharing businesses outside New York City, enhancement of the child and dependent care credit, and an itemized PIT deduction for union dues.
- The Enacted Budget requires the DOH to establish targets for Medicaid spending on drugs for the current and subsequent fiscal years. It provides an additional \$500 million in capital funding for essential health providers, and new funding for programs to prevent and treat opioid and other chemical dependency.
- The Budget supports a 3.25 percent salary increase for direct care and direct support workers at nonprofit agencies funded by the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Health (OMH) and the Office of Alcoholism and Substance Abuse Services (OASAS) starting January 1, 2018. Article VII legislation authorizing these increases eliminates a previously enacted cost-of-living adjustment (COLA) for various human services agencies that they would have received in SFY 2017-18.
- The Enacted Budget modifies an Executive proposal to make the Infrastructure Investment Act permanent, instead extending the authorization for two years to 2019, and making certain changes to the existing statute.
- The Enacted Budget continues the practice in recent years of holding constant general State assistance for municipalities, while funding a number of competitive grants and infrastructure programs. It also requires that counties spearhead a shared services planning initiative among their constituent municipalities with the goal of achieving property tax savings. Targeted funding for municipalities includes assistance for certain local governments and school districts facing the risk of lost revenues due to the shutdown of electric generating facilities.
- The Budget establishes the Retiree Health Benefit Trust Fund as a special investment fund to pay health care benefits of retired State employees and their dependents. The Enacted Budget omits Executive proposals to charge State retirees differential health insurance premium contributions based on years of service, and to change reimbursement for Medicare Part B coverage.
- Several Executive Budget proposals related to campaign finance, elections, Legislators' outside income and the Freedom of Information Law were not included in the Enacted Budget.
- Legislation enacted as part of the Budget also includes measures that:
  - Authorize transportation network (ride-sharing) companies to operate outside New York City.
  - Require certain changes to the workers' compensation system, including provisions relating to impairment guidelines and a prescription drug formulary.
  - Replace the expired 421-a tax abatement program with the Affordable New York Housing Program, which will provide real estate developers in New York City with property tax abatements for up to 35 years based on the number of affordable units created and whether they meet certain construction wage requirements.

Detailed figures on the Enacted Budget's impact on expected disbursements, receipts and other key measures will be available when the Division of the Budget (DOB) issues its Financial

Plan and its Capital Program and Financing Plan, updated for the SFY 2017-18 Enacted Budget. The Office of the State Comptroller will provide additional analysis of the SFY 2017-18 Enacted Budget based on those documents.

*Note: The Financial Plan figures in this report are taken from the estimates in the Financial Plan Update that accompanied the SFY 2017-18 Executive Budget or otherwise provided by DOB, or from estimates published by the New York State Assembly. The New York State Senate has not published financial plan estimates based on the SFY 2017-18 Enacted Budget.*

## II. Financial Plan Overview

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The proposed State Fiscal Year (SFY) 2017-18 Executive Budget, as amended, included All Funds expenditures of \$162.3 billion (\$152.4 billion excluding federally funded spending for health costs associated with the Affordable Care Act and for disaster assistance associated with Superstorm Sandy), according to Division of the Budget (DOB) projections. State Operating Funds spending was projected to increase by 1.9 percent, to \$98.1 billion, before adjustments for timing-related actions. This figure was in line with other proposed budgets of recent years that have presented State Operating Funds spending as growing by less than 2 percent, before any adjustments for cash management actions and other factors.

For the SFY 2017-18 Enacted Budget, the Executive has indicated a preliminary All Funds spending estimate of \$153.1 billion. This estimate excludes certain federally funded spending related to the Affordable Care Act and Superstorm Sandy. The Assembly has indicated a projected All Funds spending total of \$163.2 billion and adjusted All Funds spending of \$153.3 billion.

Specific estimates of the Enacted Budget's overall expenditures and revenues for the current fiscal year, and projections for the ensuing three fiscal years, will be contained in the upcoming SFY 2017-18 Enacted Budget Financial Plan and the Five-Year Capital Program and Financing Plan to be issued by DOB.<sup>1</sup> The Office of the State Comptroller expects to provide analysis of that report after it becomes available.

The State faces certain risks regarding federal aid in the coming years, as a result of proposals under discussion in Washington. In the event of certain reductions related to the federal budget or continuing resolutions for federal fiscal years 2017 and 2018, or federal statutory or regulatory changes, the Enacted Budget provides for the Director of the Budget to submit a plan to the Legislature identifying State appropriations and related disbursements that would be reduced. The language identifies federal changes that either: a) reduce federal participation in Medicaid funding to the State or its subdivisions or b) reduce federal financial participation or other federal aid in funding to the State that affects the State Operating Funds financial plan, each by \$850 million or more, as the threshold for submission of such plan. The Legislature would have 90 days after submission of the plan to adopt its own plan, or the plan submitted by the Budget Director would take effect automatically. This language is in effect through March 31, 2018.

### ***SFY 2016-17 – Preliminary Year-End Results***

#### *Receipts*

In SFY 2016-17, DOB reduced projections for tax revenue in each of four Financial Plan updates. Actual All Funds tax collections for the year totaled \$74.4 billion. That amount was \$300 million or 0.4 percent lower than the previous year, \$600 million below February 2017 projections and \$2.8 billion below initial projections based on the SFY 2016-17 Enacted Budget. This shortfall in tax collections was more than offset by larger-than-expected growth in

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<sup>1</sup> This report includes estimates of certain fiscal impacts of the Enacted Budget provided by DOB and the New York State Assembly. Estimates from the New York State Senate were not immediately available.

federal and miscellaneous receipts, which were \$3.8 billion and \$3 billion above initial estimates (including \$1.1 billion in unanticipated monetary settlements), respectively.

### Spending

Unaudited General Fund spending totaled \$68.1 billion in SFY 2016-17, an increase of \$39 million or 0.1 percent. Spending was \$1.6 billion under the latest projections issued in February and \$3.8 billion under initial projections, primarily reflecting lower-than-anticipated transfers to other funds as well as local assistance payments. Unaudited State Operating Funds expenditures were \$96.2 billion, an increase of 2 percent. Spending from All Funds totaled just over \$157 billion, an increase of 4.2 percent or \$6.3 billion from SFY 2015-16. Increases in spending from SFY 2016-17 Enacted Budget estimates largely reflected increased costs financed with federal resources associated with health care programs, offset by lower-than-anticipated capital spending. Figure 1 shows how projections for SFY 2016-17 changed over the course of the fiscal year.

**Figure 1**  
**Overall Receipts and Disbursements, Projected and Actual – SFY 2016-17**  
(in millions of dollars)

|                              | SFY 2015-16<br>Actual | SFY 2016-17<br>Enacted<br>April | SFY 2016-17<br>1st Quarter<br>Update<br>August | SFY 2016-17<br>Mid-Year<br>Update<br>November | SFY 2016-17<br>3rd Quarter<br>Update<br>February | SFY 2016-17<br>Actual<br>(unaudited) |
|------------------------------|-----------------------|---------------------------------|--|---|--|--------------------------------------|
| <b>General Fund</b>          |                       |                                 |  |   |  |                                      |
| Receipts                     | 69,676                | 68,976                          | 68,668   | 68,270  | 67,990   | 66,895                               |
| Disbursements                | 68,042                | 71,841                          | 71,113   | 70,320  | 69,692   | 68,081                               |
| <b>State Operating Funds</b> |                       |                                 |  |   |  |                                      |
| Receipts                     | 96,607                | 94,639                          | 94,439   | 94,428  | 94,800   | 94,819                               |
| Disbursements                | 94,288                | 96,180                          | 96,214   | 96,156  | 96,200   | 96,199                               |
| <b>All Funds</b>             |                       |                                 |  |   |  |                                      |
| Receipts                     | 153,265               | 152,346                         | 152,358  | 153,749                                       | 154,033  | 156,372                              |
| Disbursements                | 150,708               | 156,105                         | 155,705  | 156,480                                       | 156,165  | 157,015                              |

Sources: Division of the Budget and Office of the State Comptroller

### **SFY 2016-17 – Closing Balance and Reserves**

The SFY 2016-17 Enacted Budget Financial Plan projected an operating deficit of \$2.9 billion in the General Fund for SFY 2016-17, with the projected General Fund balance decreasing from \$8.9 billion in SFY 2015-16 to \$6.1 billion. This decline was primarily due to a decrease in monetary settlement receipts. No deposits to restricted reserves were planned, although \$10 million was expected to be used from the Community Projects Fund.

While most of the State’s formal reserve funds are restricted in how they can be used, the remaining unrestricted General Fund balances can be used for any General Fund purpose. Although DOB often identifies an intended use, these uses are not statutorily mandated and the identified use of the reserve is not reported in the State’s financial reports. The SFY 2016-17 Enacted Budget Financial Plan projected a net decrease of \$2.9 billion in such unrestricted reserves, of which \$2.8 billion was due to monetary settlement dollars, while another \$237 million was expected to be used from an undesignated balance. These declines were expected to be partially offset by an increase of \$135 million set aside for costs associated with labor agreements.

The General Fund balance at the end of SFY 2016-17 was \$7.7 billion, approximately \$1.7 billion more than projected when the fiscal year began and \$517 million more than anticipated in the last Financial Plan Update, as shown in Figure 2. That level was down approximately \$1.2 billion from a year earlier. Nearly \$5.9 billion was in the unrestricted fund balance, of which approximately \$5.3 billion is from monetary settlements.

**Figure 2**

**General Fund Reserves – SFY 2016-17 Plan and Actual Year-End Results**  
(in millions of dollars)

|                                      | SFY 2015-16<br>Actual | SFY 2016-17<br>Enacted<br>Projection | SFY 2016-17<br>February<br>Projection | SFY 2016-17<br>Actual<br>(unaudited) |
|--------------------------------------|-----------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| <b>Statutory Reserves</b>            | <b>1,881</b>          | <b>1,871</b>                         | <b>1,871</b>                          | <b>1,874</b>                         |
| Tax Stabilization Reserve Fund       | 1,258                 | 1,258                                | 1,258                                 | 1,258                                |
| Rainy Day Reserve                    | 540                   | 540                                  | 540                                   | 540                                  |
| Contingency Reserve Fund             | 21                    | 21                                   | 21                                    | 21                                   |
| Community Projects Fund              | 63                    | 53                                   | 53                                    | 56                                   |
| <b>Refund Reserve (Unrestricted)</b> | <b>7,052</b>          | <b>4,197</b>                         | <b>5,360</b>                          | <b>5,875</b>                         |
| Debt Management                      | 500                   | 500                                  | 500                                   |                                      |
| Labor Agreements                     | 15                    | 150                                  | -                                     | N/A                                  |
| Other                                | 237                   | -                                    | -                                     |                                      |
| Monetary Settlement Proceeds         | 6,300                 | 3,547                                | 4,860                                 |                                      |
| <b>Total</b>                         | <b>8,934</b>          | <b>6,069</b>                         | <b>7,232</b>                          | <b>7,749</b>                         |

Sources: Division of the Budget, Office of the State Comptroller. Figures may not add due to rounding.

The increase in the closing balance as compared to the Enacted Budget Financial Plan is primarily due to \$1.3 billion in monetary settlements received throughout the year – more than \$1.1 billion more than initially anticipated. No deposits were made to the State’s statutory reserve funds.

### ***SFY 2017-18 – Preliminary Analysis of the Enacted Budget***

On March 1, 2017, as part of the revenue consensus process, the Legislature and the Executive agreed that an additional \$200 million in resources would be available for the remainder of SFY 2016-17 and all of SFY 2017-18.<sup>2</sup> The Assembly issued an overview of the Enacted Budget with its spending estimates, as shown in Figure 3.<sup>3</sup> Projected changes from Executive Budget levels include:

- State Funds spending in the Enacted Budget is \$964 million higher than the Executive proposal, largely reflecting capital spending.
- All Funds disbursements of \$163.2 billion represent an increase of 4.5 percent, compared to 3.9 percent in the Executive proposal.
- Projected receipts are modestly higher than those in the Executive Budget.

<sup>2</sup> State Finance Law requires the Executive and the Legislature to agree on projected All Funds tax receipts, General Fund miscellaneous receipts and Lottery receipts by March 1 of each year.

<sup>3</sup> See [www.assembly.state.ny.us/Reports/WAM/2017changes/2017changes.pdf](http://www.assembly.state.ny.us/Reports/WAM/2017changes/2017changes.pdf)

Updated DOB projections, which will be used to monitor revenue and spending results throughout the year, will be included in the upcoming SFY 2017-18 Enacted Budget Financial Plan. State Finance Law requires the Financial Plan to be released no later than 30 days after the Legislature has completed action on the budget bills submitted by the Executive and the period for the Executive's review has elapsed.

**Figure 3**

**SFY 2017-18 Enacted Budget Projections  
Compared to Executive Budget Projections and SFY 2016-17 Estimates**  
(in millions of dollars)

|  | SFY 2016-17<br>Estimate * | SFY 2017-18 ** | Dollar Growth | Percentage<br>Growth |
|--|---------------------------|----------------|---------------|----------------------|
| <b>All Funds Receipts</b>                  |                           |                |               |                      |
| Executive Budget (DOB)                     | 154,033                   | 160,410        | 6,377         | 4.1%                 |
| Enacted Budget (Assembly Projections)      | 154,033                   | 160,608        | 6,575         | 4.3%                 |
| <b>All Funds Disbursements</b>             |                           |                |               |                      |
| Executive Budget (DOB)                     | 156,165                   | 162,260        | 6,095         | 3.9%                 |
| Enacted Budget (Assembly Projections)      | 156,165                   | 163,224        | 7,059         | 4.5%                 |
| <b>State Operating Funds Receipts</b>      |                           |                |               |                      |
| Executive Budget (DOB)                     | 94,800                    | 97,473         | 2,673         | 2.8%                 |
| Enacted Budget (Assembly Projections)      | 94,800                    | 97,671         | 2,871         | 3.0%                 |
| <b>State Operating Funds Disbursements</b> |                           |                |               |                      |
| Executive Budget (DOB)                     | 96,200                    | 98,062         | 1,862         | 1.9%                 |
| Enacted Budget (Assembly Projections)      | 96,200                    | 98,126         | 1,926         | 2.0%                 |
| <b>General Fund Receipts</b>               |                           |                |               |                      |
| Executive Budget (DOB)                     | 67,990                    | 71,083         | 3,093         | 4.5%                 |
| Enacted Budget (Assembly Projections)      | 67,990                    | 71,281         | 3,291         | 4.8%                 |
| <b>General Fund Disbursements</b>          |                           |                |               |                      |
| Executive Budget (DOB)                     | 69,692                    | 72,398         | 2,706         | 3.9%                 |
| Enacted Budget (Assembly Projections)      | 69,692                    | 72,596         | 2,904         | 4.2%                 |
| <b>State Funds Receipts</b>                |                           |                |               |                      |
| Executive Budget (DOB)                     | 100,992                   | 106,008        | 5,016         | 5.0%                 |
| Enacted Budget (Assembly Projections)      | 100,992                   | 106,206        | 5,214         | 5.2%                 |
| <b>State Funds Disbursements</b>           |                           |                |               |                      |
| Executive Budget (DOB)                     | 105,306                   | 110,200        | 4,894         | 4.6%                 |
| Enacted Budget (Assembly Projections)      | 105,306                   | 111,164        | 5,858         | 5.6%                 |

Sources: Division of the Budget, New York State Assembly

\* SFY 2016-17 Estimate figures are from SFY 2017-18 Executive Budget Financial Plan updated for 30-Day Amendments and do not reflect unaudited figures released by the Office of the State Comptroller.

\*\* SFY 2017-18 Executive Budget figures are updated for 30-Day amendments.

## **Monetary Settlements**

From SFY 2014-15 through 2016-17, the State received nearly \$9.9 billion from more than 30 monetary settlements or decisions arising from allegations of misconduct by major financial and other institutions. Based on planned spending and other uses for settlement revenues reflected in recent Financial Plans and Capital Plans as well as the Assembly Summary of

Recommended Changes to the Executive Budget for SFY 2017-18, approximately \$278 million appears to be unallocated and in the General Fund, as shown in Figure 4. Additional information about uses of settlement resources may be provided in the Enacted Budget Financial Plan.

**Figure 4**

**Uses of Monetary Settlement Funds – SFY 2014-15 through SFY 2016-17**

(in millions of dollars)

| <b>Settlements Received</b>                                       |                |
|---|----------------|
| SFY 2014-15   | 4,935          |
| SFY 2015-16   | 3,605          |
| SFY 2016-17   | 1,323          |
| <b>Total Received, SFY 2014-15 through SFY 2016-17</b>            | <b>9,863</b>   |
| <b>Uses</b>   |                |
| <b>Previously Enacted Budgets</b>                                 |                |
| SFY 2014-15 Budget Support  | (275)          |
| SFY 2015-16 Budget Support  | (250)          |
| SFY 2016-17 Budget Support  | (102)          |
| Chemical Dependence Program                                       | (5)            |
| Department of Law - Litigation Services 2015-16                   | (10)           |
| Department of Law - Litigation Services 2016-17                   | (63)           |
| Audit Disallowance - Federal Settlement                           | (850)          |
| Planned Deposits to Dedicated Infrastructure Investment Fund      | (4,550)        |
| Additional Deposits to DIIF                                       | (1,840)        |
| Environmental Protection Fund                                     | (120)          |
| <b>Total Previously Allocated</b>                                 | <b>(8,065)</b> |
| <b>SFY 2017-18 Enacted Budget</b>                                 |                |
| Buffalo Billion Phase II (spending from DIIF)                     | (400)          |
| Security and Emergency Response Preparedness (spending from DIIF) | (100)          |
| Health Care Capital Grants (not spent from DIIF)                  | (200)          |
| Downtown Revitalization (spending from DIIF)                      | (100)          |
| Life Sciences (spending from DIIF)                                | (320)          |
| MTA Capital (not spent from DIIF)                                 | (65)           |
| Non-MTA Capital (not spent from DIIF)                             | (20)           |
| Non-MTA Operating (not spent from DIIF)                           | (10)           |
| Labor Costs (from General Fund)                                   | (155)          |
| Rainy Day Deposit (from General Fund)                             | (150)          |
| <b>Total Proposed</b>   | <b>(1,520)</b> |
| <b>Remaining (undesignated)</b>                                   | <b>278</b>     |

Note: "spending from DIIF" also reflects additional deposits to DIIF.

Sources: Division of the Budget, New York State Assembly, Office of the State Comptroller

***Non-Recurring and Temporary Resources***

The SFY 2017-18 Executive Budget relied on more than \$4.3 billion in non-recurring (“one-shot”) or temporary resources. These included just under \$2.1 billion in actions carried forward from previous budgets (primarily temporary personal income tax provisions), \$1.7 billion in newly proposed cash management and other actions; and \$570 million in resources associated with Superstorm Sandy.

Examples of such resources in the Enacted Budget include:

- \$2.1 billion in previously existing temporary resources, including extension of the top PIT rate that had been scheduled to expire on December 31, 2017;
- At least \$1 billion in new temporary and non-recurring resources included in the Enacted Budget (largely reflecting Executive proposals, with certain modifications);
- \$570 million in federal disaster assistance; and
- \$491 million in SFY 2016-17 prepayments of SFY 2017-18 costs.

These figures will likely be revised when more information is available upon release of the SFY 2017-18 Enacted Budget Financial Plan.

# III. Debt and Capital

## ***SFY 2017-18 Debt and Capital Overview***

The Enacted Budget includes more than \$10.5 billion in increased bonding authorizations for State-Supported debt, an increase of \$1.6 billion, or 18 percent, over the Executive proposal and an increase of 8 percent over previously authorized amounts, including those for General Obligation borrowing. There are no new General Obligation authorizations in the SFY 2017-18 Enacted Budget. Authorized borrowing increases included in the Enacted Budget are shown in Figure 5.

**Figure 5**

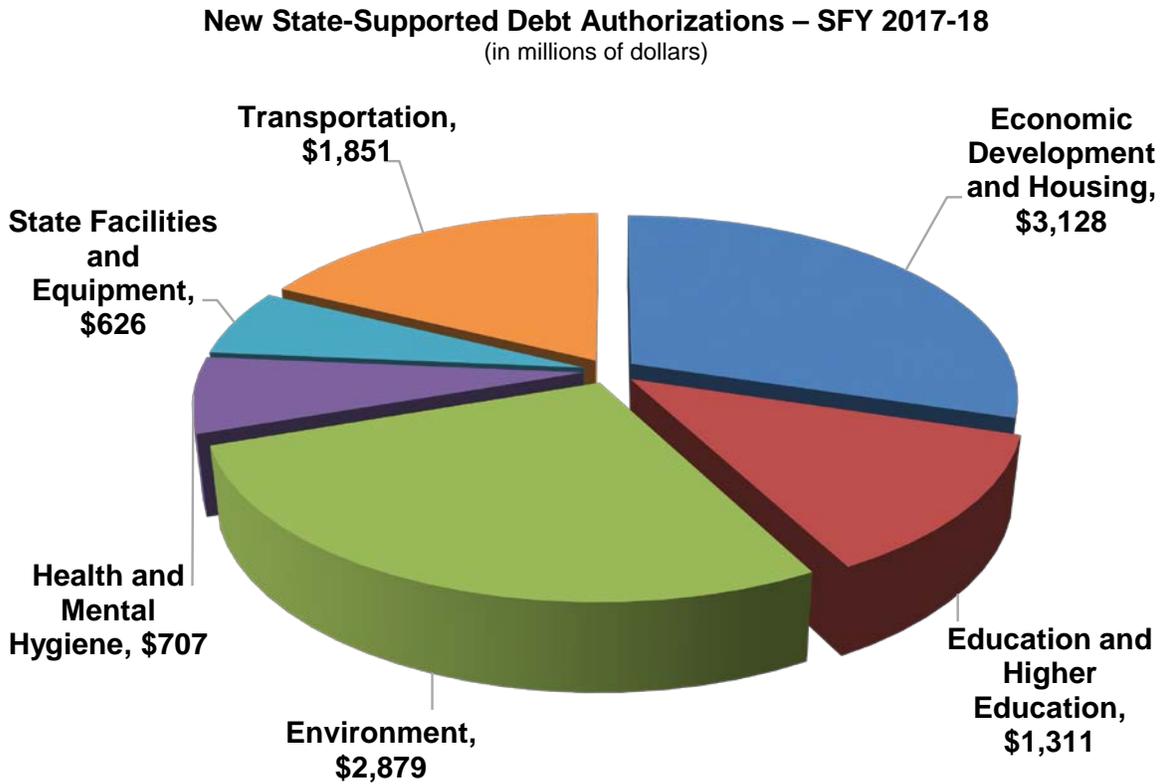
**New State-Supported Bonding Authorizations, SFY 2017-18 Enacted Budget**  
(in millions of dollars)

|  | <u>Increase</u> |
|--|-----------------|
| Environmental Infrastructure           | 2,844           |
| Economic Development                   | 2,037           |
| Transportation Initiatives             | 1,299           |
| Housing Capital                        | 687             |
| SUNY Educational Facilities            | 680             |
| CHIPs                                  | 552             |
| CUNY Educational Facilities            | 394             |
| State and Municipal Facilities Program | 385             |
| Mental Health Facilities               | 371             |
| Prison Facilities                      | 316             |
| Health Care Initiatives                | 300             |
| State Facilities                       | 145             |
| SUNY 2020                              | 110             |
| Information Technology                 | 86              |
| SUNY Community Colleges                | 53              |
| Homeland Security                      | 53              |
| Private School and Facilities Safety   | 50              |
| Youth Facilities                       | 36              |
| Water Pollution Control                | 35              |
| Library Facilities                     | 24              |
| Military and Naval Facilities          | 20              |
| Non-Profit Infrastructure              | 20              |
| State Police                           | 6               |
| <b>Total</b>                           | <b>10,502</b>   |

Source: Division of the Budget and S.2009-C/A.3009-C

Figure 6 shows the new bonding authorizations in the Enacted Budget by programmatic area. The Public Authorities section of this report provides additional detail regarding the changes in State-Supported public authority bond caps.

Figure 6



Source: Office of the State Comptroller, Division of the Budget

The Enacted Budget includes a new appropriation and bond cap increase of \$385 million for the State and Municipal Facilities (SAM) Program. The Executive Budget did not propose an increase for this program, which was first enacted in SFY 2013-14 with an appropriation of \$385 million. Each Enacted Budget since then has added \$385 million in new appropriation and bonding authority, with this year's addition bringing total authorizations for SAM to more than \$1.9 billion. As of March 31, 2017, \$354 million of the authorized funding had been spent. Funds from these appropriations can flow to any State agency or public authority at the discretion of the Executive.

The already broad listing of authorized entities and eligible purposes for this program is further expanded in the Enacted Budget. The Enacted Budget does not include specific language that provides for the distribution of these moneys among the various purposes or among the various entities authorized to receive funding. See the Transparency and Accountability section of this report for further discussion.

## ***Debt Management Actions***

### ***Debt Service Prepayments***

As of the last Financial Plan update for SFY 2016-17, released in February 2017 with 30-day amendments to the Executive Budget, DOB expected to prepay \$280 million in debt service that would normally have been due in SFY 2017-18 during SFY 2016-17 instead. At the close of SFY 2016-17, DOB increased prepayments by \$211 million, for a total of \$491 million. The

continued practice of prepaying debt service makes it difficult to isolate the impact of debt service spending in a given fiscal year and to determine the level of year-to-year growth. Projected debt service for SFY 2017-18 through SFY 2021-22 will be available in the SFY 2017-18 Enacted Budget Capital Program and Financing Plan to be issued by DOB in coming weeks.

#### *Debt Reduction Reserve Fund*

The Enacted Budget again includes an authorization to transfer up to \$500 million from the General Fund into the Debt Reduction Reserve Fund (DRRF). It also includes an appropriation of \$500 million from the DRRF for the payment of debt service or related expenses, for retiring or defeasing bonds of any State-related bonding programs, or for the funding of capital projects which have been authorized to be financed through the issuance of bonds. Both the transfer and appropriation were reduced from \$1 billion as proposed in the Executive Budget.

The Executive Budget included a provision under which DOB would define and calculate a “cash-basis surplus” and could authorize a deposit of 50 percent of the surplus to the DRRF. The Executive proposal also stated that “any amounts disbursed from such fund shall be excluded from the calculation of annual spending growth in State Operating Funds.” The Enacted Budget does not include the language regarding a cash-basis surplus and changes the language that excludes spending from the DRRF in the calculation of annual growth in spending from State Operating Funds by adding a sunset date of June 30, 2019. With this language and the appropriation and transfer authority included in the Enacted Budget, DOB could transfer up to \$500 million from the General Fund to the DRRF to support debt service that would otherwise be spent from State Operating Funds, and exclude that amount from its computation of growth in State Operating Funds spending.

#### *Infrastructure Investment Act*

The Executive Budget included a proposal to make the 2011 Infrastructure Investment Act permanent and to extend the authorization for design-build procurement to include all State agencies, including SUNY and CUNY, as well as State and local authorities, local development corporations, land banks, Industrial Development Agencies and affiliates and subsidiaries of these entities, and counties outside of New York City. In addition, the authorization would have been broadened to permit the use of design-build for a wide range of capital projects related to publicly owned capital assets.

The proposed changes also would have limited the Comptroller’s authority to review certain State authority contracts in excess of \$1 million. Another proposal would have deemed any contract awarded pursuant to the Act to be a competitive procurement for the purposes of Public Authorities Law section 2879-a, narrowing the Comptroller’s oversight of these projects.

The Enacted Budget extends the Act by two years and authorizes design-build procurement for eight specific projects. Other changes affecting design-build contracting include:

- All requests for proposals (RFPs) are to be scored according to criteria in the RFP and all scores are required to be posted on the contracting entity’s website.
- The minimum project cost threshold is increased for certain projects to \$10 million from \$1.2 million.

- The relative weight of each criterion is added to the list of elements used to illustrate the capacity of entities in accomplishing the contract.
- Entities submitting proposals must clearly identify trade secrets and proprietary information so they can be readily separated from the rest of the proposal.
- Contracts are to be awarded based on the best value to the authorized State entity rather than the State.

All other aspects of the Executive's proposal for the Infrastructure Investment Act were omitted. Provisions included in the Enacted Budget leave unresolved certain concerns relating to labor protections, including questions regarding the use of project labor agreements.

#### *Other Actions*

The Enacted Budget includes the Executive's proposal to allow the Thruway Authority to sell bonds at public sale without using the Comptroller as its agent. The Budget does not include the Executive's proposal to limit the scope of the Comptroller's review of terms and conditions of bonds sold at private sale by certain public authorities, local governments and school districts. The Enacted Budget also accepts the Executive proposal to allow spending for an estimated 3,200 State employees to flow from capital funds rather than operating funds based on the nature of the positions. Among other implications, this change will reduce reported spending in State Operating Funds.

### ***Dedicated Infrastructure Investment Fund and Settlement Funds***

The Dedicated Infrastructure Investment Fund (DIIF) was established on June 1, 2015, pursuant to provisions of the SFY 2015-16 Enacted Budget.<sup>4</sup> Through March 31, 2017, \$1.55 billion has been transferred from the General Fund to the DIIF and \$1.47 billion has been spent from the DIIF. Its closing balance was \$82.7 million as of March 31, 2017. Transfers to the DIIF and spending from the DIIF have been significantly lower than planned.

The Enacted Budget includes \$920 million in new appropriations for spending from the DIIF, as well as nearly \$6.3 billion in reappropriations. These include \$1 billion for expansion of the Jacob K. Javits Convention Center that is expected to eventually be paid with bond proceeds, but will initially be funded with monetary settlement funds transferred from the General Fund. Figure 7 provides a listing of DIIF appropriations made in this year's Enacted Budget, as well as those from SFY 2015-16 and SFY 2016-17.

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<sup>4</sup> For additional detail on the Dedicated Infrastructure Investment Fund, see the *Report on the State Fiscal Year 2015-16 Enacted Budget*, which can be found at: [http://www.osc.state.ny.us/reports/budget/2015/2015-16\\_enacted\\_budget.pdf](http://www.osc.state.ny.us/reports/budget/2015/2015-16_enacted_budget.pdf).

**Figure 7**

**Dedicated Infrastructure Investment Fund Appropriations To Date**  
(in millions of dollars)

| <b>Purpose</b>   | <b>SFY 2015-16</b> | <b>SFY 2016-17</b> | <b>SFY 2017-18</b> | <b>Three-Year Total</b> |
|--|--------------------|--------------------|--------------------|-------------------------|
| Thruway Stabilization Program (1)  | 1,285.0            | 700.0              |                    | 1,985.0                 |
| Upstate Revitalization Initiative (2)  | 1,500.0            | 170.0              |                    | 1,670.0                 |
| Broadband Initiative   | 500.0              |                    |                    | 500.0                   |
| Health Care Providers  | 355.0              |                    |                    | 355.0                   |
| MTA Capital Plan (Penn Station Access)   | 250.0              |                    |                    | 250.0                   |
| Municipal Restructuring and Consolidation (3)                                      | 150.0              | 20.0               |                    | 170.0                   |
| Security and Emergency Response  | 150.0              |                    |                    | 150.0                   |
| Long Island Transformative Projects  | 150.0              |                    |                    | 150.0                   |
| Infrastructure Improvements, Transportation, Upstate Transit, Economic Development | 115.0              |                    |                    | 115.0                   |
| Southern Tier Agriculture & Hudson Valley Farmland Protection                      | 50.0               |                    |                    | 50.0                    |
| Community Health Care Revolving Loans  | 19.5               |                    |                    | 19.5                    |
| Roswell Park Cancer Institute  | 15.5               |                    |                    | 15.5                    |
| Behavioral Health Care Grants  | 10.0               |                    |                    | 10.0                    |
| Statewide Multiyear Housing Program (4)  |                    | 590.0              |                    | 590.0                   |
| DOT Capital Plan Contribution  |                    | 200.0              |                    | 200.0                   |
| Other Economic Development or Infrastructure Projects                              |                    | 85.0               |                    | 85.0                    |
| Statewide Multiyear Homeless Housing Program (5)                                   |                    | 50.0               |                    | 50.0                    |
| Empire State Poverty Reduction Initiative  |                    | 25.0               |                    | 25.0                    |
| Javits Convention Center Expansion (Bonded)  |                    | 1,000.0            |                    | 1,000.0                 |
| Buffalo Billion Phase II   |                    |                    | 400.0              | 400.0                   |
| Life Sciences Initiative   |                    |                    | 320.0              | 320.0                   |
| Downtown Revitalization  |                    |                    | 100.0              | 100.0                   |
| Security and Emergency Response Preparedness                                       |                    |                    | 100.0              | 100.0                   |
| <b>Total</b>   | <b>4,550.0</b>     | <b>2,840.0</b>     | <b>920.0</b>       | <b>8,310.0</b>          |

Source: Division of the Budget and S.9604-D/A.9004-D

- (1) New appropriation language enacted in SFY 2016-17 added debt service and related payments as authorized purposes but did not include reporting requirements that were included in the allocation enacted in SFY 2015-16.
- (2) New appropriation language enacted in SFY 2016-17 removed language requiring the allocation to be made pursuant to a competitive process among the Regional Economic Development Councils and limiting awards to projects in regions that did not receive Upstate Revitalization Initiative Best Plan awards in SFY 2015-16 or were not eligible to receive funding from the Buffalo Regional Information Cluster.
- (3) New appropriation language enacted in SFY 2016-17. Language added to SFY 2015-16 reappropriation extended funding to Downtown Revitalization Program, including the Healthy Foods/Healthy Community initiative. In addition, funding extended to "other municipal entities."
- (4) The SFY 2017-18 Enacted Budget included amendments to reappropriations to remove all references to a memorandum of understanding and add language defining how funding would be allocated.
- (5) The SFY 2017-18 Enacted Budget included amendments to reappropriations to remove reference to a memorandum of understanding and allow use of funds to be used in conjunction with certain other funds made available in the in SFY 2017-18 Enacted Budget.

## IV. Revenue

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The Executive and the Legislature reached agreement on an additional \$200 million in projected revenues as a result of the Consensus Revenue Forecast process in early March 2017. While the Enacted Budget makes more than 36 changes to existing law affecting revenues, the only provision that is projected to have a significant impact on revenues in SFY 2017-18 is the extension of the top personal income tax (PIT) rate for two years. The other provisions have little to no immediate impact due, in part, to their effective dates primarily occurring in subsequent fiscal years. The SFY 2017-18 Enacted Budget Financial Plan, when released, should contain DOB's official estimates of fiscal impacts from all the enacted tax changes.

A major change from the Executive Budget to the Enacted Budget is the extension of the top PIT rate on high income earners for two years rather than the proposed three years. The Enacted Budget expands the Child and Dependent Care tax credit as originally proposed and adds an increase in the total amount of child care expenses that can qualify for the credit for families with three or more children. Preliminary estimates of the revenue impacts of enacted changes appear in Appendix B.

### ***Executive Tax Proposals Accepted or Modified***

The Enacted Budget includes several tax-related proposals advanced by the Executive that were accepted as proposed or adopted with some modifications. The majority of these have multiyear fiscal impacts. Among other actions, the Enacted Budget will:

- Extend the top PIT rate of 8.82 percent for two years.
- Extend the limitation on charitable contribution deductions for high income taxpayers for two years.
- Increase the Child and Dependent Care tax credit for taxpayers with incomes between \$50,000 and \$150,000 and for those with three or more children.
- Convert the New York City STAR PIT rate reduction to a New York State PIT credit.
- Allow partial payment of property taxes.
- Extend the fees on oil and gas producers for three years.
- Establish the Life Sciences research and development tax credit.
- Expand the workforce training credit.
- Extend the Empire State Film Production Credit for three years.
- Rename the Urban Youth Jobs Program tax credit as the New York Youth Jobs Program tax credit, and extend it for five years, as well as adding a new credit for apprenticeship programs.
- Extend the Alternative Fuels Property and Electric Vehicle Recharging Property credits for five years.
- Amend the Investment Tax Credit to exclude utility companies.
- Treat disregarded entities under the corporate franchise tax as a single taxpayer for tax credit purposes.
- Allow warrantless bank account data matching for two years.
- Extend warrantless wage garnishment for three years.
- Clarify the taxation of certain asset sales.

- Require sales between related entities to be subject to the sales and use tax.
- Impose the sales and use tax on gas and electricity transmission.
- Amend the regulation and taxation of charitable gaming.
- Extend the video lottery gaming vendor's capital awards program for one year.
- Extend certain pari-mutuel tax rates and certain simulcasting provisions for one year.
- Extend the Monticello video lottery terminal rates for one year.
- Apply the Public Safety Communications Surcharge to prepaid devices at a rate of 90 cents per sale and consolidate the local authorizations for wireless surcharges in a new Section 186-g of the Tax Law.

### ***Tax Proposals Added in the Enacted Budget***

The Enacted Budget includes several tax-related provisions added to the Executive Budget proposals, which will:

- Adjust the prepayment of sales taxes on motor fuel to reflect current gasoline prices.
- Amend the fixed dollar minimum tax rate under the corporate franchise tax for real estate investment trusts or regulated investment companies.
- Exempt cemetery monuments from the sales and use tax.
- Increase the research and development tax credit under the Excelsior Jobs Program from three percent to six percent of qualified expenses effective for taxable years on or after January 2018.
- Create a tax credit for donations by farmers to food pantries.
- Allow an itemized PIT deduction for union dues.

### ***Executive Tax Proposals Omitted***

The Enacted Budget omits several tax-related proposals proposed by the Executive, deleting provisions which would have:

- Created a new alcoholic beverage permit for Taste-NY locations.
- Created a new alcoholic beverage permit for movie theaters.
- Capped the STAR benefit, eliminating annual growth provided under current law.
- Made participation in the Income Verification Program for STAR mandatory.
- Required new State employees to be tax-compliant.
- Required practitioners who receive excess medical malpractice coverage to be tax-compliant.
- Required New York S corporations to conform with federal filing.
- Expanded the imposition of the sales tax on Internet sales.
- Imposed an excise tax on vapor products.
- Authorized the use of jeopardy assessment provisions for cigarette and tobacco taxes.
- Clarified the amount of untaxed cigarettes required to seize a vehicle.
- Amended the calculation of the excise tax on cigars.
- Imposed the real estate transfer tax on the transfer of real estate business interests.
- Clarified the imposition of the real estate transfer tax on certain sales.

# V. Program Area Highlights

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## **Education**

### *School Aid*

The Enacted Budget includes \$25.53 billion in General Support for Public Schools (GSPS) for the 2017-18 School Year (SY), an increase of \$1 billion or 4 percent over the previous year. It also includes an additional \$50 million in competitive grants, as proposed in the Executive Budget, bringing total competitive grants to \$194 million in SY 2017-18. The Executive Budget had called for \$961 million in new education funding, including an increase of \$911 million for GSPS and \$50 million for competitive grants.

The \$995 million increase which appears in the estimates of GSPS released with the Enacted Budget (known as school aid runs) includes a \$700 million Foundation Aid increase allocated through a variety of new formula provisions, bringing total Foundation Aid for SY 2017-18 to \$17.2 billion. This is \$272 million more than the Executive Budget had proposed, and includes the reprogramming of an unallocated \$150 million Fiscal Stabilization Fund included in the Executive Budget. Of the new Foundation Aid, \$50 million is set aside for community schools, bringing the total allocation for community schools to \$150 million. New language expands the use of these funds to “other costs intended to maximize student achievement.”

The total aid increase also includes \$295 million to support growth in various expense-based aids based on updated claims. The Enacted Budget did not include an Executive Budget proposal to freeze expense-based aid claims to Executive Budget levels.

The Enacted Budget omits an Executive proposal to eliminate the Foundation Aid phase-in target from statutory provisions.

The new \$50 million in competitive grants were accepted largely unchanged from the Executive Budget. They include:

- \$35 million to create the Empire State After-School program.
- \$5.3 million to continue support for early college high school and career and technical education programs.
- \$5 million in new prekindergarten funding for three- and four-year olds.

### *Other Education Items*

**Charter Schools** – Legislation enacted with the Budget makes changes to the calculation of charter school tuition paid by school districts. For SY 2017-18, charter school tuition will increase by \$500 per pupil over SY 2016-17 levels, and will equal the SY 2010-11 tuition rate plus \$1,000. The State will reimburse school districts for \$1,000 per pupil. Beginning in SY 2018-19, charter school tuition will be indexed to adjusted measures of school district spending growth. State reimbursement will continue at \$1,000 per pupil.

The Enacted Budget also contains language, similar to what was included in the Executive Budget, which increases the amount that New York City must pay for charter school facilities

aid. However, the Enacted Budget did not expand reimbursable facility costs as proposed in the Executive Budget.

A \$40 million appropriation not to be spent until after April 1, 2018 for additional grants to school districts, public libraries and not-for-profits was also included in the Enacted Budget. The appropriation is subject to a plan approved by the Temporary President of the Senate and the Director of the Budget and approved by Senate resolution. In the past, appropriations with similar structures have provided additional aid to charter schools.

**Prekindergarten** - In addition to providing a new \$5 million appropriation, the Enacted Budget includes language to consolidate State prekindergarten funding streams totaling more than \$800 million in future years.

**Nonpublic Schools** - The Enacted Budget includes several new funding streams for nonpublic schools. In addition to \$25 million in bonded capital funding to support nonpublic school technology as proposed in the Executive Budget, the Enacted Budget includes another \$25 million in bonded capital funding to be distributed through a competitive process by the Department of Homeland Security and Emergency Services for safety and security projects at nonpublic schools, community centers and daycare centers at risk of hate crimes or attacks because of their ideology, mission or beliefs.

Language enacted with the Budget will require school districts submitting Smart Schools Bond Act plans after April 15, 2017 to include wireless access points, servers, and other portable connectivity devices in the calculation of the amount of technology loaned to nonpublic schools as a condition of approval.

The Enacted Budget also creates a new \$5 million grant program to reimburse nonpublic schools for the salaries of mathematics, science, or technology teachers and provides \$7 million to reimburse nonpublic schools for the costs of compliance with State immunization requirements.

The Enacted Budget omits several education-related proposals that were advanced in the Executive Budget, including:

- A three-year extension of mayoral control of New York City schools.
- A new Inspector General to oversee the State Education Department.
- The creation of an alternative education pilot program of Recovery High Schools for students battling addiction.
- A provision allowing school districts, private special education schools, and Boards of Cooperative Educational Services to apply for waivers from regulatory and statutory requirements.

## **STAR**

The Enacted Budget accepts the Executive proposal to convert the New York City School Tax Relief (STAR) personal income tax rate reduction into a refundable New York State personal income tax credit. Under this provision, instead of paying reduced City personal income tax rates, New York City taxpayers with incomes less than \$500,000 will be able to claim a refundable credit against their State personal income tax equal to a percentage of their City taxable income.

This change from a local assistance spending program to a personal income tax expenditure will result in a reduction in State Operating Funds spending and an offsetting decline in personal income tax receipts. However, due to timing differences between the STAR payment schedule and personal income tax settlements, the reduction in spending will start to take effect in SFY 2017-18, before the corresponding decline in personal income tax receipts.

The Enacted Budget also includes provisions to:

- relax the tax secrecy rules in relation to the STAR credit to allow the names and addresses of STAR credit recipients to be disclosed to local assessors;
- amend the method for the calculation of the STAR credit on cooperative apartments; and
- require the timely payment of advanced STAR credits.

The Enacted Budget omits two STAR-related proposals from the Executive Budget which would have:

- Eliminated annual growth in the STAR exemption; and
- Made the income verification program for the Enhanced STAR benefit mandatory.

## ***Higher Education***

The Enacted Budget includes All Governmental Funds appropriations of \$10.6 billion for SUNY, \$1.9 billion for CUNY (excluding fiduciary funds) and \$1.3 billion for the Higher Education Services Corporation (HESC). These amounts reflect a net increase of \$26.4 million for SUNY, a net decrease of \$14.3 million for CUNY and a net increase of \$22.7 million for HESC over the Executive proposal. Enacted Budget legislation allows annual undergraduate resident tuition increases of up to \$200 at SUNY and CUNY through academic year (AY) 2020-21, a reduction of \$50 from the Executive Budget proposal. The Enacted Budget also increases base operating aid for community colleges above the Executive Budget by \$6.5 million for SUNY, and \$3.2 million for CUNY, or \$50 more per full-time equivalent student (FTE).

Compared to the Executive Budget, funding for SUNY includes: an additional \$18.6 million for SUNY hospitals, bringing the total amount for this purpose to \$87.9 million (one-half of the increase is funded with a General Fund Medicaid appropriation); \$15.2 million more for educational opportunity, small business development and a range of other programs at senior colleges; \$3.3 million more for child care and other programs at community colleges; and \$4 million for Open Educational Resources, a program that provides funding for students to access electronic books and other resources.

CUNY senior colleges receive an increase on an academic year basis of \$6.5 million for Search for Education, Elevation and Knowledge (SEEK) and other programs and \$4 million for Open Educational Resources compared to the Executive Budget. There is also an additional \$3.8 million for child care and other programs at CUNY community colleges, including \$2.5 million for Accelerated Study in Associates Programs. The Enacted Budget omits the Executive proposal to use 10 percent of prior-year's revenue in CUNY-affiliated nonprofit foundations (estimated by the Executive to be \$35 million). Appropriations for senior colleges in the academic year are reduced by 0.6 percent, or \$8.5 million, while the Senior College Revenue Offset is increased by \$26.5 million

The Enacted Budget modifies the Executive Budget proposal to allow up to \$60 million of proceeds from the sale of State-owned property to be used by CUNY in AY 2017-18 to offset State support. The enacted provision includes no reference to a specific building and the language referring to “an alternative amount as determined by the director of the budget” has been removed.

For SUNY and CUNY senior colleges, the Enacted Budget repurposes \$100 million and \$60 million of university-wide maintenance funding proposed by the Executive, respectively, for general capital or new projects at specific campuses. The Budget includes \$110 million in capital projects funds as proposed by the Executive for the competitive NY SUNY 2020 and NY CUNY 2020 challenge grant programs (\$55 million for each system) through the Urban Development Corporation.

The Enacted Budget modifies the Executive Budget proposal for the Excelsior Scholarship program in several ways. Key provisions include:

- Maximum awards will be \$5,500 or actual tuition, whichever is less (after taking into account other awards, combined awards will not exceed \$5,500). Under the Executive Budget, the Excelsior Scholarship Program would have awarded the full value of tuition (after the application of other awards). Under the Enacted Budget, after the State’s payment of \$5,500 in combined awards, any remaining tuition cost will be paid as a credit to SUNY and CUNY.
- Tuition rates against which the Excelsior Scholarship program makes awards will be reset every four years.
- Students must enroll in at least 12 credits per semester and complete at least 30 combined credits per year or its equivalent, with exemptions for specific hardships.
- Students with disabilities will be eligible for such awards under modified criteria.
- Students are required to live and work in New York State upon graduation for the same number of years for which they receive awards; if this requirement is not met, awards received by such students will be converted to loans.
- The HESC President is required to establish a method of selecting award recipients if there are insufficient funds to provide awards to all eligible applicants.

The Enacted Budget provides Enhanced Tuition Awards, additional to and separate from Tuition Assistance Program (TAP) awards, for students attending approved private nonprofit schools. Excelsior Scholarship program provisions relating to income eligibility, enrollment in and completion of minimum coursework and residency requirements apply to students receiving Enhanced Tuition Awards. The maximum \$6,000 annual award consists of a maximum \$3,000 in State support and a matching \$3,000 from the private nonprofit institution. Tuition will be frozen for the length of students’ programs at the level in the year they start receiving such awards. Higher education institutions may opt out of this program; students attending such institutions will continue to receive TAP awards.

Other new initiatives in the Enacted Budget include:

- \$3.1 million for the New York State Part-Time Scholarship (PTS) award program for SUNY and CUNY community college students.
- \$50,000 each for Child Welfare Worker Incentive Scholarship and Child Welfare Worker Loan Forgiveness Programs.

- A report to be issued by HESC on or before June 30, 2018 on options to make college more affordable.

The Enacted Budget omits the Executive proposal to offer certain undocumented immigrants access to State financial assistance for undergraduate and graduate tuition in New York through the DREAM Act. It also omits proposals to disqualify private colleges from participating in the TAP program or receiving Bundy Aid if they do not limit annual tuition increases, and to provide the State Inspector General with jurisdiction to investigate nonprofit foundations affiliated with SUNY and CUNY and to oversee implementation of financial control policies at SUNY, CUNY and these entities.

## ***Health / Medicaid***

The Enacted Budget provides a total of \$182.7 million in net additional State and federal funding for the Department of Health (DOH), including two-year amounts through SFY 2018-19 for DOH Medicaid expenditures, compared to the Executive Budget. The Enacted Budget also modifies the distribution of \$500 million in new health care facility capital funding proposed by the Executive. The Budget requires development of a plan by the Executive to reduce State funding in certain unspecified program areas if certain federal actions occur (for additional detail regarding this proposal see the Financial Plan Overview section of this report). The Budget also amends Executive proposals intended to control prescription drug costs by limiting such proposals to Medicaid rather than applying them more broadly. The adopted Budget also amends or omits various other Executive Budget Article VII proposals related to public health and Medicaid.

The Enacted Budget restores or adds a total of \$124.1 million in State funding for various Medicaid services and benefits targeted for reduction in the Executive Budget or for new initiatives advanced by the Legislature during budget negotiations. The restorations include:

- \$20.2 million to preserve the “prescriber prevails” requirement for pharmacy benefits;
- \$14.6 million to preserve existing cost-sharing requirements for beneficiaries of the Essential Plan, which provides health coverage for lower-income New Yorkers not eligible for Medicaid;
- \$10 million to preserve payments for “potentially preventable” hospital emergency room visits;
- \$10 million to retain spousal right of refusal for payment of Medicaid long-term care services incurred by spouses living together in the community;
- \$6.3 million to preserve existing coverage and co-payment amounts for over-the-counter drugs;
- \$4 million to preserve supplemental payments to rural transportation networks; and
- \$4 million to keep the transportation benefit within the managed long-term care benefit package.

The new Medicaid initiatives include:

- \$10 million for critical access hospitals;
- \$10 million for safety net hospitals largely serving Medicaid and uninsured patients;
- \$9.3 million for Medicaid disproportionate share hospital payments for SUNY hospitals;
- \$9 million for wage parity for consumer-directed personal assistants;

- \$5 million to promote women's health and reduce the adverse effects of multiple births;
- \$860,000 for St. Ann's Home, a nursing home in Rochester.

Offsetting the restorations and new initiatives are additional State Medicaid savings actions of \$124.1 million, including: \$59 million from delayed repayment of federal overpayments associated with the Affordable Care Act (ACA); \$25 million associated with re-estimated Medicaid costs based on waiver savings; a \$10 million reduction in funding for the Health Homes program; a \$10 million reduction in funding for hospital quality payments; and \$5 million in additional efficiencies in federal claiming for school supportive health services in New York City. This last amount increases total school supportive health savings to \$55 million in SFY 2017-18 and reflects a plan to increase allowable federal claiming for the program. The Executive Budget had proposed to reduce payments to the City for administering the Medicaid program by \$50 million absent such a plan.

The Enacted Budget extends the global Medicaid cap, as well as the Health Commissioner's authority to keep State DOH Medicaid spending under the cap, for an additional year through March 2019. It reduces global cap funding of Medicaid-related costs for programs of the Office for People With Developmental Disabilities (OPWDD) by a total of \$153 million (\$65.2 million in SFY 2017-18 and \$87.8 million in SFY 2018-19), compared to the Executive Budget, to accommodate a corresponding increase in global cap support for the State's health care exchange, New York State of Health (NYSOH), funded by the Medicaid Administration program. According to DOB, the reduction in OPWDD global cap funding does not affect Medicaid coverage of eligible individuals. The increase in global cap funding for NYSOH reflects legislative action to omit an Executive Budget proposal to provide a discrete state-funded appropriation for the health care exchange.

The Enacted Budget amends the Executive Budget proposal to provide \$500 million in additional capital funding for statewide health care facility transformation, defined as including mergers, consolidation, acquisition or other corporate restructuring activities. Of the \$500 million, the Executive proposal set aside \$50 million for Montefiore Medical Center and a minimum of \$30 million for grant awards to certain community-based health care providers. The Enacted Budget includes the Montefiore funding, but increases the minimum amount for community-based health care providers to a total of \$75 million. As proposed in the Executive Budget, bonding authority of \$300 million is provided for the program to support the majority of the funding, while funds the State has received from monetary settlements will support the remaining \$200 million, according to DOB. Language is included to allow payments and grant awards to eligible applicants without a competitive bid or request for proposal process.

The Budget provides a total of \$11.9 million in additional funding for a number of public health initiatives, including: \$1.1 million for comprehensive care centers for eating disorders; \$1 million for community health advocates; \$750,000 for family planning; \$475,000 for women's health services; and \$400,000 for the State Senate Task Force on Lyme and Tick-Borne Diseases.

The Enacted Budget omits the Executive proposal to consolidate 39 local public health appropriations into four funding pools. The proposal was estimated by the Executive to achieve \$24.6 million in State savings while providing DOH with flexibility to determine specific levels of support for certain health priorities. Although the appropriations are not consolidated as proposed, certain appropriations have been reduced to achieve the planned savings.

The Budget also amends proposed Article VII legislation which was intended to limit the cost of high-priced drugs by imposing a surcharge on the difference between the price charged by a pharmacy, wholesaler or manufacturer and a benchmark price determined by DOH, and by establishing supplemental rebates for high-cost Medicaid drugs. The amended legislation does not include the proposed surcharge on high-cost drugs, but authorizes DOH to require supplemental rebates to be paid by the manufacturers of certain high-cost Medicaid drugs, if State DOH Medicaid drug spending growth exceeds target levels for SFYs 2017-18 and 2018-19 as established in the legislation. Projected State savings associated with the supplemental rebates, as amended, remain unchanged at \$55 million in SFY 2017-18.

The Enacted Budget also reauthorizes the Health Care Reform Act (HCRA) for three years, through March 31, 2020, including provisions to continue the collection of HCRA surcharges and assessments, which finance a significant portion of State Medicaid spending and various public health programs.

The Enacted Budget also omits Executive Article VII proposals to: reduce DOH General Public Health Work reimbursement to New York City from 36 percent to 29 percent, restoring \$11 million to the City; mandate commercial insurance coverage for Early Intervention services, restoring \$3.9 million in State funding for this program; establish a work group and stakeholder engagement process to modernize the State's health regulations; increase cost-sharing requirements for the Essential Plan; and regulate non-Medicaid pharmacy benefit managers.

## ***Human Services / Labor***

The Enacted Budget provides \$68.8 million in net additional State and federal appropriations for the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA) compared to the Executive Budget, increasing All Funds appropriations for OCFS by \$64.2 million and for OTDA by \$4.6 million. The Budget also provides \$15.3 million in additional State funding authorizations for the Department of Labor (DOL) to support various employment and training programs, and \$3.3 million in net additional State appropriations for various community services programs operated by the State Office for the Aging (SOFA). The Budget also adopts, amends and omits various Article VII human services proposals included in the Executive Budget.

The Enacted Budget provides \$2.6 million in additional State funding for a number of OTDA employment and economic support programs, including \$1.5 million for the disability advocacy program (which provides legal representation for individuals whose federal disability benefits have been denied or discontinued), \$835,000 for various other initiatives and \$300,000 for the Safety Net Assistance program.

The Budget also decreases OTDA federal Temporary Assistance for Needy Families (TANF) funding for OCFS child care subsidies by \$19.7 million, offset by an equal increase in State funding as described below. It redirects the \$19.7 million in federal TANF funding to various other OTDA employment and economic support programs, including:

- \$8.5 million for child care subsidies and child care facilitated enrollment pilot programs for working families in Brooklyn, Queens, the Bronx, the Capital Region, and Monroe and Oneida counties.
- \$4.0 million for technology-assisted learning programs.

- \$2.9 million for the career pathways program (which provides education, training and job placement for low-income New Yorkers age 16 and older).
- \$800,000 to help individuals and families obtain higher education with a goal of escaping poverty.
- \$700,000 for the family assistance and emergency assistance to families program.

The Enacted Budget also provides \$2 million for OTDA programs to help refugees attain economic self-sufficiency and reduce reliance on public assistance benefits.

The Budget provides \$39.7 million in additional State funding for OCFS child care subsidies in SFY 2017-18, including the \$19.7 million offsetting federal TANF funding as noted above. It also provides an additional \$1.5 million for facilitated enrollment in child care programs in Manhattan, as well as Onondaga and Erie counties.

The Budget provides \$23.0 million for additional OCFS family and children's services, including:

- \$3.0 million for long-term safe houses for sexually exploited children.
- \$2.5 million for the Advantage After School program.
- \$2.2 million for child advocacy centers.
- \$1.9 million for local agencies supporting caretaker relatives of a minor child.
- \$1.5 million for youth development programs.
- \$758,000 to reimburse local social services districts for improving staff-to-client ratios in their child protective workforce.
- \$11.0 million in various other initiatives.

The Enacted Budget accepts Executive Budget proposals to reduce State reimbursement for local social service districts' costs for children in foster care, and to shift to the City of New York foster care tuition costs and fiscal responsibilities associated with Committee on Special Education placement decisions for children in the City. These initiatives were projected in the Executive Budget to increase local social service districts' costs by \$29.3 million (\$15.8 million in New York City) in 2017 and \$82.9 million (\$63.4 million in New York City) in 2018. The Budget omits an Executive proposal to require federal social services block grant funding to be used for child care subsidies, which would have reduced funding historically set aside for statewide senior citizen centers by \$27 million.

The additional DOL funding supports various initiatives, including nearly \$7.0 million for the New York State AFL-CIO Workforce Development Institute, \$1.6 million for disabled homemaker services, \$980,000 for the Chamber on the Job Training program to assist employers in certain areas in providing occupational, hands-on training for their current employees, \$750,000 for the Manufacturers Association of Central New York, \$500,000 for the Solar Energy Consortium, and \$500,000 for the Brooklyn Jobs Initiative of the Brooklyn Chamber of Commerce.

The net additional SOFA funding of \$3.3 million provides:

- \$1.1 million for local transportation services for the elderly.

- \$875,000 for the Community Services for the Elderly (CSE) grant program, partially offsetting a \$1.1 million reduction in CSE funding which was shifted to support local transportation services for the elderly.
- \$500,000 to sustain and expand Lifespan of Greater Rochester's elder abuse prevention and intervention initiative, as well as related data collection and reporting.
- \$1.9 million in various other initiatives.

The Enacted Budget adopts Article VII legislation proposed by the Executive to extend the State's current child welfare financing structure for five years. This structure provides 62 percent State reimbursement for child protective and preventive services, as well as for local adoption administration and independent living expenses, and a block grant for foster care placements.

The Enacted Budget omits Article VII proposals to: increase the amount of lottery winnings the State can recoup from current and former public assistance recipients from 50 percent to 100 percent of such winnings; enhance the State's ability to recover unpaid wages by extending liability for wage theft to the top ten shareholders of out-of-state limited liability companies, and authorizing DOL to enforce such liabilities; and consolidate administrative law judge hearing functions housed within various State agencies.

## ***Mental Hygiene***

The Enacted Budget provides a total of \$45.7 million in additional State appropriations for the Office of Alcoholism and Substance Abuse Services (OASAS), the Office of Mental Health (OMH) and the Office for People with Developmental Disabilities (OPWDD) compared to the Executive Budget. Enacted appropriation levels for other Mental Hygiene agencies – the Justice Center for the Protection of People with Special Needs and the Developmental Disabilities Planning Council – are unchanged compared to the Executive Budget. The Enacted Budget includes amended Article VII legislation related to the Executive proposal to eliminate the human services cost-of-living adjustment (COLA) for SFY 2017-18.

Additional appropriations are provided to support 3.25 percent salary increases for direct care and direct support workers at State-funded nonprofit agencies starting January 1, 2018. These appropriations include \$11.3 million for OPWDD, \$1.7 million for OMH, and \$921,000 for OASAS. Article VII legislation authorizing these increases eliminates a previously enacted COLA for various human services agencies, including those funded by OPWDD, OMH and OASAS, which they would have received in SFY 2017-18. The legislation, as amended, also eliminates the COLA for SFY 2018-19 for agencies funded by OPWDD, OMH and OASAS. Funding for the January 2018 salary increases and for another 3.25 percent salary increase for the same individuals and clinical staff, starting April 1, 2018, is intended partly to assist such agencies in attracting and retaining qualified staff.

The Budget provides \$19.0 million in net additional appropriations for OMH, including \$10 million in capital funding for not-for-profit agencies to support the preservation, restructuring or expansion of children's behavioral health services. It also provides a net additional \$6.9 million for adult services. These additions are partially offset by elimination of \$850,000 included in the Executive Budget proposal to establish restoration-to-competency programs within locally operated jails for felony-level defendants awaiting trial.

The Enacted Budget provides \$13.4 million in additional appropriations for OASAS, including \$10 million in capital funding to support facilities for treatment, recovery and prevention of heroin and opiate use and addiction disorders. The funding, which includes housing services for affected populations, is exempted from contract review conducted by the Office of the State Comptroller and from the competitive bidding or request for proposal process.

The Budget also provides \$2 million for additional substance abuse prevention and intervention specialists in the New York City Education Department, and \$450,000 for several community treatment initiatives.

The Enacted Budget provides \$13.4 million in additional appropriations for OPWDD, \$11.3 million of which is for the above-referenced salary increases for direct care and direct support professionals and \$2.1 million is for various initiatives, including \$840,000 for pilot programs with State employee labor organizations in support of community-based care opportunities such as respite, supported employment and community pre-vocational services.

The Enacted Budget omits Executive Budget Article VII legislation that would have authorized establishment of voluntary jail-based restoration-to-competency programs within locally-operated jails and State prisons operated by DOCCS for felony-level defendants awaiting trial.

## ***Economic Development***

The Enacted Budget appropriates \$2.8 billion in the Department of Economic Development (DED) and the Urban Development Corporation (UDC) for economic development purposes. While the Budget accepts appropriation levels proposed by the Executive for State Operations, it increases those for Capital Projects and Aid to Localities by \$175 million and \$11.9 million, respectively, over the Executive Budget. It also includes new reporting requirements with regard to certain State economic development initiatives while eliminating an existing requirement for reporting on the START-UP NY program.

Within DED, the Budget increases Aid to Localities funding by \$4.3 million over the Executive Budget. Funding for the Centers of Excellence program is increased by \$1.3 million, for a total of \$10 million, to provide \$1 million to each of the existing ten centers historically funded through this program. The Budget restores \$250,000 for the Center of Excellence in Atmospheric and Environmental Prediction and Innovation at the University at Albany, funding for which was newly added in the SFY 2016-17 Enacted Budget, and provides \$500,000 for a new Center of Excellence in Precision Responses to Bioterrorism and Disaster at the New York Medical College. Additional funding of \$609,000 is provided for the technology development organization matching grant program.

The Enacted Budget accepts Executive proposals to provide \$7 million in funding for the Market NY program and \$1.45 million for the promotion of agritourism and the State's food and beverage products through the following three entities: \$500,000 to the Cornell Cooperative Extension of Broome County, \$350,000 for the Montgomery County Chapter of NYSARC and \$600,000 to the Cornell Cooperative Extension of Nassau County. The Budget also provides \$1.7 million in additional funding, which includes:

- an additional \$700,000 for local tourism matching grants, bringing total funding to \$4.5 million;

- \$200,000 for the Finger Lakes Tourism Alliance;
- \$200,000 for the North Country Chamber of Commerce related to the North American Center of Excellence for Transportation Equipment;
- \$150,000 for the Chautauqua Regional Economic Development Corporation related to the 2017 LECOMP/PGA Health Challenge Golf Tournament;
- \$100,000 for a regional economic gardening program to provide technical assistance for expanding businesses in the Finger Lakes;
- \$100,000 for tourism initiatives in the Town of East Hampton;
- \$80,000 for Dream It Do It Western NY, Inc.; and
- \$50,000 for the Brooklyn Chamber of Commerce.

The Enacted Budget increases Aid to Localities funding for UDC by \$7.5 million above the Executive proposal, primarily reflecting new projects. The Budget accepts the Executive proposal for \$69.5 million for tourism and business marketing, including Open for Business, START-UP New York, and the Global NY initiative. The appropriation also includes language to require any advertising contracts over \$5 million funded from the appropriation and entered into by UDC or DED to include outcomes and specific targets, goals and benchmarks for evaluating performance outcomes for the advertising contract. The language also requires the Department to monitor each contract, evaluate the performance outcomes of the contract and issue an annual report on the cost-effectiveness of the advertising contract.

The Budget accepts the proposed funding of \$26.2 million for the Economic Development Fund (EDF) and increases the Federal Community Development Financial Institutions Program funding by \$300,000. Funding of \$7.2 million added in the Enacted Budget includes:

- \$3 million for military base retention;
- \$1 million for the Beginning Farmers New York Fund;
- \$850,000 for the Bronx Overall Economic Development Corporation;
- \$500,000 for the Brooklyn Chamber of Commerce;
- \$400,000 for the Center State Corporation for Economic Opportunity;
- \$250,000 for the Carnegie Hall Corporation;
- \$250,000 for the Kingsbridge Riverdale Van Cortlandt Development Corporation;
- \$200,000 for Adirondack North Country, Inc.;
- \$110,000 for Watkins Glen International;
- \$100,000 for Canisius College;
- \$100,000 for the North Country Chamber of Commerce;
- \$100,000 for the New Bronx Chamber of Commerce, Inc.;
- \$75,000 for the Town of Tonawanda for an industrial water usage study;
- \$75,000 for the Black Institute, Inc.;
- \$75,000 for the Association of Community Employment Programs for the Homeless, Inc.;
- \$75,000 for Camba, Inc.;
- \$50,000 for Asian Americans for Equality, Inc.; and
- \$25,000 for the World Trade Center Buffalo Niagara.

The Enacted Budget provides \$2.6 billion in Capital Projects appropriations, an increase of \$175 million from the Executive proposal. The Budget accepts the following appropriations as proposed by the Executive:

- \$700 million for Moynihan Station in New York City;
- \$150 million for the Regional Council Capital Fund;
- \$110 million for the SUNY/CUNY 2020 Challenge Grant Program;
- \$108 million for the Kingsbridge Armory;
- \$33 million for the New York Power Electronics Manufacturing Consortium;
- \$8 million for the Market NY program;
- \$5 million for the Clarkson-Trudeau Partnership;
- \$2.3 million for professional football in Western New York; and
- \$2 million for upgrades to drinking water treatment systems in the City of Auburn and the Town of Owasco.

The Enacted Budget eliminates the Executive proposal to provide \$1 million for a memorial for the June 2016 terrorist attack that occurred in Orlando, Florida. It also amends other Executive Budget proposals as follows:

- New York Works Economic Development Fund
  - Increases the appropriation from \$199 million to \$200 million.
  - Eliminates design-build provisions.
- Cultural Arts and Public Spaces Fund
  - Retains funding of \$10 million.
  - Allows funding to be suballocated to the New York State Council on the Arts.
- Strategic Projects Program
  - Renames the program as the SUNY Polytechnic Strategic Projects Program.
  - Retains funding amount of \$207.5 million.
  - Funding is for economic development projects and initiatives related to SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering (CNSE) to ensure completion of ongoing projects and initiatives including advanced photonics research and manufacturing in Rochester and a semiconductor research and development partnership at the SUNY Polytechnic Institute CNSE in Albany. Funds from this appropriation are available for, but not limited to, services and expenses of the SUNY Polytechnic Institute CNSE, Fuller Road Management Corporation and Fort Schuyler Management Corporation.
  - Subjects funding to approval of the Director of the Division of the Budget and the CEO of UDC.
- Life Sciences Laboratory Public Health Initiative
  - Retains funding of \$150 million.
  - Requires the lab to be located within the Capital District.
  - Eliminates design-build provisions within the appropriation. However, Article VII language is added to allow design-build procurement for the Life Sciences Laboratory project (for additional information related to the Infrastructure Investment Act and Design-Build procurement see the Debt and Capital, Public Authorities and Transparency and Accountability sections of this report).

- Requires the plan for the lab to be developed by the CEO of UDC and the Commissioner of Health, and approved by the Public Authorities Control Board (PACB).
- Requires any construction contract over \$5 million to be reviewed and approved by PACB.

The Enacted Budget provides \$155 million in new capital funding, as follows:

- \$70 million for the Restore NY Communities Initiative;
- \$20 million for heavy equipment for use in snow and ice removal on State highways and preventative maintenance on State roads and bridges;
- \$45 million for renovations to Long Island Railroad (LIRR) stations; and
- \$20 million for the LIRR Brookhaven connection.

The Enacted Budget also includes appropriations for UDC from the Dedicated Infrastructure Investment Fund (DIIF). A \$400 million appropriation from the DIIF is provided for Phase II of the Buffalo Billion initiative. A \$320 million DIIF appropriation is also provided for a Life Sciences Initiative, an increase of \$20 million from the Executive proposal (separate from the \$150 million laboratory appropriation described above). Of this funding, \$200 million is for traditional grants or loans and \$100 million is for venture capital investments. The capital investments cannot exceed \$10 million per year. The remaining \$20 million is to be used to fund bioscience research labs and academic medical centers.

The SFY 2016-17 Enacted Budget provided \$638 million in capital funding for the Nano Utica project. This year's Enacted Budget provides an amended reappropriation allowing the funding to be used for economic development projects throughout Oneida County.

In addition, the SFY 2015-16 Enacted Budget created the Transformative Investment Program and provided \$400 million in capital funding for projects on Long Island or in New York City. The following year's Budget amended this program to specifically identify certain projects for which the funding can be used. The SFY 2017-18 Enacted Budget amends the reappropriation again to re-allocate the funding, as follows:

- Increases funding for the renovation and expansion of MacArthur Airport from \$6 million to \$20 million;
- Provides \$20 million for the Smithtown Business District Sewer Improvement Area, \$20 million for the Kings Park Waste Water Treatment Facility, and \$15 million for the Cryo-Electron Microscopy facility at the Brookhaven National Laboratory; and
- Decreases the funding for all other projects from \$219 million to \$150 million.

The Enacted Budget accepts the Executive proposals to extend both the EDF and the general loan powers of UDC for one year. The Budget also adds a new provision to extend the designation of a New York State incubator or Innovation Hot Spot by three years to those business incubators that are currently designated under the program but have not exhausted their grant awards. The Budget also creates the Life Sciences Initiatives Program, which will provide financial support through loans and grants to life science businesses across the State. UDC will be required to submit a report on the program to the Governor and the Legislature by October first of each year, beginning in 2018. The report is to include the operations and

accomplishments of the program as well as the economic impact of the businesses receiving funding.

While the Budget accepts proposed capital funding for the Life Sciences Initiative Program, a proposal for related tax credits was amended to allow a credit only for research and development expenses, eliminating the angel investor tax credit. The research and development credit will be available for three years rather than the proposed five years. The maximum amount of credits that can be taken in any tax year remains at \$10 million as proposed.

The Enacted Budget omits the Executive proposal to rename the START-UP NY program as the Excelsior Business Program. However, the Budget does make changes to the Excelsior Jobs Program, reducing the net new job requirement by at least 50 percent for each qualifying industry. Excelsior Jobs is also amended to statutorily define “significant capital investment” for purposes of program eligibility rather than having it defined under regulation.

The Enacted Budget requires DED to complete and post on its website a comprehensive economic development report annually by January first. The report must include all economic development assistance granted by UDC and DED, including tax expenditures, marketing and advertising, grants, and loans. Other required elements include progress, participation rates, economic impact, regional distribution and industry trends for each economic development program. The Budget does not specify how these components will be measured. In addition, the Budget eliminates the annual reporting requirements for the START-UP NY program.

## ***Gaming***

The Enacted Budget accepts the Executive’s proposed Aid to Localities appropriations for the New York State Gaming Commission, and increases the State Operations appropriation by \$100,000. The latter reflects an increase in the appropriation for the New York Racing Fan Advisory Council from \$100,000 to \$200,000.

The enacted Aid to Localities Budget bill increases funding for Local Government Assistance by \$2.25 million to reflect a payment to Madison County for the local share of Oneida Nation casino revenues under the Tribal State Compact. Currently, under the Tribal State Compact, a portion of the revenues from the Oneida Nation’s casinos are allocated only to Oneida County. The new allocation reflects the expansion of the Nation’s casino operations to Madison County with the opening of the Yellow Brick Road casino.

The Budget accepts the following Article VII legislation proposed with the Executive Budget:

- a one-year extension of the authorization for video lottery gaming operators to earn capital awards intended to encourage facility upgrades and improvements;
- a one-year extension of certain tax rates and simulcasting provisions;
- a one-year extension of the Monticello Raceway video lottery terminal (VLT) rates; and
- a reduction in the length of the winter racing meet at Aqueduct to less than 95 days if agreed to by the New York Thoroughbred Breeders, Inc., the New York Thoroughbred Horsemen’s Association, and the Gaming Commission.

The Budget omits Article VII provisions that would have allowed racing after sunset at Belmont Park and changed the distribution of local gaming aid.

The Enacted Budget adds a new provision to provide workers' compensation through the Jockey Compensation Fund to employees of licensed trainers and owners. The Budget amended the Executive proposal that would have allowed a competitive procurement process for entities that provide equine testing and imposed an assessment on horsepersons and racetracks for such testing. The amendments include the following:

- Equine testing will remain at Morrisville College.
- An assessment could be charged only if there is a deficit in the Racing Regulation Account. The assessment would be imposed on each racetrack proportionate to the number of starts at each track, and may be paid directly to the testing laboratory.
- The Gaming Commission is required to submit an annual report to the Director of Budget and the Legislature on the cost of equine testing and the balance of the Racing Regulation Account.

The Enacted Budget restructures the board of the New York Racing Association (NYRA), including the following provisions:

- Maintains the number of voting board members at 17, each having a three-year term, as follows:
  - Two each appointed by the Governor, the Temporary President of the Senate, and the Speaker of the Assembly;
  - Eight appointed by the Executive Committee of the existing NYRA reorganization board;
  - The president and chief executive officer of NYRA;
  - One appointed by the New York Thoroughbred Breeders, Inc.; and
  - One appointed by the New York Thoroughbred Horsemen's Association.
- Board members must have knowledge of the communities and marketplace in which NYRA operates.
- Board members cannot be publicly employed.
- Board members appointed by the NYRA reorganization board must have a racetrack management license to vote on any board matter.
- The Franchise Oversight Board is provided additional oversight responsibilities related to NYRA's financial position, if the financial position deviates significantly from NYRA's financial plan or if the financial plan poses a risk to NYRA's liquidity. This oversight may include the submission of a corrective action plan, the use of an independent financial adviser, and the impoundment of racing support payments.

## ***Transportation***

### *Department of Transportation*

The Enacted Budget modifies the Executive proposal, as amended, for the Department of Transportation (DOT) by increasing All Funds appropriations from \$11.9 billion to \$12.1 billion, an increase of \$238.5 million, or 2.0 percent. This change consists of a \$225 million increase

in State-funded capital appropriations, for a total of \$6.9 billion, and a \$13.5 million increase in local assistance appropriations, for a total of \$5.2 billion.

The increases in capital appropriations include an additional \$140 million for various New York Works programs (\$130 million for “transportation infrastructure and facilities of regional and community importance” and \$10 million for aviation). The Budget also increases local highway aid by \$65 million for Extreme Winter Recovery and funding for non-MTA transit capital projects by \$20 million. It reallocates \$6.4 million in Executive Budget capital projects appropriations for private firm engineering costs to DOT State workforce engineers.

The Enacted Budget retains the \$270 million increase to the New York Works appropriation for the five-year capital plan proposed in the Executive’s 30-day amendments for a total of \$503.2 million. Both this and the new \$130 million appropriation contain language that does not limit spending to the wide range of transportation projects and costs specified within. As in the Executive proposal, the Budget provides \$478 million for local highway and bridge projects through the Consolidated Highway Improvement Program (CHIPs, \$438.1 million) and Marchiselli program (\$39.7 million), both of which remain at SFY 2013-14 levels. The Executive and the Legislature have referred publicly to new or additional funding of \$100 million for PAVE-NY, though the Budget does not include specific appropriations or Article VII language regarding this funding.

The Budget modifies the Executive proposal to allow the Thruway Authority, DASNY or the UDC to issue an additional \$1.3 billion in bonds, or \$410 million over the Executive proposal (for a total of \$4.364 billion including previously authorized borrowing), for highway and bridge transportation infrastructure projects, along with aviation projects, non-MTA mass transit and rail service preservation projects.

The \$13.5 million increase in local operating aid under the Additional Mass Transportation Assistance Program (AMTAP) consists of \$3.5 million more for Verrazano Narrows Bridge toll rebates and an additional \$10 million for non-MTA transit agencies’ operations. The latter includes approximately \$4 million for upstate transit agencies and \$6 million for downstate transit systems.

The Enacted Budget makes permanent the current composition of Transportation and Transmission Tax revenues deposited to the Metropolitan Mass Transportation Operating Assistance Account (MMTOA) and the Public Transportation Systems Operating Assistance Account (PTOA) of the Mass Transportation Operating Assistance Fund. The Executive proposal to expand the authority of the Public Transportation Safety Board was not adopted.

#### *Dedicated Highway and Bridge Trust Fund*

The Budget accepts the proposed transfer of \$720 million from the General Fund to support the Dedicated Highway and Bridge Trust Fund (DHBTF), a decrease of 12.5 percent from the prior year, and transfers of certain revenues from special revenue funds to the DHBTF. It also includes an Executive proposal for a General Fund transfer of \$5 million for the State Police to provide work zone safety assistance to DOT.

## *Department of Motor Vehicles*

The Budget increases total funding for the Department of Motor Vehicles by \$1.6 million, or 0.5 percent, to \$344 million. This additional funding supports county traffic programs designed to stop driving while intoxicated.

The Budget waives replacement fees for lost or stolen non-driver identification cards and increases fees for reinstatement of driving privileges for nonresidents. It omits Executive proposals to increase fees for certificates and duplicate certificates of title, add fees for the issuance of REAL ID documents, and amend provisions of Vehicle and Traffic Law related to highway safety. The Enacted Budget modifies the Executive proposal to collect an additional \$3 million annually from the New York City Traffic Violations Bureau by limiting this provision to two years (expires April 1, 2019).

The Budget also authorizes tests of motor vehicles with autonomous vehicle technology during the current State fiscal year, with certain requirements including supervision by the State Police and insurance of at least \$5 million. The Commissioner of the Department of Motor Vehicle and the Superintendent of State Police are required to issue a report on any such tests by June 1, 2018.

The Budget creates an Office of the Inspector General of New York for Transportation. Additional information about this provision appears in the Public Authorities section of this report.

### *Ride-sharing*

The Enacted Budget modifies the Executive proposal to provide for and regulate the activity of transportation network companies (TNCs) – entities that provide ride-hailing or ride-sharing services – outside of New York City. Among other changes, the State gross receipts tax that TNCs are subject to decreases from 5.5 percent to 4 percent. The Budget does not include the Executive proposal to establish a local transit assistance fund to receive a share of revenues from taxes and other charges.

Cities and counties with populations of more than 100,000 (excluding New York City) may prohibit the operation of TNCs within their boundaries. The Budget also addresses workers compensation coverage for TNC drivers and insurance requirements for companies.

## **Agriculture**

The Enacted Budget provides \$228.7 million in All Funds appropriations for the Department of Agriculture and Markets, reflecting increases from the Executive Budget of \$11.4 million in Local Assistance, \$278,000 in State Operations and \$10 million in Capital Projects.

Local Assistance appropriations were increased to provide additional support to agricultural programs through the Agricultural Business Services Program, including the Agribusiness Child Development Program, the State Veterinary Diagnostic Laboratory at Cornell University, the Cornell Rabies Program, Cornell Hop and Barley evaluation and field testing, the Farm Viability Institute, and the Adirondack North Country Association's Farm to School initiatives. State Operations appropriations were increased to provide additional personal services support in the federal health and human services expenses component of the Consumer Food Services Program. The Capital Projects increases reflect additional appropriations of \$5 million to

support grants of up to \$200,000 for municipal fairgrounds and other facilities associated with the promotion of agriculture, and \$5 million to support grants to municipal animal shelters. These grants would be funded through borrowing by DASNY or UDC. The Executive Budget proposal exempting contracts associated with implementing the Taste NY program from review by the Office of the State Comptroller was omitted.

The Enacted Budget creates a tax credit equal to 25 percent of the fair market value of certain food donations by farmers to eligible food pantries or food banks. The maximum credit to any farmer is \$5,000, allowable against the PIT or the corporate franchise tax.

## ***Environment and Parks***

### *Environmental Conservation*

The Enacted Budget provides \$3.9 billion in appropriations for the Department of Environmental Conservation (DEC), reflecting increases from the Executive proposal of \$1.2 billion in Local Assistance and \$500 million in Capital Projects appropriations. Local Assistance appropriations increased to support grants to: Sustainable South Bronx; New York Restoration Project for Sherman Creek Wetland Restoration; Douglas Manor Environmental Association; Udall's Cove Preservation Committee; Ramapo Assessment Watershed Plan; Chautauqua Lake Association; Town of North Elba/ORDA; and the Beacon Institute for Rivers and Estuaries at Clarkson University.

Capital Projects appropriations increased from the Executive Budget to provide an additional \$500 million in support for clean water infrastructure projects, for a total of \$2.5 billion. The appropriation language allocates at least \$1.9 billion of this funding to certain water quality programs by either identifying a specific amount for such program or indicating that "not less than" a specific amount shall be provided for such program. In certain other instances, the appropriation provides funding for programs "up to" a specific amount. Beyond the \$1.9 billion referenced above, it is not clear how the remaining funding will ultimately be directed. Allocations include:

- Not less than \$1 billion for projects authorized by the New York State Water Infrastructure Improvement Act of 2017. Enacted Budget amendments in Article VII language include provisions defining eligible projects and establishing criteria for projects funded under the Act.
- Not less than \$245 million for nonagricultural, nonpoint source control projects, municipal wastewater treatment projects, and municipal separate storm sewer system projects, including up to \$25 million for proper management of road salt.
- \$200 million for projects in the New York City watershed.
- Not less than \$150 million for intermunicipal water infrastructure projects.
- Up to \$130 million for the remediation of contaminated sites.
- \$110 million for land acquisition for source water protection.
- \$100 million for municipal water quality assistance programs that do not qualify for or may require additional State support.
- Not less than \$75 million to upgrade or replace septic systems and cesspools.
- Up to \$50 million for green infrastructure projects.

- Up to \$50 million for water quality protection projects associated with concentrated animal feeding operations.
- Not less than \$20 million for replacement of lead drinking water service lines.
- Up to \$10 million for assistance to address waste water or drinking water infrastructure emergencies.
- Up to \$10 million for information technology systems related to water quality.

Bonding authorization for the Environmental Facilities Corporation (EFC) is increased by \$500 million above the Executive Budget proposal, for an increase of \$2.8 billion above the previously existing cap. As proposed in the Executive Budget, EFC is provided the authorization to finance the capital costs of clean water infrastructure projects.

The Enacted Budget contains an amended version of the Executive's proposal for an emerging contaminant monitoring program. Amendments include: outlining specific procedures to be used by the State Department of Health (DOH) in identifying emerging contaminants; specifying certain actions to be taken by the DOH and the DEC in responding to the detection of contaminants by a public water system; and requiring the DOH to include 1, 4-dioxane, perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA) on the list of emerging contaminants.

The Enacted Budget establishes a 12-member Drinking Water Quality Council (Council), comprising the Commissioners of the DOH and the DEC and other members with relevant expertise. The Council is charged with advising the DOH and the DEC on the emerging contaminant monitoring program, developing educational materials on private well testing, providing guidance on biomonitoring studies, and assisting with the development of an online water quality tracking and monitoring system. All of the Council's recommendations must be subjected to public notice and comment.

The Enacted Budget includes the Clean Water Infrastructure Act of 2017 largely as proposed by the Executive. Amendments to the Executive proposal include the addition of criteria for approval of land acquisition projects for source water protection, a requirement that remediation of certain solid waste sites and water contamination sites occur through the State Superfund program, and authorization for the EFC to provide water infrastructure emergency financial assistance and assistance from a septic system replacement fund.

The Enacted Budget contains Environmental Protection Fund (EPF) appropriations of \$300 million as proposed in the Executive Budget. The Enacted Budget amends certain of the Executive proposal's program allocations with increases and decreases as follows:

- Increases funding for:
  - Open space projects, \$3.3 million.
  - Non-agricultural non-point source projects, \$1 million.
  - The invasive species task force, \$1 million.
  - Environmental justice projects, \$1 million.
  - Waste water treatment projects, \$250,000.
  - Long Island Central Pine Barrens Planning, \$200,000.
- Decreases funding for:
  - Climate Smart Communities projects, \$2 million.
  - Agricultural non-point source pollution, \$2 million.

- The Hudson River Park Trust, \$600,000.
- Secondary materials regional marketing assistance, \$500,000.
- Pesticide pollution prevention, \$500,000.
- Environmental health projects, \$500,000.
- Climate adaption projects, \$400,000.
- Greenhouse gas emissions reductions outside the power sector, \$300,000.

The Enacted Budget includes the Executive proposal to increase the State share of waterfront revitalization projects from 50 percent to 75 percent, and is modified to increase the State share of such projects to 85 percent in areas designated as environmental justice communities.

The additional \$28 million appropriation proposed in the Executive's 30-day amendments for improvements to ski centers operated by the Olympic Regional Development Authority is included in the Enacted Budget.

The Executive proposal to create a new climate change mitigation and adaptation account in the EPF is included in the Enacted Budget with amendments. These include provisions amending the amount of required payments of unclaimed container deposits to the EPF and extending the period during which Nassau and Suffolk counties may retain 25 percent of fines and penalties associated with enforcement of New York State's container deposit law.

The Budget extends DEC authorization to collect pesticide registration fees of \$600 for products with gross annual sales of \$3.5 million or less and \$620 for all others until July 1, 2020. These fees were due to decline to \$50 after July 1, 2017. After July 1, 2020, the extended fees are scheduled to revert to \$50. In addition, the repeal date of a provision of the State pesticide registration law establishing timeframes for review of certain pesticide registration applications was extended from July 1, 2017 to July 1, 2020.

The Enacted Budget further extends the compliance date for the use of best available retrofit technology for reducing emissions from heavy duty diesel powered vehicles operated by or on behalf of the State, along with certain other related requirements, from December 31, 2017 to December 31, 2018. The compliance date for this requirement established in Chapter 629 of the Laws of 2006, intended to reduce exposures to hazardous constituents of diesel exhaust, has been extended every year since 2008.

The Executive proposal to create a New York Environmental Protection and Spill Remediation account in the miscellaneous capital projects fund is included in the Enacted Budget as proposed.

### *Parks*

The Enacted Budget provides \$444.7 million in All Funds appropriations for OPRHP, reflecting an increase of \$1 million in Local Assistance appropriations over the Executive proposal. The increase supports local assistance grants to the Poppenhusen Institute, the Queens Historical Society, the Historic Hudson Hoosic Rivers Partnership, the Alley Pond Environmental Center, the Women's Suffrage Centennial Celebration, the Staten Island Zoological Society, the City Parks Foundation, the West Indian American Day Carnival Association, and the Snug Harbor Cultural Center. State Operations and capital projects appropriations are at the same level as the Executive Budget proposal.

The Enacted Budget includes capital appropriations of \$77 million in the New York Power Authority budget and \$123 million in the Hudson Valley Greenway Communities Council

Budget to support the development of the Empire State Trail, as proposed in the Executive Budget.

## ***Energy***

### *NYSERDA*

Enacted Budget provides \$15.6 million in appropriations for the New York State Energy Research and Development Authority (NYSERDA), as proposed in the Executive Budget.

The Executive proposal to fund certain NYSERDA programs off-budget through an assessment on electric and gas utilities of up to \$19.7 million was included in the Enacted Budget with slight amendments. The Enacted Budget increased funding allocated to the University of Rochester Laboratory for Laser Energetics by \$75,000 to \$825,000. Transfers of funding to DEC and the Department of Agriculture and Markets were included as proposed in the Executive Budget.

The Enacted Budget accepts, with amendments, an Executive proposal to authorize the Department of Agriculture and Markets, the Department of State, OPRHP and DEC to have costs of participating in Department of Public Service (DPS) proceedings reimbursed through an assessment on utilities. The Budget includes a provision clarifying that expenditures for power plant and transmission siting may not be recovered through assessments on telephone corporations.

The Enacted Budget provides for the creation of an Indian Point Closure Task Force. The Task Force is charged with annual reporting on fiscal, workforce, reliability and environmental impacts of the closure of Indian Point and monitoring the decommissioning of the plant.

The Enacted Budget amends the statute establishing the Electric Generation Facility Cessation Mitigation Fund (Fund), administered by UDC. Amendments to the statute include increasing the overall amount that can be awarded from this program by \$15 million from \$30 million to \$45 million and increasing from five to seven years the period that a local government (including school districts and special districts) may receive assistance from the Fund. In addition, NYSERDA is authorized and directed to, for the State Fiscal Year beginning April 1, 2020, provide UDC an additional \$15 million in Regional Greenhouse Gas Initiative (RGGI) allowance auction revenues for the purpose of this program. Article VII language in the Enacted Budget for SFY 2016-17 also provided for a transfer of \$30 million in RGGI funding for this purpose. Under this program, municipalities are eligible to receive up to 80 percent of lost revenues from the closure of a power plant in the first year during which they lose such income. Thereafter, the amount of assistance receivable by a municipality is reduced by 10 percent per year over 7 years.

The Budget also includes an Executive proposal to transfer to the General Fund \$23 million in proceeds of RGGI auctions. DOB has previously indicated that the \$23 million sweep to the General Fund will pay for costs related to clean energy tax credits, although there is no budget language establishing this connection.

### *Department of Public Service*

The Enacted Budget includes appropriations of \$101.4 million for DPS, as proposed in the Executive Budget.

## *Power Authority*

The Enacted Budget provides appropriations of \$335 million for the New York Power Authority, a reduction of \$35 million from the Executive proposal. This is due to the elimination of a \$35 million contingency appropriation that was proposed to address costs associated with State liabilities due to the sale of the James A. FitzPatrick Nuclear Power Plant from Entergy Corporation to Exelon Corporation. The \$258 million in appropriations associated with the New York Power Authority Asset Transfer Program and \$77 million in appropriations to NYPA for the Empire State Trail are included as proposed in the Executive Budget

## ***Housing***

The Enacted Budget provides \$816 million in All Funds appropriations for the Division of Housing and Community Renewal (DHCR), reflecting increases of \$15 million in Capital Projects and \$375,000 in Local Assistance appropriations and a decrease of \$4.5 million in State Operations appropriations as compared with the Executive proposal. The increase in Local Assistance appropriations supports grants to Community Voices Heard, Inc., and Neighborhood Housing Services of Queens, CDC Inc. The increase in Capital Projects appropriations increases the Housing Program appropriation to \$541.5 million. The decrease in State Operations reflects the elimination of specific appropriation support for the Tenant Protection Unit in the Rental Assistance Program.

In addition, Housing Program appropriation language is amended to require an annual report by the Commissioner of DHCR to the Director of the Budget, the Speaker of the Assembly, and the Temporary President of the Senate, related to projects funded with Housing Program appropriations in the Enacted Budgets for SFY 2016-17 and SFY 2017-18.

Funding levels for certain programs funded in the Housing Program in the Enacted Budget are amended from those in the Executive proposal. These include:

- Funding for new construction or adaptive reuse of certain affordable rental housing is reduced by \$129 million from the Executive proposal to a total of \$472 million.
- Rehabilitation of multi-family rental housing under a regulatory agreement is reduced by \$31 million to \$146 million.
- Funding for rehabilitation and preservation of Mitchell-Lama housing is reduced by \$25 million from the Executive proposal to \$75 million. In addition, language is added to the appropriation for construction or rehabilitation of housing owned by public housing authorities to require notification to tenants of certain rights and to establish certain other lease requirements.
- \$100 million is added to the Executive Budget funding level for rehabilitation of housing owned by the New York City Housing Authority, bringing that appropriation to \$200 million.
- A new appropriation of \$100 million for preservation, restoration or creation of affordable housing units for certain households in New York City is included.

An amended version of the Executive proposal to reauthorize and rename the former 421-a tax credit program to promote developments that incorporate affordable housing is included in the Enacted Budget. The program's new name is the Affordable New York Housing Program. Changes from the Executive proposal include: eliminating the provision to allow only part of a

given residential project to be eligible; requiring that fines and penalties assessed for failures to meet payroll requirements established in the law are to be paid to the New York City Department of Housing Preservation and Development for use in providing affordable housing; establishing the City Comptroller as the sole authority to determine and enforce liability for violations of wage requirements and providing the City Comptroller with subpoena power to assist in investigations; and requiring that DHCR report in 2021 on evaluation of the program's economic impact on affordable housing development, job creation, and social opportunities, and its cost in lost tax revenues.

The Enacted Budget amends the Executive Proposal to use "excess" mortgage insurance funds for housing purposes by increasing the amount so used by \$13.5 million to \$155 million. In addition, funding amounts are revised in the Enacted Budget as noted below:

- Mitchell-Lama housing project rehabilitation, a reduction of \$1.5 million to \$39.5 million.
- Rural and Urban Community Investment Fund, a reduction of \$1.5 million to \$34.5 million.
- Four programs that were not included in the Executive Budget were funded at \$1 million each. The programs include: the Mobile and Manufactured Home Program; Non-Profit Land Trusts; Naturally Occurring Retirement Communities; and, Neighborhood Naturally Occurring Retirement Communities.

## ***Public Protection***

The Enacted Budget provides \$20.1 million in net additional State funding for the Department of Corrections and Community Supervision (DOCCS) and the Division of Criminal Justice Services (DCJS), compared to the Executive Budget, and reprograms \$4.8 million for the Office of Indigent Legal Services (ILS). In addition, it adopts and amends several Article VII proposals, including raising the age of criminal responsibility, while omitting several others.

Enacted funding levels for all other agencies the Division of the Budget includes in its Public Protection/Criminal Justice grouping – the Commission of Correction, the Division of Homeland Security and Emergency Services, the Commission on Judicial Conduct, the Commission on Judicial Nomination, Judicial Screening Committees, the Division of Military and Naval Affairs, the Division of State Police, the Statewide Financial System, and the Office of Victim Services – are unchanged compared to the Executive Budget.

The Budget provides \$17.9 million in additional State funding for various DCJS crime prevention and reduction programs, including \$2.9 million for law enforcement anti-drug and anti-violence programs, \$2 million for the Westchester County policing program, \$1.6 million for preventing domestic violence or aiding its victims, \$1.1 million for the New York State Defenders Association, \$750,000 for prisoners' legal services, \$730,000 for law enforcement and emergency services agencies for enhancements to equipment and technology, \$500,000 for alternative to incarceration programs, and various other initiatives. It omits Executive Budget proposals to provide DCJS \$300,000 for developing a bail reform risk assessment tool and \$100,000 for developing administrative guidance for ensuring citizens' right to a speedy trial.

The Enacted Budget provides \$2.6 million for 39 full-time equivalent positions associated with maintaining the number of days that visitors are allowed at DOCCS maximum security

correctional facilities, rejecting an Executive proposal to limit such visiting days. In addition, the Budget transfers \$4.8 million in ILS funding from Aid to Localities to State Operations to support agency operations proposed for elimination in the Executive Budget, and makes revisions to the Article VII proposal relating to indigent legal services.

The Enacted Budget requires ILS to develop and implement written plans to ensure counsel at arraignment for criminal defendants who are eligible for publicly funded legal representation, caseload/workload standards for each provider of such representation, and initiatives to improve the quality of indigent defense such as training of attorneys. Under the Executive Budget proposal, the plans were subject to DOB approval. The Enacted Budget limits DOB approval to the projected fiscal impact of the appropriations required to implement the plans. The Enacted Budget requires ILS to complete the written plans by December 1, 2017 and requires counties and New York City, in consultation with ILS, to make good faith efforts to implement the plans, with full implementation and adherence by April 1, 2023. The Enacted Budget provides that the State shall reimburse counties and the City of New York for any additional costs incurred as a result of implementing such plans.

The Enacted Budget amends Article VII legislation to raise the age of criminal responsibility to 18 years of age, including provisions that:

- Raise the age from 16 to 17 years on October 1, 2018, instead of January 1, 2019 as proposed in the Executive Budget.
- Raise the age from 17 to 18 years on October 1, 2019, instead of the proposed January 1, 2020 as proposed in the Executive Budget.
- Prohibit holding of adolescent offenders under age 18 in New York City's Rikers Island facilities by October 1, 2018.
- Require the State to establish one or more adolescent offender facilities with enhanced security features and specially trained staff, to be managed by DOCCS with OCFS assistance.
- Does not require counties to contribute a local share of expenditures associated with increasing the age of juvenile jurisdiction, as long as they comply with the State's property tax cap. Counties that increase property tax levies by more than the tax cap may seek waivers from the Director of the Budget to avoid any local share of the additional costs, on a showing of financial hardship. New York City would not be required to contribute a local share if the State waives such local share based on a showing of financial hardship. The Executive Budget would have authorized reimbursement of local government costs only in counties outside New York City.
- Create a task force whose members, to be assigned by the Executive, monitor the overall effectiveness of the initiative.

The Enacted Budget adopts Executive Budget Article VII proposals to require video recording of interrogations for certain serious offenses, improve procedures to increase the reliability of witness identification of suspects, expand eligibility for victims of certain non-physical injury claims to receive reimbursement for crime-related expenses, and create a new reimbursable expense of "loss of savings" within the Office of Victim Services to benefit vulnerable elderly persons and incompetent or physically disabled persons.

The Budget amends a proposal to establish a hate crimes task force within the Division of State Police by requiring the task force to support law enforcement agencies in preventing,

investigating and detecting offenses committed due to a perception or belief regarding various personal characteristics.

The Enacted Budget omits Article VII proposals to reduce the penalty for publicly possessing a small amount of marijuana, update and modernize cybercrime penalties, allow the DOCCS Commissioner to set parole conditions for certain individuals, and remove mandatory prison terms for certain minor felony offenses.

## ***New York City***

The Enacted Budget increases general support to New York City's public schools by \$387 million for the school year beginning in September 2018, an increase of 4 percent. The enacted budget will shift some foster care and special education costs from the State to the City, which would increase the City's costs by an estimated \$34 million in City Fiscal Year (CFY) 2017 and by \$68 million in CFY 2018. The local share of costs associated with Enacted Budget legislation raising the age of criminal responsibility, which begins to take effect in CFY 2019, would be borne by the City unless the State waives such local share based on a showing of financial hardship. The Executive Budget included other proposals that would have adversely impacted the City's financial plan, but these initiatives were not included in the Enacted Budget.

The Affordable New York Housing Program, which replaces the expired 421-a tax abatement program, will provide real estate developers in New York City with property tax abatements for up to 35 years based on the number of affordable units created and whether they meet certain construction wage requirements. While the new program is not expected to adversely impact the City's budget during the current five-year financial plan period, it could reduce property tax collections in future years by more than the amounts anticipated under the expired 421-a tax abatement program.

## ***Metropolitan Transportation Authority***

The Enacted Budget increases operating funds to the Metropolitan Transportation Authority (MTA) by \$30 million in SFY 2017-2018, but the amount allocated on a calendar year basis is \$125 million less in 2017 than anticipated by the MTA in November 2016. The shortfall was accommodated in the MTA's February 2017 financial plan, which projects positive cash balances through 2020. The Budget allocates an additional \$150 million for MTA capital projects, \$65 million more than the Executive proposal.

## ***Local Governments***

The SFY 2017-18 Enacted Budget continues the recent trend of holding direct assistance to local governments flat, while also funding a number of competitive grants and infrastructure programs. It also requires that counties spearhead a new shared services planning initiative among their constituent municipalities. The Budget requires development of a plan by the Executive to reduce State funding in certain unspecified program areas if certain federal actions occur (see Financial Plan Overview section for more details). Any resulting changes in the State's spending could pose unpredictable challenges for local governments.

The Budget keeps Aid and Incentives for Municipalities (AIM) at \$715 million, as the Executive proposed, while Aid to Municipalities with Video Lottery Gaming Facilities (VLT Aid) is funded at \$28.9 million, a slight decrease from last year's \$29.3 million. Funding for local roads and bridges through the Consolidated Local Street and Highway Improvement Program (CHIPs) and Marchiselli Aid is held flat at \$438.1 million and \$39.7 million, respectively. An additional \$65 million is earmarked for Extreme Winter Recovery, allocated using the CHIPs formula. The Department of Transportation (DOT) is also expected to continue funding the local part of the PAVE NY program at \$100 million this year, and to provide \$150 million for local BRIDGE NY projects (\$50 million more than originally planned), although there is no discrete appropriation for either program.

The Enacted Budget requires each county outside New York City to form a panel consisting of the chief executive officer of the county and representatives from each city, town and village in the county. Each county must prepare a county-wide property tax savings plan intended to promote shared, coordinated and efficient services. The chief executive of the county may invite school districts, Boards of Cooperative Educational Services and special improvement districts to participate in the plan. The new law requires that, in developing the plan, the chief executive officer must consult with and take recommendations from representatives of the panel and collective bargaining units of each panel member, conduct at least three public hearings, and accept input from civic, labor and community leaders. Plans are subject to a vote of the panel, rather than a public referendum as was proposed in the Executive Budget. Prior to the vote, each local government panel member may remove from the plan any proposed action affecting his or her unit of government. Each plan may be eligible for a one-time State funding match of demonstrated shared-services savings realized by participating local governments. The county and all local governments that are part of any action to be implemented as part of the plan must apply collectively for matching funds and must agree on the distribution and use of the funds.

The Budget includes legislation to raise the age of criminal responsibility generally from 16 to 18, as detailed in the Public Protection/Criminal Justice section of this report. The legislation provides that counties outside New York City will not be required to contribute to additional costs associated with the statutory change if their most recently adopted budgets adhere to the State property tax cap. Counties that increase property tax levies by more than the tax cap may seek waivers from the Director of the Budget to avoid any local share of the additional costs, on a showing of financial hardship.

The Budget includes \$150 million to provide State assistance grants of up to \$10 million for up to 60 percent of the costs of intermunicipal water infrastructure projects sponsored by municipalities, local public authorities and public benefit corporations, among other entities, as part of the Clean Water Infrastructure Act of 2017. (See the Environment section of this report for more details.)

The Budget includes miscellaneous financial assistance to some municipalities for specific purposes, including some proposed by the Executive and others added in the Enacted Budget. Funding is continued for the Citizens Re-organization Empowerment Grants and the Citizen Empowerment Tax Credits with a shared appropriation of \$35 million, as well as \$4 million for the Local Government Efficiency Grant Program. An Article VII provision accompanying the Enacted Budget provides \$12.5 million for the City of Albany.

The Budget also increases funding for local governments and school districts suffering lost revenues due to the shutdown of an electric generating facility. It increases funding by \$15 million, to a total of \$45 million, and increases the authorized length of such payments from five to seven years. In addition, the Budget grants the Hendrick Hudson School District authority to establish a new reserve fund in anticipation of the future closure of the Indian Point nuclear power plant.

The Enacted Budget authorizes transportation network companies to engage in ride-sharing operations outside New York City (where ride sharing was previously authorized). Counties and certain large cities can opt out. Additional information appears in the Transportation section of this report.

## Public Authorities

### Borrowing Authorizations

The Enacted Budget increases bond caps (authorizations to borrow) for 23 programs financed through State-Supported debt issued by public authorities. As shown in Figure 8, bonding authorizations have increased by \$10.5 billion or 9.4 percent over previous limits. The increase is \$1.6 billion above that proposed by the Executive.

Figure 8

### SFY 2017-18 State-Supported Bond Caps / Authorizations

(in millions of dollars; in order of amount of increase from current cap)

| Program   | SFY 2017-18              |                  | SFY 2017-18      | Enacted                 | Enacted                  |
|---|--------------------------|------------------|------------------|-------------------------|--------------------------|
|   | Current Cap <sup>1</sup> | Proposed Cap     | Enacted Cap      | Change from Current Cap | Change from Proposed Cap |
| Environmental Infrastructure Projects                         | 2,108.3                  | 4,451.8          | 4,951.8          | 2,843.5                 | 500.0                    |
| Economic Development Initiatives                              | 4,671.8                  | 6,533.3          | 6,708.3          | 2,036.5                 | 175.0                    |
| Transportation Initiatives                                    | 3,065.0                  | 3,954.0          | 4,364.0          | 1,299.0                 | 410.0                    |
| Housing Capital Programs                                      | 4,697.5                  | 5,384.2          | 5,384.2          | 686.7                   | -                        |
| SUNY Educational Facilities                                   | 11,663.0                 | 12,343.0         | 12,343.0         | 680.0                   | -                        |
| Consolidated Highway Improvement Program (CHIPs)              | 9,147.2                  | 9,634.6          | 9,699.6          | 552.4                   | 65.0                     |
| CUNY Educational Facilities                                   | 7,588.4                  | 7,982.0          | 7,982.0          | 393.6                   | -                        |
| State and Municipal Facilities                                | 1,540.0                  | 1,540.0          | 1,925.0          | 385.0                   | 385.0                    |
| Mental Health Facilities                                      | 8,021.8                  | 8,372.8          | 8,392.8          | 371.0                   | 20.0                     |
| Prison Facilities   | 7,425.0                  | 7,741.2          | 7,741.2          | 316.2                   | -                        |
| Capital Restructuring Program                                 | 2,400.0                  | 2,700.0          | 2,700.0          | 300.0                   | -                        |
| State Office Buildings and Other Facilities                   | 509.6                    | 654.8            | 654.8            | 145.2                   | -                        |
| SUNY 2020 Challenge Grants                                    | 550.0                    | 660.0            | 660.0            | 110.0                   | -                        |
| Office of Information Technology Services                     | 364.8                    | 450.5            | 450.5            | 85.7                    | -                        |
| SUNY Upstate Community Colleges                               | 861.5                    | 914.6            | 914.6            | 53.1                    | -                        |
| Homeland Security   | 197.0                    | 250.0            | 250.0            | 53.0                    | -                        |
| Private Special Education                                     | 5.0                      | 30.0             | 55.0             | 50.0                    | 25.0                     |
| Youth Facilities  | 647.1                    | 682.9            | 682.9            | 35.8                    | -                        |
| Water Pollution Control (State Revolving Fund)                | 840.0                    | 875.0            | 875.0            | 35.0                    | -                        |
| Library Facilities  | 159.0                    | 173.0            | 183.0            | 24.0                    | 10.0                     |
| Division of Military & Naval Affairs                          | 27.0                     | 27.0             | 47.0             | 20.0                    | 20.0                     |
| Nonprofit Infrastructure Capital Investment Program           | 100.0                    | 100.0            | 120.0            | 20.0                    | 20.0                     |
| Division of State Police Facilities                           | 167.6                    | 173.6            | 173.6            | 6.0                     | -                        |
| Higher Education Capital Matching Grants                      | 240.0                    | 270.0            | 240.0            | -                       | (30.0)                   |
| <b>Total Public Authority Bond Caps with Enacted Changes</b>  | <b>66,996.5</b>          | <b>75,898.2</b>  | <b>77,498.2</b>  | <b>10,501.7</b>         | <b>1,600.0</b>           |
| <b>All Other Public Authority Bond Caps</b>                   | <b>45,222.4</b>          | <b>45,222.4</b>  | <b>45,222.4</b>  | -                       | -                        |
| <b>Total Public Authority Bond Caps</b>                       | <b>112,218.9</b>         | <b>121,120.6</b> | <b>122,720.6</b> | <b>10,501.7</b>         | <b>1,600.0</b>           |
| <b>General Obligation Bond Act Authorizations<sup>2</sup></b> | <b>19,185.0</b>          | <b>19,185.0</b>  | <b>19,185.0</b>  | -                       | -                        |
| <b>Total State-Supported Bond Caps/Authorizations</b>         | <b>131,403.9</b>         | <b>140,305.6</b> | <b>141,905.6</b> | <b>10,501.7</b>         | <b>1,600.0</b>           |

Sources: Division of the Budget, Office of the State Comptroller

Note: Totals may not add due to rounding.

1. The current cap reflects the amount previously authorized, some or all of which may already have been issued.

2. This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.

Several bond cap increases also include modified language allowing for new purposes. The two largest increases are:

- a \$2.8 billion increase in the Environmental Infrastructure Projects bond cap, along with new language authorizing bonds for clean water infrastructure projects; and
- a \$2 billion increase in the Economic Development Initiatives bond cap, along with new language authorizing bonds for State Fair projects, the Empire State Trail, the Moynihan Station project, the Kingsbridge Armory project, strategic economic development projects, the Cultural Arts and Public Spaces Fund, water infrastructure in the City of Auburn and the Town of Owasco, the life sciences laboratory public health initiative, not-for-profit animal rescue organizations, an arts and cultural facilities improvement program, the Restore New York’s Communities Initiative, heavy equipment, and economic development and infrastructure projects.

*Transfers and Other Budget Support*

As shown in Figure 9, the Enacted Budget authorizes a total of more than \$202 million in transfers and other uses of funds from public authorities. Of this, \$47.1 million is intended to provide General Fund support.

**Figure 9**

**SFY 2017-18 Transfers and Miscellaneous Receipts from Public Authorities**  
(in millions of dollars)

| <b>Public Authority</b>                                   | <b>Amount</b> |
|---|---------------|
| <b>Transfers and Receipts to the General Fund:</b>        |               |
| Dormitory Authority of the State of New York              | 22.0          |
| New York State Energy Research and Development Authority* | 25.1          |
| <b>Total to General Fund</b>                              | <b>47.1</b>   |
| <b>Transfers for Various Purposes:</b>                    |               |
| State of New York Mortgage Agency**                       | 155.0         |
| <b>Total from Public Authorities</b>                      | <b>202.1</b>  |

Source: Division of the Budget, Office of the State Comptroller

\* The NYSERDA transfer to the General Fund includes \$23 million from the proceeds of auctions of carbon dioxide emission allowances under the Regional Greenhouse Gas Initiative (RGGI), and up to \$913,000 to help offset debt service requirements related to the remediation of the Western New York Nuclear Service Center. In addition, \$1 million in support for the Department of Environmental Conservation’s Office of Climate Change and \$150,000 in support of the Department of Agriculture and Markets’ Fuel NY Program is authorized to be transferred to the General Fund, while \$825,000 for the University of Rochester Laboratory for Laser Energetics is authorized to be transferred directly. Historically, the Office of Climate Change and the Laboratory for Laser Energetics received funding through State Operations and Aid to Localities appropriations for NYSERDA; those appropriations were eliminated in the SFY 2015-16 Enacted Budget.

\*\* The SONYMA transfer includes \$2 million to the State Office for the Aging to reimburse costs associated with Naturally Occurring Retirement Communities and Neighborhood Naturally Occurring Retirement Communities. Such reimbursement could occur in SFY 2017-18, but not later than June 30, 2018.

The Budget also includes the transfer of “excess” reserves of the State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF) totaling \$155 million to the Housing Trust Fund Corporation (HTFC), the Homeless Housing and Assistance Corporation (HHAC), the Housing Finance Agency (HFA), the Municipal Bond Bank Agency (MBBA) and the State Office

for the Aging (SOFA) to fund various purposes. The MIF transfer amount is \$5 million higher than the amount authorized in the SFY 2016-17 Enacted Budget and \$13.5 million more than the Executive Budget. This increase over the Executive proposal reflects the inclusion of \$12.5 million for the City of Albany as well as certain other revisions. The transfer language for the City of Albany includes a provision to permit the Director of the Budget to request information regarding the use of funds, the finances and the operations of the City.

According to the SFY 2017-18 Executive Budget Financial Plan, the Executive Budget included \$193 million in savings for the State in the coming fiscal year related to a revision to the annual payment schedule to the New York Power Authority (NYPA), extending the terms through 2023. Until the Enacted Budget Financial Plan is released by DOB, which is expected shortly, it remains unclear if this savings is still anticipated.

### *Other Public Authority-Related Proposals*

The Executive Budget proposal to make the 2011 Infrastructure Investment Act permanent and to make other amendments was modified. The Enacted Budget extends the authorization for two years to 2019, and omits proposed provisions to extend the authorization for design-build procurement to include all State agencies and numerous other State and local entities. Instead, new language specifies that the term “authorized state entity,” for purposes of the statute, shall also include the Urban Development Corporation (UDC), the Dormitory Authority of the State of New York (DASNY), the Olympic Regional Development Authority (ORDA) and the Office of General Services (OGS), but only for certain specified projects of \$5 million or more. The projects are:

- Frontier Town (UDC);
- Life Sciences Laboratory (DASNY and UDC);
- Whiteface, Gore, Belleayre and Mt. Van Hoevenberg Transformative Projects (ORDA); and
- State Fair Revitalization Projects and State Police Forensic Laboratory (OGS).

These projects would be subject to provisions of law governing separate specifications and project labor agreements. Other design-build changes include:

- increasing the project cost minimum threshold for design-build projects from \$1.2 million to \$10 million for the Department of Transportation (DOT), the Office of Parks, Recreation and Historic Preservation (OPRHP) and the Department of Environmental Conservation (DEC);
- requiring requests for qualifications to include the relative weight of each criteria used to illustrate the capacity of entities to accomplish a given contract;
- requiring all requests for proposals (RFPs) to be scored according to criteria in the RFP and all scores to be posted on the contracting entity’s website.
- requiring entities submitting proposals to clearly identify trade secrets and proprietary information so they can be readily separated from the rest of the proposal; and
- modifying language to specify that the contract to be awarded should provide the best value to the authorized State entity rather than the State.

The Enacted Budget omitted proposed language which would have exempted design-build contracts from Office of State Comptroller review pursuant to Public Authorities Law Section

2879-a. For additional detail regarding design-build, see the Debt and Capital section of this report.

The Budget establishes the Life Sciences Initiatives Program, as described more fully in the Economic Development section of this report. UDC is required to produce an annual report on the operations and accomplishments of the program, including data on the economic impact of activities undertaken with State funds, federal funds procured, jobs created and maintained, and the average salary of jobs created and retained.

The Enacted Budget adds provisions requiring the Department of Economic Development (DED) to produce an annual comprehensive economic development report, due no later than December 31 (also detailed in the Economic Development section of this report). In addition, the Budget eliminates annual START-UP NY reporting requirements.

The Enacted Budget omits language proposed to create the Office of the New York Port Authority Inspector and instead creates the Office of the Inspector General of New York for Transportation. This new Office is given jurisdiction over the Metropolitan Transportation Authority (MTA) and the Port Authority of New York and New Jersey (PANYNJ), and is empowered to investigate and prosecute complaints regarding certain senior-level or managerial individuals concerning potential corruption, conflicts of interest, fraud, waste and abuse, recusals or failure to recuse or criminal activity. The Inspector General is to be appointed by the Governor.

The Budget authorizes the Power Authority of the State of New York (NYPA), the Canal Corporation and the Department of Transportation (DOT) to enter into shared services agreements to permit the sharing of employees, services and resources for emergency situations and extreme weather conditions for terms of up to ten days. This is similar to an authorization enacted in the SFY 2015-16 Budget for cooperation between DOT and the Thruway Authority, of which the Canal Corporation was a subsidiary at the time. Proposed language permitting agreements to support the operation and maintenance of the canal system was not adopted.

The Enacted Budget modifies an Executive proposal with the stated intention of deterring toll evasion, enhancing toll enforcement and maximizing toll collections by tolling authorities. Changes in the Enacted Budget are limited to the addition of language regarding reciprocal agreements concerning suspension or revocation of registrations for violations of toll collection regulations. A provision is also added requiring the Commissioner of Motor Vehicles, in consultation with certain public authorities, to submit a report on reciprocal compacts and agreements to the Governor and Legislative leaders.

Also included is authorization for the Environmental Facilities Corporation (EFC), as part of the Clean Water Infrastructure Act of 2017, to establish an Intermunicipal Water Infrastructure Grants Program to provide State assistance to municipalities for water quality projects that serve multiple municipalities. EFC is also authorized to provide water infrastructure emergency financial assistance and to establish and administer a septic system replacement fund.

The Electric Generation Facility Cessation Mitigation Fund, which provides relief for local governments that lose tax revenue because of an electric generation facility closure, is modified in the Enacted Budget. The amount available for the program through UDC is increased by \$15 million to a maximum of \$45 million. The additional amount is to be provided by NYSERDA

for the State Fiscal Year starting April 1, 2020. The authorized length of such payments is extended from five to seven years and new language provides a schedule of maximum potential awards.

The Budget establishes the Indian Point Closure Task Force, including members from NYSERDA and NYPA. Provisions also authorize public authorities to assist the Task Force with the consent of the authorities' boards or governing bodies.

Other provisions in the Enacted Budget include:

- an extension for two years of DASNY's authorization to enter into design and construction management agreements with DEC and OPRHP including a requirement to submit a report to the Governor and Legislative leaders;
- an extension for one year of UDC's authorization to administer the Empire State Economic Development Fund and of its power to grant general loans;
- an extension for four years of the NY-SUNY 2020 Challenge Grant Program for which UDC is authorized to issue bonds;
- an extension of Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises in State contracts until April 15, 2018. However, if a required disparity study is delivered to the Governor and Legislature on or before June 30, 2017, then these provisions would expire on December 31, 2018;
- making permanent the provisions allocating the Transportation and Transmission Tax collections between the Metropolitan Mass Transportation Operating Assistance Account (MMTOA) and the Public Transportation Systems Operating Assistance Account (PTOA);
- removing the provision that has prohibited the Thruway from issuing bonds at public sale unless they are sold by the State Comptroller; and
- capital funding of:
  - \$150 million for UDC for the Life Sciences Public Health Initiative which is modified from the Executive proposal to, among other changes, add reference to the geographic location of such initiative (Capital District) and require that the plan for such project and any construction project in excess of \$5 million from this funding be approved by the Public Authorities Control Board (as discussed above, this purpose is also added to the bond cap authorization language), and \$200 million for the New York Works Economic Development Fund;
  - \$77 million for NYPA for the Empire State Trail; and
  - \$41.5 million for ORDA, including \$10 million for maintenance and energy efficiency projects, \$20 million for projects at Whiteface and Gore Mountains and \$8 million for projects at Belleayre, accompanied by a corresponding increase in the bond cap for Economic Development, \$2.5 million through OPRHP as part of New York Works, including \$500,000 for Belleayre, and \$1.0 million appropriated through DEC, including \$500,000 for Belleayre.

Several Executive Budget proposals related to public authorities were omitted from the Enacted Budget, including:

- a proposal to restrict the scope of the independent review by the Office of the State Comptroller of the terms and conditions of bonds issued by certain public authorities, local governments and school districts at private sale;
- a proposal to reduce the board of the New York Local Government Assistance Corporation (LGAC) from seven to three members and exempt the Corporation from requirements to have an audit committee, governance committee and finance committee;
- proposals establishing the New York Buy American Act and the New York State Consolidated Laboratory Project Act;
- a proposal to expand the State Inspector General's power with respect to State procurements, including procurements by public authorities; and
- a proposal to create a Chief Procurement Officer, appointed by the Governor, to oversee all State procurements.

## ***Transparency and Accountability***

Transparency, accountability and independent oversight are keys to ensuring that taxpayer dollars are protected from waste, fraud and abuse, and that public access to important information regarding government activities is protected. These essential elements also help assure taxpayers that the State Budget is fiscally responsible and provides an honest representation of the State's spending plan. Provisions that weaken these protections leave public resources more vulnerable to misuse, and New Yorkers' confidence in their State government may suffer.

The Enacted Budget includes several proposals from the Executive Budget, as well as additional provisions added as a result of budget negotiations, that reduce government transparency, accountability, and oversight. The following summary provides an overview of these areas of concern.

- **Opaque budget process.** The process by which final agreements were reached lacked transparency in key ways. Limited time was provided for legislative and public scrutiny of important elements of bills authorizing billions of dollars in spending, along with far-reaching policy changes. The Legislature's Joint Budget Conference subcommittee process was designed in part to provide public disclosure of budget negotiations. Although Legislative conference committees met on Monday, March 20, after the Assembly and Senate had issued their one-house budget proposals the week before, no further public conference committee meetings were held.

On April 3, after missing the March 31 deadline for on-time budget adoption, the Legislature approved two "budget extender" bills. These included certain full-year appropriations and policy initiatives as well as continued funding for two months for governmental operations. Totalling approximately 1,700 pages, these bills were passed shortly after introduction using gubernatorial "messages of necessity" that bypass the three-day waiting period normally required by the State Constitution. Eight of the ten bills that make up this year's Enacted Budget were also passed by the Legislature with messages of necessity and with limited detail on their content disclosed publicly. While fiscal estimates for certain changes from the Executive Budget were made public, the Budget was adopted with minimal information as to its overall fiscal impact.

- **Use of lump-sum appropriations for Executive and Legislative initiatives.** The Enacted Budget continues the use of lump-sum appropriations, often through public authorities, which obscure how public dollars will be allocated, how they will be used and by whom. Major examples include:
  - **The State and Municipal Facilities Program.** The bond-financed State and Municipal Facilities (SAM) Program was first enacted in SFY 2013-14. Each of the past four enacted budgets, as well as this year's, have added \$385 million in appropriation and bonding authority for SAM. Such appropriations now total over \$1.9 billion, of which \$354 million has been spent. The allowed uses of such moneys include a wide range of economic development, education, environmental and other purposes. This year's Enacted Budget further expands the already broad listing of authorized entities and eligible purposes. The Budget does not include specific language to provide for the distribution of these moneys or specify the process by which such funds will be allocated. Also, because the appropriations are not made to any single agency or authority, the funds could flow to any State agency or public authority, further limiting transparency and accountability.
  - **New broad-scoped appropriations.** The Enacted Budget includes a new \$130 million New York Works appropriation for transportation infrastructure and facilities of regional and community importance to be accelerated pursuant to plans provided by the Speaker of the Assembly and the Temporary President and Majority Leader of the Senate. Projects must be consistent with DOT planning and engineering processes and posted to DOT's website. The appropriation is made available for a wide range of transportation infrastructure projects, including but not limited to State and local roads and bridges; airport, freight and passenger rail; port and transit projects; and multi-modal facilities. Funds could also be used for capital or operating purposes. Little additional detail is available regarding how these funds will be allocated.

The Budget also includes a \$200 million appropriation for the New York Works Economic Development Fund, as well as other lump-sum appropriations. Such programs use less transparent mechanisms to distribute public resources, providing little disclosure of allocation decisions, intended recipients, specific expenditures and the potential benefits of such spending for New Yorkers.

- **Reduced independent oversight.** Several Enacted Budget actions bypass existing statutory provisions intended to ensure procurement integrity, thereby creating risk of misuse of funds and higher costs. In certain instances, the competitive bidding process and the Office of the State Comptroller's contract review authority are eliminated. This independent review reduces the risk of waste, fraud and abuse. Examples where contract review and approval by the Office of the State Comptroller and competitive bidding requirements are avoided include the allocation of up to \$7.7 million in the Department of Health budget related to the Physician Loan Program and the Physician Practice Support and Diversity in Medicine initiatives. The Enacted Budget also provides a \$10 million capital projects appropriation for the Office of Alcoholism and Substance Abuse Services that bypasses both Office of the State Comptroller contract review and

the competitive bidding or request for proposal process. Another example is the additional \$500 million appropriation for the Health Care Facility Transformation Program, which authorizes payments or grants to be made to eligible applicants without competitive bidding or a request for proposals process.

However, several Executive Budget proposals to limit oversight by the Office of the State Comptroller were not adopted. The proposal to restrict the scope of the Office's independent review of the terms and conditions of bonds issued by certain public authorities, local governments and school districts at private sale was not included. Proposed changes to the Infrastructure Investment Act which would have eliminated the Comptroller's review of certain public authority contracts under Public Authorities Law Section 2879-a were also omitted.

- **Lack of clarity with respect to the level of spending and spending growth.** The Enacted Budget includes several timing-related adjustments, shifts and categorizations of spending, within the Budget and off-budget, that obscure the reported level and rate of growth in State Operating Funds spending. Shifting spending outside the scope of State Operating Funds, which otherwise would be counted within such measure, diminishes transparency and the reliability and meaning of any presentations of such spending and growth.

Examples of such actions in the Budget, along with their impact on State Operating Funds spending in the coming fiscal year as estimated by DOB in the Executive Budget proposal (unless otherwise noted), include those that:

- Use the State's share of revenue from the 1998 Master Settlement Agreement with participating cigarette manufacturers to pay certain State Medicaid costs off-budget (\$125 million in SFY 2017-18 and \$400 million annually thereafter). This example also lowers the reported level of State revenues, as these funds would have otherwise been deposited in a State fund and counted as a miscellaneous receipt.
- Convert the STAR benefit for certain New York City personal income taxpayers from State spending to a State tax credit (\$277 million in SFY 2017-18 and \$352 million the following year).
- Shift spending for approximately 3,200 full-time equivalent workforce positions to the capital projects fund (\$227 million).
- Defer a loan repayment to the New York Power Authority (\$193 million).
- Shift a portion of the State employee workers' compensation costs off-budget by using the State Insurance Fund (\$100 million).
- Offset what otherwise would be State funding for the City University of New York with the sale of State-owned property used by CUNY (up to \$60 million).

DOB prepaid approximately \$490 million in debt service in SFY 2016-17 that would have been due in this fiscal year. This is \$211 million more than was anticipated in the Executive Budget Financial Plan updated for 30-Day amendments. Such prepayments do not reduce debt service costs, but reduce reported growth in State Operating Funds spending.

In addition, the Enacted Budget will allow up to \$500 million to be transferred from the General Fund and spent from the Debt Reduction Reserve Fund (DRRF). Related

language provides that spending from the DRRF, an operating fund, will not be counted by DOB when calculating growth in spending from State Operating Funds.

The Budget creates a Retiree Health Benefits Trust Fund that can receive payments related to the State's long-term liability for retiree health coverage costs. While this is a positive step from the perspective of managing such long-term costs, the Fund should be used for prudent cost management and not as a mechanism to influence the apparent level of spending growth.

- **Continued and expanded use of off-budget spending for State programs.** The Enacted Budget continues the practice of “off-budget” spending of certain funds, and shifting out spending that had traditionally been included in the State Budget and in State spending totals. Examples of off-budget spending include use of tobacco settlement funds to pay for certain Medicaid costs off-budget and the use of certain SIF revenues to pay for a portion of State employee workers’ compensation costs. Other examples include the use of resources from the State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF) for a variety of purposes (\$155 million) and the transfer of additional funding from the New York State Energy Research and Development Authority (NYSERDA) to the Urban Development Corporation (UDC) for the Electric Generation Facility Cessation Mitigation Fund (\$15 million).

Appropriations for these programs within the State Budget would subject the spending to greater oversight and control, while providing a more accurate representation of State spending.

- **Expanded use of alternative procurement mechanisms without robust protections.** The Executive Budget proposal to make the 2011 Infrastructure Investment Act permanent and to make other amendments was modified, including an extension of the Act for two years to 2019. While design-build procurements may provide opportunities for budget savings and construction efficiency, greater transparency, accountability and independent oversight should also be required. These important elements would help ensure that the use of alternative procurement methods is justified, provide greater clarity with respect to eligible projects, establish more robust public notification and participation processes before projects could move forward, and introduce stronger public protections, such as cost-benefit analyses and financing plans. The Enacted Budget modifications do not provide for these protections.
- **Limited steps to increase transparency and accountability for economic development.** The Enacted Budget requires the Department of Economic Development (DED) to complete a comprehensive economic development report, including all economic assistance granted by DED and the UDC. The report must include the progress, participation rates, and economic impacts of the projects being supported by the State, as well as any other information to evaluate the programs. In addition, the Budget requires performance goals and benchmarks to be included in certain advertising contracts over \$5 million and a report to be issued on the cost-effectiveness of such contracts. However, the Budget does not specify how any of these requirements will be measured, instead leaving those key decisions to the discretion of DED and UDC.

In addition, the Budget repeals the reporting requirements of DED and participating businesses under the START-UP NY program.

## ***Workers' Compensation***

The Enacted Budget includes certain changes to the workers' compensation system, not included in the Executive Budget. Revisions include:

- Limiting benefits for temporary partial disability to a maximum 130 weeks from the date of an accident or disablement. The Budget also requires the continuation of compensation payments for claimants of permanent partial disability without requiring them to demonstrate ongoing attachment to the labor market.
- Requiring the Workers' Compensation Board (WCB) Chair to revise guidelines for determination of permanent impairment.
- Establishing a comprehensive prescription drug formulary for beneficiaries.
- Studying the use of independent medical examinations.

The Budget also permits a claimant to request a hearing within 45 days when an employer or carrier is not making required benefit payments.

The Budget reduces from 10 to 5 percent the proportion of certain assessments that must be held in reserve. It establishes the Workers' Compensation Rate Stabilization Fund, which will receive reserves released due to this decrease, in the joint custody of the State Comptroller and the WCB Chair. Resources from this Fund are to be used over the next five years "to ensure assessment rate stability."

The Budget accepts Executive proposals to use up to \$245 million in transfers to the State Insurance Fund (SIF) for the State's workers' compensation obligations and to transfer \$100 million of this amount on or after April 1, 2017.

## ***State Workforce***

The Enacted Budget omits Executive proposals to transfer certain Division of Military and Naval Affairs employees to the Office of General Services' Business Services Center and to permit term appointments for information technology positions without examination. The Enacted Budget accepts the Executive proposal to move funding for 3,200 full-time equivalent positions from operating funds to capital funds and to continue paying certain State employee workers' compensation costs from the State Insurance Fund.

It also omits Executive proposals to charge retirees different health insurance premiums based on years of service, limit State reimbursement of retirees' Medicare Part B premiums to 2016 levels, and stop reimbursement of certain Medicare Part B costs for higher-income State retirees.

The Budget establishes the Retiree Health Benefit Trust Fund as a special investment fund to pay health care benefits of retired State employees and their dependents. Among other changes from the Executive proposal, the enacted provisions remove the sole discretion of the Director of the Budget in transferring any portion of a General Fund cash surplus to the fund. Instead, upon request by the Budget Director, the State Comptroller is required to make a

General Fund transfer up to 0.5 percent of the total actuarial accrued liability included in the State's Comprehensive Annual Financial Report, which is produced by the Office of the State Comptroller. The Budget also modifies the Executive proposal by specifying the Comptroller as joint custodian of the Fund with the Commissioner of the Department of Civil Service. The Commissioner is required to delegate to the Comptroller the responsibility for managing any investments of the Fund and the Comptroller is required to develop, in consultation with the State Health Insurance Council, a written investment policy for it.

## ***Other Issues***

The Executive Budget proposed a number of other statutory and several Constitutional changes that were not enacted. These include:

- Campaign finance reforms, including a system of voluntary public campaign financing for State-level candidates, reduced limits on campaign contributions, and expanded disclosure of contributions.
- Statutory changes and a proposed Constitutional amendment to promote voter registration and participation.
- A proposed Constitutional amendment to limit Legislators' income from non-governmental sources, and related statutory changes.
- A proposed Constitutional amendment to impose term limits for statewide elected officials and members of the Legislature, and to expand legislative terms from two to four years.
- Financial disclosure requirements for certain local government officials.
- Expansion of the Freedom of Information Law.
- Several measures related to State procurement, including creation of a Chief Procurement Officer appointed by the Governor.
- Creation of an Inspector General in the State Education Department.

A proposal to create a New York Port Authority Inspector General, appointed by the Governor, was not enacted, but the Budget creates an Office of the Inspector General of New York for Transportation. Additional information on that measure appears in the Public Authorities section of this report.

Additional information on the Executive Budget proposals listed above appears in the Office of the State Comptroller's *Report on the State Fiscal Year 2017-18 Executive Budget*.

# VI. Appendices

## Appendix A: Summary of SFY 2017-18 Article VII Bill Sections

### Public Protection and General Government – S.2005-C / A.3005-C Chapter 55 of the Laws of 2017

| Description  | Executive Art. VII | Enacted Art. VII                       | Comments |
|--|--------------------|--|----------|
| Extend the sunset of various criminal justice and public safety programs for two years   | A                  | A                                      | Amended. |
| Amend the Penal Law with regard to criminal possession of marijuana in the fifth degree  | B                  | Intentionally Omitted                  |          |
| Amend provisions of penal law relating to cybercrime, identity theft and computer tampering  | C                  | Intentionally Omitted                  |          |
| Amend various sections of law to require video recording of interrogations for certain offenses, modify witness identification procedures and make changes to the provision of indigent criminal defense services      | D                  | Moved to Part VV of S.2009-C /A.3009-C |          |
| Amend various sections of law related to corrections and the Department of Corrections and Community Supervision (DOCCS)   | E                  | E                                      | Amended. |
| Establish a Hate Crime Task Force  | F                  | F                                      | Amended. |
| Amend Executive Law to expand eligibility for awards to victims of certain crimes not resulting in physical injury   | G                  | G                                      |          |
| Amend Executive Law related to reimbursement for loss of savings of a vulnerable elderly person or an incompetent or physically disabled person  | H                  | H                                      |          |
| Amend Executive Law to specify additional duties for the Commissioner of the Office of General Services (OGS) regarding flood-related losses   | I                  | I                                      |          |
| Establish the New York Buy American Act  | J                  | Intentionally Omitted                  |          |
| Authorize the transfer of Division of Military and Naval Affairs employees in the unclassified service of the State to OGS   | K                  | Intentionally Omitted                  |          |
| Extend the authorization for OGS to enter into certain emergency contracts without competitive bidding for two years and amend certain sections of law related to public work contracts performed at secure facilities | L                  | L                                      | Amended. |
| Authorize the Commissioner of OGS to procure legislative printing without competitive bidding up to an amount not to exceed \$85,000   | M                  | Intentionally Omitted                  |          |
| Amend various sections of State Finance Law related to the preferred sources program for commodities and services  | N                  | Intentionally Omitted                  |          |

## Public Protection and General Government (continued)

| Description   | Executive Art.<br>VII | Enacted Art.<br>VII                     | Comments |
|---|-----------------------|---|----------|
| Modify Workers' Compensation Law related to the authority of the New York State Insurance Fund (NYSIF) to cancel workers' compensation policies   | O                     | Intentionally Omitted                   |          |
| Amend Workers' Compensation Law related to investment of surplus funds by the NYSIF   | P                     | Intentionally Omitted                   |          |
| Permit the Office of Information Technology Services (ITS) to make term appointments to temporary positions without initial Civil Service examination   | Q                     | Intentionally Omitted                   |          |
| Amend various sections of law to provide a market interest rate on court judgments and accrued claims paid by the State, municipal corporations and certain public corporations and housing authorities   | R                     | Intentionally Omitted                   |          |
| Cap reimbursement of the Medicare Part B standard premium at 2016 levels and cease reimbursement for the Income Related Monthly Adjustment Amounts for high income State retirees and their dependents in the New York State Health Insurance Program | S                     | Intentionally Omitted                   |          |
| Implement differential premiums for future New York State Health Insurance Program civilian retirees based on years of service  | T                     | Intentionally Omitted                   |          |
| Amend Municipal Home Rule Law to require the creation of County-wide Shared Services Property Tax Savings Plans   | U                     | Moved to Part BBB of S.2009-C /A.3009-C |          |
| Extend anti-discrimination protections to public schools  | V                     | Intentionally Omitted                   |          |
| Establish the New York State Consolidated Laboratory Project Act  | W                     | Intentionally Omitted                   |          |
| Rename the START-UP NY program the Excelsior Business Program and make various amendments to the program  | X                     | Intentionally Omitted                   |          |
| Amend the Labor Law related to amending unemployment insurance benefits for earnings disregard  | Y                     | Intentionally Omitted                   |          |
| Authorize various transfers, temporary loans, and amendments to capital and debt provisions, including bond caps  | Z                     | Moved to Part XXX of S.2009-C /A.3009-C |          |
| Extend the authorization for the Compensation Insurance Rating Board (CIRB) for 10 years to 2028  | AA                    | Intentionally Omitted                   |          |

## Public Protection and General Government (continued)

| Description  | Executive Art.<br>VII                    | Enacted Art.<br>VII | Comments |
|--|--|---------------------|----------|
| Amend the Judiciary Law, the Family Court Act, the Domestic Relations Law and the Criminal Procedure Law related to the translation of orders of protection and temporary orders of protection     |  | BB                  |          |
| Extend certain provisions related to the operation and administration of the Legislature   |  | CC                  |          |
| Amend the Not-For-Profit Corporation Law related to increasing the number of authorized land banks in the State to 25  |  | DD                  |          |
| Related to certain properties located within the Village of Spring Valley and applications for Real Property Tax Law exemptions  |  | EE                  |          |
| Authorize the Commissioner of the Department of Motor Vehicles to approve demonstrations and tests of autonomous vehicle technology  |  | FF                  |          |
| Collect an additional \$3 million annually from the New York City Traffic Violations Bureau for deposit to the General Fund to reimburse the State for information technology services it provides | Originally Part F<br>of<br>S.2008/A.3008 | GG                  | Amended. |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

**Education, Labor and Family Assistance – S.2006-C / A.3006-C**  
**Chapter 56 of the Laws of 2017**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b>                 | <b>Comments</b> |
|---|---------------------------|---|-----------------|
| Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs   | A                         | Moved to Part YYY of S.2009-C /A.3009-C |                 |
| Amend Education Law to permit Boards of Cooperative Educational Services to establish Recovery High School programs   | B                         | Intentionally Omitted                   |                 |
| Amend Education Law related to the education of homeless children   | C                         | C                                       |                 |
| Establish the Excelsior Scholarship to provide free State University of New York (SUNY) and City University of New York (CUNY) tuition to certain students  | D                         | Moved to Part HHH of S.2009-C /A.3009-C |                 |
| Establish the New York State DREAM Act  | E                         | Intentionally Omitted                   |                 |
| Restrict Tuition Assistance Program awards to those students whose higher education institutions limit tuition increases  | F                         | Intentionally Omitted                   |                 |
| Make amendments to permit SUNY and CUNY to increase tuition by up to \$250 per year for five years and extend provisions related to the NY-SUNY 2020 Challenge Grant program for five years       | G                         | Moved to Part JJJ of S.2009-C /A.3009-C |                 |
| Direct 10 percent of the annual revenue of CUNY-affiliated nonprofit foundations to fund tuition assistance for eligible students   | H                         | Intentionally Omitted                   |                 |
| Amend various provisions of law related to the State's ability to collect unpaid wages on behalf of affected workers  | I                         | Intentionally Omitted                   |                 |
| Raise the age of juvenile jurisdiction  | J                         | Moved to Part WWW of S.2009-C /A.3009-C |                 |
| Amend various provisions of law related to funding for the Office of Children and Family Services and financing for residential school placements   | K                         | K                                       |                 |
| Amend provisions of the Family Court Act related to the definition of an abused child   | L                         | L                                       |                 |
| Make amendments to increase the age of youth eligible to be served in Runaway and Homeless Youth Act (RHYA) programs and to allow for additional length of stay for youth in residential programs | M                         | M                                       | Amended.        |
| Amend the Health Law related to medical services for foster children  | N                         | N                                       | Amended.        |

## Education, Labor and Family Assistance (continued)

| Description  | Executive Art.<br>VII | Enacted Art.<br>VII                     | Comments |
|--|-----------------------|---|----------|
| Authorize the State to recoup 100 percent of Lottery winnings for current and former public assistance recipients, up to the amount of assistance they received within the past ten years  | O                     | Intentionally Omitted                   |          |
| Amend the Social Services Law related to increasing the standards of monthly need for aged, blind and disabled persons living in the community   | P                     | P                                       |          |
| Amend Social Services Law related to background checks for publicly-funded emergency shelter employees having regular and substantial contact with children and adding family shelter employees to the list of mandated reporters of child abuse or maltreatment | Q                     | Q                                       | Amended. |
| Provide for the use of excess funds in the Mortgage Insurance Fund   | R                     | R                                       | Amended. |
| Amend and reauthorize the 421-a tax abatement program, renaming it the Affordable New York Housing Program   | S                     | Moved to Part TTT of S.2009-C /A.3009-C |          |
| Amend various laws related to veterans treatment court   | T                     | Intentionally Omitted                   |          |
| Create a new Division of Central Administrative Hearings to reorganize and consolidate any administrative law judge hearing functions housed within State agencies   | U                     | Intentionally Omitted                   |          |
| Extend the sunset of provisions related to the Savings Plan Demonstration Project  |                       | V                                       |          |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

**Health and Mental Hygiene – S.2007-C / A.3007-C**  
**Chapter 57 of the Laws of 2017**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b>                 | <b>Comments</b> |
|---|---------------------------|---|-----------------|
| Amend various provisions of law related to the early intervention program for infants and toddlers with disabilities and their families   | A                         | Intentionally Omitted                   |                 |
| Reduce the General Public Health Work program reimbursement rate of the Department of Health (DOH) for non-emergent expenditures for New York City  | B                         | Intentionally Omitted                   |                 |
| Increase cost sharing requirements for Essential Plan enrollees   | C                         | Intentionally Omitted                   |                 |
| Amend various provisions of law related to implementing pharmaceutical-related Medicaid Redesign Team recommendations   | D                         | D                                       | Amended.        |
| Amend various provisions of law related to implementing long-term care-related Medicaid Redesign Team recommendations   | E                         | E                                       | Amended.        |
| Amend Social Services Law related to implementing transportation-related Medicaid Redesign Team recommendations   | F                         | Intentionally Omitted                   |                 |
| Extend the Medicaid Global Cap through 2019, create an avenue for contract and other staff in DOH's Office of Health Insurance Programs to qualify for open competitive positions, and amend provisions of law authorizing reimbursements for expenditures for medical assistance for needy persons | G                         | G                                       | Amended.        |
| Extend the provisions of the Health Care Reform Act (HCRA) for three years  | H                         | H                                       | Amended.        |
| Extend the sunset of various previously enacted Medicaid and health savings initiatives to maintain Financial Plan savings  | I                         | I                                       | Amended.        |
| Authorize pharmacy benefit manager registration and disclosure requirements   | J                         | Intentionally Omitted                   |                 |
| Authorize additional capital funding for the Health Care Facility Transformation Program  | K                         | Moved to Part FFF of S.2009-C /A.3009-C |                 |
| Establish the Health Care Regulation Modernization Team   | L                         | Intentionally Omitted                   |                 |
| Amend the Public Health Law to establish the Emerging Contaminant Monitoring Act  | M                         | M                                       | Amended.        |
| Amend the Public Health Law to establish the Residential Well Testing Act   | N                         | Intentionally Omitted                   |                 |
| Amend Criminal Procedure Law related to authorizing restorations to competency within correctional facility-based residential settings  | O                         | Intentionally Omitted                   |                 |

## Health and Mental Hygiene (continued)

| Description  | Executive Art.<br>VII                      | Enacted Art.<br>VII | Comments |
|--|--|---------------------|----------|
| Amend various provisions of law to continue government rates and clarify which services are included and add a value-based payment requirement   | P  | P                   | Amended. |
| Establish a one-year deferral for the statutory human services Cost of Living Adjustment (COLA)  | Q  | Q                   | Amended. |
| Establish the Drinking Water Quality Council   |  | R                   |          |
| Amend various provisions of law related to health home services, managed care programs, pasteurized donor human milk and ovulation enhancing drugs, home care worker wage parity and accounts receivables balances |  | S                   |          |
| Establish the Clean Water Infrastructure Act of 2017   | Originally Part II<br>of S.2008<br>/A.3008 | T                   | Amended. |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

**Transportation, Environment and Economic Development – S.2008-C / A.3008-C**  
**Chapter 58 of the Laws of 2017**

| <b>Description</b>  | <b>Executive Art.<br/>VII</b> | <b>Enacted Art.<br/>VII</b>          | <b>Comments</b> |
|---|-------------------------------|--------------------------------------|-----------------|
| Make permanent the provisions allocating the Transportation and Transmission Tax collections between the Dedicated Highway and Bridge Trust Fund, the Metropolitan Mass Transportation Operating Assistance Account (MMTOA) and the Public Transportation Systems Operating Assistance Account (PTOA)                                     | A                             | A                                    |                 |
| Increase the cap on the number of divisible load permits the Department of Transportation (DOT) may issue   | B                             | B                                    | Amended.        |
| Amend various provisions of law to expand enforcement and oversight authority of the Public Transportation Safety Board   | C                             | Intentionally Omitted                |                 |
| Amend the Vehicle and Traffic Law related to compliance with new federal regulations and requirements for motor carriers  | D                             | D                                    | Amended.        |
| Amend certain provisions of Penal Law and Vehicle and Traffic Law to deter toll evasion and maximize the collection of tolls owed to public authorities such as the Metropolitan Transportation Authority (MTA), Port Authority of New York and New Jersey (PANYNJ), New York State Thruway Authority and New York State Bridge Authority | E                             | E                                    | Amended.        |
| Collect an additional \$3 million annually from the New York City Traffic Violations Bureau for deposit to the General Fund to reimburse the State for information technology services it provides  | F                             | Moved to S.2005-C /A.3005-C Part GG  |                 |
| Authorize transportation network company (TNC) services, or ride-sharing, throughout New York State and regulate the activities of such companies   | G                             | Moved to S.2009-C /A.3009-C Part AAA |                 |
| Waive replacement fees for non-driver identification cards lost or destroyed as a result of a crime   | H                             | H                                    |                 |
| Increase the fee for reinstatement of driving privileges for non-residents  | I                             | I                                    |                 |
| Increase the fees for certificate of title and duplicate certificate of title   | J                             | Intentionally Omitted                |                 |
| Add fees for non-driver identification (NDID) cards, driver's licenses, renewals or amendments of licenses marked as REAL NDIDs or IDs  | K                             | Intentionally Omitted                |                 |
| Amend various provisions of Vehicle and Traffic Law related to highway safety   | L                             | Intentionally Omitted                |                 |
| Extend the authorization of the Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund for one year   | M                             | M                                    |                 |
| Extend UDC's authorization to grant general loans for one year  | N                             | N                                    |                 |

## Transportation, Environment and Economic Development (continued)

| Description   | Executive Art.<br>VII | Enacted Art.<br>VII                     | Comments |
|---|-----------------------|---|----------|
| Extend Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises (MWBES) in State contracts for one year  | O                     | Moved to Part CCC of S.2009-C /A.3009-C |          |
| Make the Infrastructure Investment Act permanent and extend the authorization to utilize design-build to all State agencies, authorities and counties outside of New York City  | P                     | Moved to Part RRR of S.2009-C /A.3009-C |          |
| Extend the authorization of the Secretary of State to charge increased fees for expedited handling of documents for one year  | Q                     | Q                                       |          |
| Amend various provisions of law related to the Department of State and the mailing of copies of process documents   | R                     | Intentionally Omitted                   |          |
| Add a fee to cover the cost of producing an identification card for real estate license applicants  | S                     | S                                       | Amended. |
| Increase the State match for the Local Waterfront Revitalization Program  | T                     | T                                       | Amended. |
| Amend Executive Law related to compensation of the Chair of the New York State Athletic Commission  | U                     | Intentionally Omitted                   |          |
| Authorize certain State agencies to finance public health campaigns and utility oversight costs from assessments on cable television companies and public utilities   | V                     | V                                       | Amended. |
| Make permanent the authorization for the Dormitory Authority of the State of New York (DASNY) to enter into design and construction management agreements with the Department of Environmental Conservation (DEC) and the Office of Parks, Recreation and Historic Preservation (OPRHP) | W                     | W                                       | Amended. |
| Authorize the Superintendent of Financial Services to order certain insurers into administrative supervision proceedings  | X                     | Intentionally Omitted                   |          |
| Amend various provisions of law related to the enforcement of Banking, Insurance and Financial Services Laws against unlicensed participants  | Y                     | Intentionally Omitted                   |          |
| Amend Banking Law related to the licensing and regulation of student loan servicers   | Z                     | Intentionally Omitted                   |          |
| Amend Banking Law related to protecting vulnerable adults from financial exploitation   | AA                    | Intentionally Omitted                   |          |
| Amend Financial Services Law to ban the continued involvement of individuals found to have committed a disqualifying event which has a direct bearing on the individual's fitness or ability to participate in the financial services industry  | BB                    | Intentionally Omitted                   |          |

## Transportation, Environment and Economic Development (continued)

| Description   | Executive Art.<br>VII | Enacted Art.<br>VII                   | Comments |
|---|-----------------------|---------------------------------------|----------|
| Amend Banking Law related to the regulation and authorization of certain lending circle programs  | CC                    | Intentionally Omitted                 |          |
| Establish a paid family leave risk adjustment fund  | DD                    | Intentionally Omitted                 |          |
| Amend Banking Law related to the licensing of online lenders  | EE                    | Intentionally Omitted                 |          |
| Amend various provisions of law related to reverse mortgages  | FF                    | FF                                    | Amended. |
| Amend various provisions of law related to Department of Financial Services (DFS) assessments, distribution rules for insurers and insurer reserve standards  | GG                    | Intentionally Omitted                 |          |
| Establish the New York environmental protection and spill remediation account   | HH                    | HH                                    |          |
| Establish the Clean Water Infrastructure Act of 2017  | II                    | Moved to Part T of S.2007-B /A.3007-B |          |
| Amend various provisions of law related to Environmental Protection Fund (EPF) deposits and transfers   | JJ                    | JJ                                    | Amended. |
| Create a new excess food and food scraps recycling and donation program   | KK                    | Intentionally Omitted                 |          |
| Authorize the Power Authority of the State of New York (NYPA), the Canal Corporation and the Department of Transportation (DOT) to enter into shared services agreements  | LL                    | LL                                    | Amended. |
| Authorize New York State Energy Research and Development Authority (NYSERDA) to finance certain of its programs along with the DEC climate change program from assessments on gas and electric corporations, and authorize transfers to the General Fund for DEC and the Department of Agriculture and Markets and to the University of Rochester's Laboratory for Laser Energetics | MM                    | MM                                    | Amended. |
| Extend the New York State Health Insurance Continuation Assistance Demonstration Project for Entertainment Workers for one year   |                       | NN                                    |          |
| Amend the Agriculture and Markets Law related to lifting the cap on the number of sites authorized to grow industrial hemp  |                       | OO                                    |          |
| Amend Public Authorities Law related to the definition of transportation purpose  |                       | PP                                    |          |
| Modify the Electric Generation Facility Cessation Mitigation Fund   |                       | QQ                                    |          |
| Establish the Indian Point Closure Task Force   |                       | RR                                    |          |

## Transportation, Environment and Economic Development (continued)

| Description  | Executive Art.<br>VII | Enacted Art.<br>VII | Comments |
|--|-----------------------|---------------------|----------|
| Amend various provisions of law related to pesticide registration time frames and fees         |                       | SS                  |          |
| Establish the life sciences initiatives program under the UDC Act                              |                       | TT                  |          |
| Amend Environmental Conservation Law related to retrofit technology for diesel-fueled vehicles |                       | UU                  |          |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

**Revenue – S.2009-C / A.3009-C**  
**Chapter 59 of the Laws of 2017**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b> | <b>Comments</b> |
|---|---------------------------|-------------------------|-----------------|
| Establish a Taste-NY alcohol permit which would allow Taste-NY stores to sell alcoholic beverages and provide alcoholic beverage tastings                                     | A                         | Intentionally Omitted   |                 |
| Establish a motion picture theater alcohol permit   | B                         | Intentionally Omitted   |                 |
| Convert the New York City School Tax Relief (STAR) personal income tax rate reduction into a refundable New York State personal income tax credit                             | C                         | C                       |                 |
| Cap homeowners' STAR benefits at SFY 2016-17 levels   | D                         | Intentionally Omitted   |                 |
| Make STAR Income Verification Program (IVP) mandatory for enhanced STAR recipients  | E                         | Intentionally Omitted   |                 |
| Allow property taxpayers to make partial tax payments   | F                         | F                       | Amended.        |
| Relax tax secrecy rules for STAR credit   | G                         | G                       | Amended.        |
| Make a technical correction to the calculation of the STAR benefit for cooperative housing units  | H                         | H                       |                 |
| Extend the repeal date for charges on oil and gas producers to support the development of unit of production values by the Department of Taxation and Finance for three years | I                         | I                       |                 |
| Authorize SUNY Chancellor to certify and approve the disbursement of funds for veterans' homes operated by SUNY   | J                         | J                       |                 |
| Create two new Life Sciences tax credits  | K                         | K                       | Amended.        |
| Expand the Employee Training Incentive Credit to include incumbent workers  | L                         | L                       | Amended.        |
| Extend the Film Production tax credit for three years   | M                         | M                       |                 |
| Rename the Urban Youth Jobs Program tax credit as the New York Youth Jobs Program tax credit and extend the program for five years  | N                         | N                       | Amended.        |
| Extend the credit for alternative fuels property and electric vehicle recharging property for five years  | O                         | O                       |                 |
| Amend the Investment Tax Credit to clarify the types of businesses not eligible for the credit, which includes utilities and broadcast media                                  | P                         | P                       | Amended.        |
| Amend Tax Law related to the treatment of single member limited liability companies that are disregarded entities in determining eligibility for tax credits                  | Q                         | Q                       |                 |
| Extend the top personal income tax rate for three years   | R                         | R                       | Amended.        |
| Make permanent limit on itemized deductions for charitable contributions by high income taxpayers   | S                         | S                       | Amended.        |
| Enhance the Child and Dependent Care Credit   | T                         | T                       | Amended.        |
| Allow bank data matching without a warrant  | U                         | U                       | Amended.        |

## Revenue (continued)

| Description  | Executive Art.<br>VII | Enacted Art.<br>VII   | Comments |
|--|-----------------------|-----------------------|----------|
| Amend Civil Service and Tax Law related to tax clearances for applicants for civil service employment  | V                     | Intentionally Omitted |          |
| Require practitioners to be compliant with State tax obligations before receiving excess medical malpractice coverage  | W                     | Intentionally Omitted |          |
| Make permanent warrantless wage garnishment  | X                     | X                     | Amended. |
| Amend Tax Law related to the taxation of S corporations  | Y                     | Intentionally Omitted |          |
| Amend Tax Law related to the definition of New York source income in relation to the sales of co-ops by nonresidents   | Z                     | Z                     |          |
| Impose tax on certain nonresident asset sales  | AA                    | AA                    |          |
| Require marketplace providers that provide a forum for transactions and receive payments for purchases to collect sales tax on taxable sales to New York customers   | BB                    | Intentionally Omitted |          |
| Amend Tax Law to tighten provisions related to transactions between related entities   | CC                    | CC                    |          |
| Amend Tax Law related to the imposition of sales tax on gas and electric service   | DD                    | DD                    |          |
| Apply the Public Safety Communications Surcharge to Prepaid Devices  | EE                    | Moved to Part<br>EEE  |          |
| Provide for the taxation and regulation of electronic cigarettes and other vapor products  | FF                    | Intentionally Omitted |          |
| Clarify the amount of untaxed cigarettes required to seize a vehicle   | GG                    | Intentionally Omitted |          |
| Provide for jeopardy assessments under the cigarette and tobacco excise tax  | HH                    | Intentionally Omitted |          |
| Amend the method by which the State imposes the tobacco tax on cigars  | II                    | Intentionally Omitted |          |
| Impose the real estate transfer tax on the transfer of a minority interest in an entity that owns real property  | JJ                    | Intentionally Omitted |          |
| Close the real estate transfer tax loophole  | KK                    | Intentionally Omitted |          |
| Modify the funding of and improve the operation of drug testing in horse racing  | LL                    | LL                    | Amended. |
| Amend various provisions of law related to charitable gaming   | MM                    | MM                    | Amended. |
| Make modifications to New York Racing Association (NYRA) including board of directors appointments, committees and oversight, and make modifications related to racing after sunset and winter racing days | NN                    | NN                    | Amended. |
| Extend certain tax rates and simulcasting provisions for one year  | OO                    | OO                    |          |

## Revenue (continued)

| Description  | Executive Art.<br>VII                    | Enacted Art.<br>VII      | Comments |
|--|--|--------------------------|----------|
| Extend the current commission rate for video lottery gaming revenue at Monticello for one year   | PP                                       | PP                       |          |
| Extend the authorization for video lottery gaming operators to earn capital awards for one year  | QQ                                       | QQ                       |          |
| Alter local gaming aid distribution  | RR                                       | Intentionally<br>Omitted |          |
| Amend various provisions of law related to the New York Jockey Injury Compensation Fund, Inc. for employees of horse trainers or owners                      |  | SS                       |          |
| Amend the payment of the STAR personal income tax credit   |  | TT                       |          |
| Adjust the prepaid sales tax on motor fuel   |  | UU                       |          |
| Amend various provisions of law related to fixed dollar minimum on Real Estate Investment Trusts (REITs) and Regulated Investment Companies (RICs)           |  | VV                       |          |
| Sales tax exemption for cemetery monuments   |  | WW                       |          |
| Extend business incubators designation if grants have not been disbursed for three years   |  | XX                       |          |
| Increase Excelsior Jobs Research and Development tax credit from 3 percent to 6 percent  |  | YY                       |          |
| Reduce job creation requirements under Excelsior Jobs and define significant capital investment  |  | ZZ                       |          |
| Authorize transportation network company (TNC) services, or ride-sharing, throughout New York State and regulate the activities of such companies            | Originally Part<br>G of<br>S.2008/A.3008 | AAA                      | Amended. |
| Amend Municipal Home Rule Law to require the creation of County-wide Shared Services Property Tax Savings Plans  | Originally Part U<br>of<br>S.2005/A.3005 | BBB                      | Amended. |
| Extend Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises (MWBES) in State contracts for one year | Originally Part<br>O of<br>S.2008/A.3008 | CCC                      | Amended. |
| Tax credit for donations to food pantries  |  | DDD                      |          |
| Apply the Public Safety Communications Surcharge to Prepaid Devices  | Originally Part<br>EE                    | EEE                      | Amended. |
| Authorize additional capital funding for the Health Care Facility Transformation Program   | Originally Part K<br>of<br>S.2007/A.3007 | FFF                      | Amended. |
| Amend Public Health Law related to managed long term care plans and demonstrations   |  | GGG                      |          |
| Establish the Excelsior Scholarship to provide free State University of New York (SUNY) and City University of New York (CUNY) tuition to certain students   | Originally Part<br>D of<br>S.2006/A.3006 | HHH                      | Amended. |
| Amend Education Law related to establishing enhanced tuition assistance awards   |  | III                      |          |

## Revenue (continued)

| Description  | Executive Art.<br>VII                    | Enacted Art.<br>VII | Comments |
|--|--|---------------------|----------|
| Make amendments to permit SUNY and CUNY to increase tuition by up to \$200 per year for four years and extend provisions related to the NY-SUNY 2020 Challenge Grant program for four years                          | Originally Part<br>G of<br>S.2006/A.3006 | JJJ                 | Amended. |
| Establish a New York State Part-Time Scholarship Award Program   |  | KKK                 |          |
| Require the Higher Education Services Corporation to report on options to make college more affordable for New York students and their families  |  | LLL                 |          |
| Establish the New York State Child Welfare Worker Incentive Scholarship Program and the New York State Child Welfare Worker Loan Forgiveness Incentive Program   |  | MMM                 |          |
| Amend various provisions of law related to workers' compensation   |  | NNN                 |          |
| Authorize a New York itemized deduction for union dues   |  | OOO                 |          |
| Establish the Office of the Inspector General of New York for Transportation   | Originally Part I<br>of<br>S.2010/A.3010 | PPP                 | Amended. |
| Provide for the transfer of expenditures and disbursements made against appropriations contained in extender bills S.5492 and A.7068 and provide for the repeal of both extender bills                               |  | QQQ                 |          |
| Make various modifications to the Infrastructure Investment Act including extending the authorization for two years and extending the authorization to utilize design-build to certain entities for certain projects | Originally Part P<br>of<br>S.2008/A.3008 | RRR                 | Amended. |
| Amend the Retirement and Social Security Law related to disability benefits for certain members of the New York City Police Pension Fund   |  | SSS                 |          |
| Amend and reauthorize the 421-a tax abatement program, renaming it the Affordable New York Housing Program   | Originally Part S<br>of<br>S.2006/A.3006 | TTT                 |          |
| Require annual comprehensive economic development report and make amendments to START-UP NY  |  | UUU                 |          |
| Amend various sections of law to require video recording of interrogations for certain offenses, modify witness identification procedures, and make changes to the provision of indigent criminal defense services   | Originally Part<br>D of<br>S.2005/A.3005 | VVV                 | Amended. |
| Raise the age of juvenile jurisdiction   | Originally Part J<br>of<br>S.2006/A.3006 | WWW                 | Amended. |

## Revenue (continued)

| Description   | Executive Art.<br>VII                    | Enacted Art.<br>VII | Comments |
|---|--|---------------------|----------|
| Authorize various transfers, temporary loans, and amendments to capital and debt provisions, including bond caps      | Originally Part Z<br>of<br>S.2005/A.3005 | XXX                 | Amended. |
| Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs | Originally Part A<br>of<br>S.2006/A.3006 | YYY                 | Amended. |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

**Good Government and Ethics Reform – S.2010 / A.3010  
Bill Not Enacted**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b>                 | <b>Comments</b> |
|---|---------------------------|---|-----------------|
| Require an advisory opinion for outside income for the Legislature  | A                         | Intentionally Omitted                   |                 |
| Amend Election Law related to including limited liability corporations (LLCs) among corporate entities whose political contributions are restricted, closing the "LLC loophole"   | B                         | Intentionally Omitted                   |                 |
| Require financial disclosure for certain local officials  | C                         | Intentionally Omitted                   |                 |
| Amend various provisions of law related to campaign financing   | D                         | Intentionally Omitted                   |                 |
| Extend the Freedom of Information Law to cover the Legislature and make modifications related to public disclosure of certain collective bargaining agreement terms   | E                         | Intentionally Omitted                   |                 |
| Provide the State Inspector General (IG) with jurisdiction to investigate nonprofit organizations and foundations affiliated with State University of New York (SUNY) and City University of New York (CUNY)                  | F                         | Intentionally Omitted                   |                 |
| Authorize the IG to investigate alleged corruption, fraud, criminal activity, conflicts of interest or abuse by officers, employees and contracted parties in State procurements  | G                         | Intentionally Omitted                   |                 |
| Provide the IG with oversight of the implementation and enforcement of financial control policies at SUNY, CUNY and affiliated nonprofit organizations and foundations  | H                         | Intentionally Omitted                   |                 |
| Create the Office of the New York Port Authority Inspector General  | I                         | Moved to Part PPP of S.2009-C /A.3009-C |                 |
| Establish a new Inspector General to oversee and investigate allegations of corruption, fraud, criminal activity, conflicts of interest or abuse within the State Education Department (SED)                                  | J                         | Intentionally Omitted                   |                 |
| Create a Chief Procurement Officer to oversee all State procurements  | K                         | Intentionally Omitted                   |                 |
| Prohibit campaign contributions from any individual or entity actively seeking a State procurement contract until the close of the bidding period or, for the recipient of a final contract award, six months after the award | L                         | Intentionally Omitted                   |                 |

**Good Government and Ethics Reform (continued)**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b> | <b>Comments</b> |
|---|---------------------------|-------------------------|-----------------|
| Require a report on the feasibility of a system of single identifying vendor codes or numbers for all contractors, vendors or grantees directly receiving State funds | M                         | Intentionally Omitted   |                 |
| Establish early voting and automatic voter registration   | N                         | Intentionally Omitted   |                 |

**Impose Term Limits for Elected Officials Concurrent Resolution – Not Introduced**

| <b>Description</b>   | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b> | <b>Comments</b> |
|--|---------------------------|-------------------------|-----------------|
| Amend Articles 3, 4 and 5 of the Constitution related to term limits for members of the Legislature, the Governor, Lieutenant-Governor, Comptroller and Attorney General | -                         | Not Introduced          |                 |

**Limits Outside Income of Legislators Concurrent Resolution – Not Introduced**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b> | <b>Comments</b> |
|---|---------------------------|-------------------------|-----------------|
| related to limiting the income a member of the legislature may earn for non-governmental services | -                         | Not Introduced          |                 |

**Establish Same-Day Voter Registration Concurrent Resolution – Not Introduced**

| <b>Description</b>  | <b>Executive Art. VII</b> | <b>Enacted Art. VII</b> | <b>Comments</b> |
|---|---------------------------|-------------------------|-----------------|
| Amend Section 5 of Article 2 of the Constitution related to same-day voter registration | -                         | Not Introduced          |                 |

Note: Descriptions generally reflect the Article VII language as proposed by the Executive. With respect to parts not included in the Executive Budget, the description reflects the Article VII language included in the Enacted Budget.

Sources for all Article VII Bill Sections Summary Charts: Office of the State Comptroller; Division of the Budget

## Appendix B: Preliminary Estimates of Revenue-Related Changes

(in millions of dollars)

| Summary Description of Action                              | SFY 2017-18 | SFY 2018-19  | SFY 2019-20  | SFY 2020-21 | SFY 2021-22  |
|--|-------------|--------------|--------------|-------------|--------------|
| <b>Personal Income Tax</b>                                 | <b>683</b>  | <b>3,105</b> | <b>3,389</b> | <b>511</b>  | <b>(477)</b> |
| Extension of Top PIT Rate                                  | 683         | 3,375        | 3,695        | 902         | -            |
| Enhanced Child and Dependent Care Credit                   | -           | -            | (47)         | (47)        | (47)         |
| Conversion of NYC STAR Rate Benefit                        | -           | (340)        | (354)        | (369)       | (385)        |
| Extension of Limit on Charitable Deductions                | -           | 70           | 140          | 70          | -            |
| Itemized Deduction for Union Dues                          | -           | -            | (35)         | (35)        | (35)         |
| Tax Credit for Donations to Food Pantries                  | -           | -            | (10)         | (10)        | (10)         |
| <b>Consumption/Use Taxes</b>                               | <b>10</b>   | <b>22</b>    | <b>22</b>    | <b>22</b>   | <b>22</b>    |
| Ride Sharing Tax   | 12          | 24           | 24           | 24          | 24           |
| Sales Tax Exemption for Cemetery Monuments                 | (2)         | (2)          | (2)          | (2)         | (2)          |
| <b>Business Taxes</b>                                      | <b>-</b>    | <b>-</b>     | <b>(48)</b>  | <b>(48)</b> | <b>(79)</b>  |
| Life Sciences Tax Credit                                   | -           | -            | -            | -           | -            |
| Workforce Training Credit                                  | -           | -            | -            | -           | -            |
| Investment Tax Credit Clarification                        | -           | -            | 5            | 5           | 5            |
| Extension of NY Youth Jobs Credit                          | -           | -            | (50)         | (50)        | (50)         |
| Extension of Film Tax Credit                               | -           | -            | -            | -           | (31)         |
| Extension of Alternative Fuels and Electric Vehicle Credit | -           | -            | (3)          | (3)         | (3)          |
| <b>Miscellaneous Receipts</b>                              | <b>7</b>    | <b>26</b>    | <b>26</b>    | <b>26</b>   | <b>26</b>    |
| Imposition of E-911 Surcharge on Prepaid Telephones        | 7           | 26           | 26           | 26          | 26           |
| <b>Tax Enforcement</b>                                     | <b>49</b>   | <b>61</b>    | <b>61</b>    | <b>31</b>   | <b>31</b>    |
| Taxation of Asset Sales                                    | 20          | 20           | 20           | 20          | 20           |
| Extension of Warrantless Wage Garnishment                  | 15          | 15           | 15           | -           | -            |
| Warrantless Bank Data Matching                             | 5           | 15           | 15           | -           | -            |
| Imposition of Sales Tax on Sales Between Related Entities  | 9           | 11           | 11           | 11          | 11           |
| <b>TOTAL ALL FUNDS IMPACT OF REVENUE ACTIONS</b>           | <b>742</b>  | <b>3,188</b> | <b>3,424</b> | <b>516</b>  | <b>(503)</b> |

Source: New York State Assembly

## Appendix C: Summary of SFY 2017-18 Appropriations

Appropriations reflect the legal authority to spend during any given State fiscal year. They provide an upper limit, or maximum, for spending on a designated program or purpose. Anticipated actual spending from the appropriations is included in the Financial Plan, which provides a comprehensive estimate of the State's revenue and spending expectations for the current State fiscal year and three subsequent fiscal years. The Financial Plan estimates reflect the Executive's forward-looking assessment of the State's spending plan.

For Local Assistance appropriations, spending typically is close to the amount of appropriations. For other categories of spending, including State Operations, Capital Projects and Debt Service, spending may be significantly below the amounts appropriated. Some recent Enacted Budgets have included two-year appropriations for certain programs (e.g., health and education). The SFY 2017-18 Enacted Budget includes two-year appropriations in education, while the SFY 2017-18 Executive Budget and last year's Enacted Budget largely included one-year appropriations in that category. This partially explains why the totals for enacted SFY 2017-18 appropriations in the tables below are markedly higher in the Local Assistance appropriation type, where school aid payments appear, and in the Education, Labor and Family Assistance program area. The following two tables summarize new appropriations by appropriation type.

### Summary of New Appropriations by Appropriation Type SFY 2017-18 Enacted Budget Compared to SFY 2016-17 Enacted Budget (in millions of dollars)

|                  | Enacted<br>SFY 2016-17 | Enacted<br>SFY 2017-18 | Dollar<br>Change<br>From<br>SFY 2016-17 | Percentage<br>Change<br>From<br>SFY 2016-17 |
|------------------|------------------------|------------------------|---|---|
| State Operations | \$ 42,819              | \$ 44,280              | \$ 1,461                                | 3.4%  |
| Local Assistance | 199,560                | 235,557                | 35,996                                  | 18.0%                                       |
| Capital Projects | 19,081                 | 20,165                 | 1,083                                   | 5.7%  |
| Debt Service     | 10,008                 | 9,836                  | (173)                                   | -1.7%                                       |
| <b>Total</b>     | <b>\$ 271,469</b>      | <b>\$ 309,837</b>      | <b>\$ 38,368</b>                        | <b>14.1%</b>                                |

Note: Totals may not add due to rounding. Sources: Office of the State Comptroller; Division of the Budget

### Summary of New Appropriations by Appropriation Type SFY 2017-18 Enacted Budget Compared to SFY 2017-18 Executive Budget (in millions of dollars)

|                  | Executive<br>Budget<br>SFY 2017-18 | Enacted<br>SFY 2017-18 | Dollar<br>Change<br>From<br>Executive | Percentage<br>Change<br>From<br>Executive |
|------------------|------------------------------------|------------------------|---------------------------------------|---|
| State Operations | \$ 44,181                          | \$ 44,280              | \$ 99                                 | 0.2%                                      |
| Local Assistance | 208,681                            | 235,557                | 26,876                                | 12.9%                                     |
| Capital Projects | 18,832                             | 20,165                 | 1,333                                 | 7.1%                                      |
| Debt Service     | 10,336                             | 9,836                  | (500)                                 | -4.8%                                     |
| <b>Total</b>     | <b>\$ 282,029</b>                  | <b>\$ 309,837</b>      | <b>\$ 27,808</b>                      | <b>9.9%</b>                               |

Note: Totals may not add due to rounding. The Executive Budget SFY 2017-18 column is updated for 30-Day Amendments. Sources: Office of the State Comptroller; Division of the Budget

The following tables summarize new appropriations by program area. The appropriations for the Legislature and the Judiciary are contained within a single Budget Bill, but are shown separately below for informational purposes.

**Summary of New Appropriations by Program Area**  
**SFY 2017-18 Enacted Budget Compared to SFY 2016-17 Enacted Budget**  
(in millions)

|   | Enacted<br>SFY 2016-17 | Enacted<br>SFY 2017-18 | Dollar<br>Change<br>From<br>SFY 2016-17 | Percentage<br>Change<br>From<br>SFY 2016-17 |
|---|------------------------|------------------------|---|---|
| Public Protection & General Government                  | \$ 18,720              | \$ 19,500              | \$ 780                                  | 4.2%  |
| Health and Mental Hygiene                               | 148,654                | 158,141                | 9,487                                   | 6.4%  |
| Education, Labor & Family Assistance                    | 65,902                 | 92,762                 | 26,860                                  | 40.8%                                       |
| Transportation, Economic Development<br>and Environment | 25,087                 | 26,395                 | 1,308                                   | 5.2%  |
| Legislature   | 220                    | 226                    | 7                                       | 3.0%  |
| Judiciary   | 2,877                  | 2,976                  | 99                                      | 3.4%  |
| Debt Service  | 10,008                 | 9,836                  | (173)                                   | -1.7%                                       |
| <b>Total</b>  | <b>\$ 271,469</b>      | <b>\$ 309,837</b>      | <b>\$ 38,368</b>                        | <b>14.1%</b>                                |

Note: Totals may not add due to rounding. The Judiciary total includes Interest on Lawyers Account appropriations of \$15 million.  
Sources: Office of the State Comptroller; Division of the Budget.

**Summary of New Appropriations by Program Area**  
**SFY 2017-18 Enacted Budget Compared to SFY 2017-18 Executive Budget**  
(in millions)

|   | Executive<br>Budget<br>SFY 2017-18 | Enacted<br>SFY 2017-18 | Dollar<br>Change<br>From<br>Executive | Percentage<br>Change<br>From<br>Executive |
|---|------------------------------------|------------------------|---------------------------------------|---|
| Public Protection & General Government                  | \$ 19,423                          | \$ 19,500              | \$ 77                                 | 0.4%                                      |
| Health and Mental Hygiene                               | 157,909                            | 158,141                | 232                                   | 0.1%                                      |
| Education, Labor & Family Assistance                    | 66,059                             | 92,762                 | 26,703                                | 40.4%                                     |
| Transportation, Economic Development<br>and Environment | 25,099                             | 26,395                 | 1,296                                 | 5.2%                                      |
| Legislature   | 226                                | 226                    | -                                     | 0.0%                                      |
| Judiciary   | 2,976                              | 2,976                  | -                                     | 0.0%                                      |
| Debt Service  | 10,336                             | 9,836                  | (500)                                 | -4.8%                                     |
| <b>Total</b>  | <b>\$ 282,029</b>                  | <b>\$ 309,837</b>      | <b>\$ 27,808</b>                      | <b>9.9%</b>                               |

Note: Totals may not add due to rounding. The Judiciary total includes Interest on Lawyers Account appropriations of \$15 million.  
The Executive Budget SFY 2017-18 column is updated for 30-Day Amendments.  
Sources: Office of the State Comptroller; Division of the Budget.

## Appendix D: Evolution of SFY 2017-18 Budget and Related Bills

**Appropriation Bills:** These bills provide authorization for State agencies and certain public authorities to spend.

| Appropriation Bills     | Executive Budget    |                     | 21-Day Amends |          | 30-Day Amends         |                       | One-House Bills       |                       | Executive Resubmittal * |                       | PASSED                |                       | TO GOVERNOR | Chapter & Date Signed     |
|-------------------------|---------------------|---------------------|---------------|----------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------|---------------------------|
|                         | Senate              | Assembly            | Senate        | Assembly | Senate                | Assembly              | Senate                | Assembly              | Senate                  | Assembly              | Senate                | Assembly              |             |                           |
| State Operations        | 2000<br>17-Jan-2017 | 3000<br>17-Jan-2017 |               |          | 2000-A<br>17-Feb-2017 | 3000-A<br>17-Feb-2017 | 2000-B<br>13-Mar-2017 | 3000-B<br>13-Mar-2017 | 2000-C<br>8-Apr-2017    | 3000-C<br>8-Apr-2017  | 2000-D<br>9-Apr-2017  | 3000-D<br>8-Apr-2017  | 9-Apr-2017  | Chapter 50<br>20-Apr-2017 |
| Legislature & Judiciary | 2001<br>17-Jan-2017 | 3001<br>17-Jan-2017 |               |          |                       |                       |                       |                       |                         |                       | 2001<br>4-Apr-2017    | 3001<br>7-Apr-2017    | 9-Apr-2017  | Chapter 51<br>20-Apr-2017 |
| Debt Service            | 2002<br>17-Jan-2017 | 3002<br>17-Jan-2017 |               |          |                       |                       |                       |                       | 2002-A<br>20-Mar-2017   | 3002-A<br>20-Mar-2017 | 2002-A<br>28-Mar-2017 | 3002-A<br>23-Mar-2017 | 9-Apr-2017  | Chapter 52<br>20-Apr-2017 |
| Local Assistance        | 2003<br>17-Jan-2017 | 3003<br>17-Jan-2017 |               |          | 2003-A<br>17-Feb-2017 | 3003-A<br>17-Feb-2017 | 2003-B<br>13-Mar-2017 | 3000-B<br>13-Mar-2017 | 2003-C<br>4-Apr-2017    | 3003-C<br>5-Apr-2017  | 2003-D<br>4-Apr-2017  | 3003-D<br>6-Apr-2017  | 9-Apr-2017  | Chapter 53<br>20-Apr-2017 |
| Capital Projects        | 2004<br>17-Jan-2017 | 3004<br>17-Jan-2017 |               |          | 2004-A<br>17-Feb-2017 | 3004-A<br>17-Feb-2017 | 2004-B<br>13-Mar-2017 | 3004-B<br>13-Mar-2017 | 2004-C<br>7-Apr-2017    | 3004-C<br>7-Apr-2017  | 2004-D<br>9-Apr-2017  | 3004-D<br>7-Apr-2017  | 9-Apr-2017  | Chapter 54<br>20-Apr-2017 |

**Article VII / Language Bills:** These bills govern how appropriations will be administered and financed, and revenue collected.

| Article VII / Language Bills                                   | Executive Budget    |                     | 21-Day Amendments |          | 30-Day Amendments     |                       | One-House Bills       |                       |                      |                      | PASSED               |                      | TO GOVERNOR | Chapter & Date Signed     |
|--|---------------------|---------------------|-------------------|----------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-------------|---------------------------|
|  | Senate              | Assembly            | Senate            | Assembly | Senate                | Assembly              | Senate                | Assembly              | Senate               | Assembly             | Senate               | Assembly             |             |                           |
| Public Protection / General Government                         | 2005<br>23-Jan-2017 | 3005<br>23-Jan-2017 |                   |          | 2005-A<br>17-Feb-2017 | 3005-A<br>17-Feb-2017 | 2005-B<br>13-Mar-2017 | 3005-B<br>13-Mar-2017 | 2005-C<br>4-Apr-2017 | 3005-C<br>4-Apr-2017 | 2005-C<br>4-Apr-2017 | 3005-C<br>5-Apr-2017 | 9-Apr-2017  | Chapter 55<br>20-Apr-2017 |
| Education, Labor & Family Assistance                           | 2006<br>23-Jan-2017 | 3006<br>23-Jan-2017 |                   |          | 2006-A<br>17-Feb-2017 | 3006-A<br>17-Feb-2017 | 2006-B<br>13-Mar-2017 | 3006-B<br>13-Mar-2017 | 2006-C<br>4-Apr-2017 | 3006-C<br>4-Apr-2017 | 2006-C<br>4-Apr-2017 | 3006-C<br>5-Apr-2017 | 9-Apr-2017  | Chapter 56<br>20-Apr-2017 |
| Health and Mental Hygiene                                      | 2007<br>23-Jan-2017 | 3007<br>23-Jan-2017 |                   |          |                       |                       | 2007-A<br>13-Mar-2017 | 3007-A<br>13-Mar-2017 | 2007-B<br>4-Apr-2017 | 3007-B<br>4-Apr-2017 | 2007-B<br>4-Apr-2017 | 3007-B<br>5-Apr-2017 | 9-Apr-2017  | Chapter 57<br>20-Apr-2017 |
| Transportation & Economic Development                          | 2008<br>23-Jan-2017 | 3008<br>23-Jan-2017 |                   |          | 2008-A<br>17-Feb-2017 | 3008-A<br>17-Feb-2017 | 2008-B<br>13-Mar-2017 | 3008-B<br>13-Mar-2017 | 2008-C<br>4-Apr-2017 | 3008-C<br>4-Apr-2017 | 2008-C<br>4-Apr-2017 | 3008-C<br>5-Apr-2017 | 9-Apr-2017  | Chapter 58<br>20-Apr-2017 |
| Revenue  | 2009<br>23-Jan-2017 | 3009<br>23-Jan-2017 |                   |          | 2009-A<br>17-Feb-2017 | 3009-A<br>17-Feb-2017 | 2009-B<br>13-Mar-2017 | 3009-B<br>13-Mar-2017 | 2009-C<br>8-Apr-2017 | 3009-C<br>8-Apr-2017 | 2009-C<br>9-Apr-2017 | 3009-C<br>8-Apr-2017 | 9-Apr-2017  | Chapter 59<br>10-Apr-2017 |
| Good Government and Ethics Reform                              | 2010<br>23-Jan-2017 | 3010<br>23-Jan-2017 |                   |          |                       |                       |                       |                       |                      |                      |                      |                      |             |                           |
| Limit Outside Income of Legislators (Concurrent Resolution) ** |                     |                     |                   |          |                       |                       |                       |                       |                      |                      |                      |                      |             |                           |
| Enacts Same Day Voter Registration (Concurrent Resolution) **  |                     |                     |                   |          |                       |                       |                       |                       |                      |                      |                      |                      |             |                           |
| Term Limits for Elected Officials (Concurrent Resolution) **   |                     |                     |                   |          |                       |                       |                       |                       |                      |                      |                      |                      |             |                           |

\* **Executive resubmittal:** Section 3 of Article VII of the State Constitution provides that the Governor may amend the Executive Budget within 30 days after it has been submitted to the Legislature and, with the consent of the Legislature, at any time before the houses adjourn.

\*\* The Executive Budget submittal on January 17, 2017 included three Concurrent Resolutions which the Legislature did not introduce.

**Note:** All budget bills were passed with messages of necessity, with the exception of the Debt Service and the Legislature & Judiciary bills.

**Budget-Related Bills:** These reflect emergency appropriations for the support of government and related legislation.

| Budget-Related Bills  | Governor's Program Bills |                    | 21-Day Amendments |          | 30-Day Amendments |          | One-House Bills |          |        |          | PASSED |                    | TO GOVERNOR        | Chapter & Date Signed |                                 |
|---|--------------------------|--------------------|-------------------|----------|-------------------|----------|-----------------|----------|--------|----------|--------|--------------------|--------------------|-----------------------|---------------------------------|
|   | Senate                   | Assembly           | Senate            | Assembly | Senate            | Assembly | Senate          | Assembly | Senate | Assembly | Senate | Assembly           |                    |                       |                                 |
| <a href="#">Governor's Program Bill #5 -SFY 2017- 18<br/>Emergency Appropriations for the Support of<br/>Government</a>                         | 5492<br>3-Apr-2017       | 7068<br>3-Apr-2017 |                   |          |                   |          |                 |          |        |          |        | 5492<br>3-Apr-2017 | 7068<br>3-Apr-2017 | 3-Apr-2017            | Chapter 24***<br>3-Apr-2017     |
| <a href="#">Governor's Program Bill #4 -SFY 2017- 18<br/>Legislation relating to Emergency Appropriations<br/>for the Support of Government</a> | 5491<br>3-Apr-2017       | 7067<br>3-Apr-2017 |                   |          |                   |          |                 |          |        |          |        | 5491<br>3-Apr-2017 | 7067<br>3-Apr-2017 | 3-Apr-2017            | Vetoed<br>Memo 1<br>14-Apr-2017 |

\*\*\* Part QQQ of the Revenue Bill (Chapter 50 of the Laws of 2017) provided that expenditures and disbursements made against the appropriations contained in Chapter 24 of the Laws of 2017 (2017-2018 Budget Extender Appropriations bill) shall, upon final action by the Legislature on the State Operations, Legislature & Judiciary, Local Assistance and Capital Projects appropriation bills, be transferred by the Comptroller as expenditures and disbursements to such appropriations for all State departments, agencies, the Legislature and the Judiciary, as applicable, in amounts equal to the amounts charged against those appropriations in Chapter 24 of the Laws of 2017 for each such department, agency, the Legislature and the Judiciary. Part QQQ also provides that upon passage of the State Operations appropriations bill, Chapter 24 of the Laws of 2017 is repealed.

**Note:** The emergency appropriations for the support of government and related legislation bills were passed with messages of necessity.



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