

**NEW YORK STATE**

**MAKING  
PROGRESS  
HAPPEN**

**FY 2021 EXECUTIVE BUDGET**

# Table of Contents

---

<b>Director's Message .....</b>	<b>3</b>
---------------------------------	----------

## **FY 2021 Executive Budget**

Financial Plan Overview .....	5
Revenue Actions .....	15
Investing in Infrastructure .....	27
Federal Funding .....	35

## **Program Overview**

Economic Development .....	41
Education .....	47
Environment, Energy and Agriculture .....	55
Health Care .....	65
Higher Education.....	77
Human Services.....	83
Local Government.....	91
Mental Hygiene .....	101
Public Safety .....	109
State Workforce .....	115
Transportation .....	121

## **Additional Information**

Legislation Required for the Budget .....	129
Delivering High Performance Government .....	141
The Citizen's Guide to the Executive Budget.....	147
Glossary of Acronyms .....	149



## Director's Message

---

Over the last nine years, Governor Cuomo's fiscal reforms have demonstrated that you can limit spending growth to affordable and realistic levels, while making nation-leading investments in our infrastructure, healthcare and education.

Governor Cuomo's FY 2021 Executive Budget builds on those achievements while adapting to circumstances that threaten our progress and providing the foundation for growing our economy to new heights. The clearest measure of whether the FY 2021 Executive budget improves the State's fiscal condition is the gap estimate for the following year, it is the lowest in eight years and a 75 percent reduction from the previous forecast.

Governor Cuomo continues to lead the nation by renewing and reimagining the State's infrastructure. The Executive Budget expands the Governor's infrastructure program by \$25 billion, raising it to \$275 billion and includes a \$3 billion commitment to the MTA's historic \$52 billion capital plan and an \$11.9 billion two-year DOT capital plan. To address and combat the threat of climate change, the Budget advances a \$33 billion, five-year investment to restore the environment and reduce our carbon output – including the \$3 billion Restore Mother Nature Bond Act.

By continuing his record of fiscal discipline this Budget allocates resources to continue tax cuts for the middle class, small corporate businesses and farmers, and expands child tax credits to nearly 400,000 families with children under four years old. It also provides record funding to education and creates greater equity for school aid by dedicating more to high-need schools than ever before.

In 2011, the Governor faced a \$10 billion deficit. The State's share of Medicaid spending was set to grow by an unsustainable rate of 13 percent. He convened the Medicaid Redesign Team to develop reforms to provide stability to the program. The centerpiece to these reforms was the ability to manage Medicaid spending growth first to no more than 4% and now to no more than 3% annually.

Implementing these reforms was essential to the Governor's ability to expand the Medicaid program and provide healthcare coverage to 95 percent of New Yorkers, a record high. The plan worked and for six years New York's spending on Medicaid increased at half the national average, saving taxpayers billions of dollars.

This year, he is once again convening the Medicaid Redesign Team to identify \$2.5 billion in savings to usher in a new term of stability that will keep the Medicaid program structurally secure for years to come. The Budget also renews our partnership with local governments to identify savings in the Medicaid program.

Fiscal discipline is central to the economic growth we have witnessed across the State by providing the foundation for the lowest middle class tax rates since 1947, the lowest corporate tax rates since 1968, and lowest manufacturing tax rate since 1917. This combined with permanent property tax cap has made New York more affordable, and New York State now boasts a record high 8.3 million private sector jobs.

The State's debt burden continues to be at the lowest levels since the 1960s. It has infused confidence in the bond market, with the State receiving its highest bond ratings since the 1970s. The challenges we face are real and surmounting them is complex. We have met challenges before. We will do it again.

Governor Cuomo speaks often of how New York's unique qualities provide our citizens with unparalleled opportunities and possibilities for progress. This Budget recognizes that our fiscal

## **Director's Message**

---

policies are working, our future is bright and that, working together, we can make progress happen and continue to build an even better New York for all of our citizens.

# Financial Plan Overview



Division of  
the Budget

## FINANCIAL PLAN

The Executive Budget, again, holds annual State spending growth to **2%** over a **10-year period**.

The growth rate since FY 2011 is less than **half the rate** for the **previous 50 years**.

New York State recorded **surpluses** in Fiscal Years:



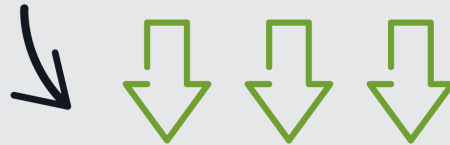
General Fund formal reserves are at

**\$3.9 BILLION**

**more than tripled** since 2011.



**DEBT DECLINED**



for **5 consecutive years** for the first time in history (fiscal years 2013 – 2017).

Debt as a percentage of personal income is now at

**4%**

compared to **5%** in 2011.

# Financial Plan Overview

---

## Overview

Governor Cuomo has led a bipartisan effort with the Legislature to enact nine fiscally responsible budgets. These budgets embrace the principle that State spending must grow more slowly than the overall economy to ensure that the state is not spending more than available resources and established the discipline to use its available resources prudently. This principle has been put into practice with the establishment of the two percent spending benchmark at the State level, and with the two percent property tax cap at the local level.

The effort to rein in State government spending is working. In the 50 years prior to Governor Cuomo taking office, the annual State Budget grew faster than income 60 percent of the time (or three out of every five budgets), and spending over the entire period grew at an average rate of approximately 7.0 percent, compared to income growth of 6.2 percent. This resulted in unpredictable budgets, tax increases, and spending cuts to critical programs at the worst times. With the adoption of the 2 percent spending benchmark, this unsustainable trend has been reversed.

Importantly, prudent fiscal actions have made State finances more reliable for stakeholders. Rather than including large spending increases in good economic times that cannot be sustained when the economy slows, the budgets have been disciplined, sustainable, and affordable in the long-term. The State has instituted fundamental reforms that have reduced the cost of State and local government in New York. These reforms include:

- Limiting the annual growth in State Operating Funds to two percent;
- Eliminating unsustainable inflators in major programs;
- Negotiating collective bargaining agreements that provide fair and affordable wages and benefits;
- Creating a new tier of fair and affordable pension benefits, which is expected to save the State and local governments more than \$80 billion over 30 years;
- Relieving localities of the growth in the Medicaid program, and all its administrative costs, as a way to help counties remain within the property tax cap;
- Controlling and targeting new borrowing to keep debt service affordable and within the State's debt limit; and
- Formal saving for the future by more than tripling the State's reserves by setting aside an additional \$2.6 billion to reduce debt and meet needs.

The combination of spending restraint and accompanying budget reforms has led to measurable improvements in the State's financial position. In the summer of 2014, all three major credit rating agencies, Standard and Poor's, Fitch, and Moody's, recognized New York's outstanding financial performance by upgrading the State to its highest credit rating since 1972. The State now enjoys the second highest investment-grade credit rating possible from all three raters on its general obligation bonds.

# Financial Plan Overview

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)				
	FY 2019	FY 2020	FY 2021	
	Results	Current Estimate	Before Changes <sup>2</sup>	Executive Proposal
<b>State Operating Funds Disbursements<sup>1</sup></b>				
Size of Budget	\$101,829	\$103,882	\$111,189	\$105,811
Annual Growth	3.7%	2.0%	7.0%	1.9%
<b>Other Disbursement Measures</b>				
General Fund (Including Transfers) <sup>1,3</sup>	\$74,475	\$79,011	\$86,460	\$81,921
Annual Growth	6.8%	6.1%	9.4%	3.7%
Capital Budget (Federal and State)	\$12,266	\$13,428	\$13,619	\$14,466
Annual Growth	15.3%	9.5%	1.4%	7.7%
Federal Operating Aid	\$58,472	\$58,599	\$59,652	\$57,752
Annual Growth	6.4%	0.2%	1.8%	-1.4%
All Funds <sup>1</sup>	\$172,567	\$175,909	\$184,460	\$178,029
Annual Growth	5.4%	1.9%	4.9%	1.2%
Capital Budget (Including "Off-Budget" Capital) <sup>4</sup>	\$12,783	\$13,986	\$14,183	\$15,029
Annual Growth	13.3%	9.4%	1.4%	7.5%
All Funds (Including "Off-Budget" Capital) <sup>1,4</sup>	\$173,084	\$176,467	\$185,024	\$178,592
Annual Growth	5.3%	2.0%	4.8%	1.2%
<b>Inflation (CPI)</b>	2.3%	2.0%	2.3%	2.2%
<b>All Funds Receipts</b>				
Taxes	\$75,578	\$82,390	\$85,686	\$87,932
Annual Growth	-4.7%	9.0%	4.0%	6.7%
Miscellaneous Receipts	\$31,184	\$29,701	\$26,161	\$26,253
Annual Growth	14.4%	-4.8%	-11.9%	-11.6%
Federal Receipts (Operating and Capital)	\$61,344	\$66,162	\$63,478	\$62,187
Annual Growth	4.1%	7.9%	-4.1%	-6.0%
Total All Funds Receipts	\$168,106	\$178,253	\$175,325	\$176,372
Annual Growth	1.6%	6.0%	-1.6%	-1.1%
<b>General Fund Cash Balance</b>	\$7,206	\$6,527	\$5,904	\$5,904
Rainy Day Reserves	\$2,048	\$2,476	\$2,476	\$2,476
Extraordinary Monetary Settlements	\$4,194	\$2,640	\$2,017	\$2,017
Economic Uncertainties	\$0	\$890	\$890	\$890
All Other Reserves/Fund Balances	\$964	\$521	\$521	\$521
<b>Debt</b>				
Debt Service as % All Funds Receipts	4.0%	2.9%	3.8%	3.4%
State-Related Debt Outstanding	\$53,528	\$57,019	\$60,191	\$60,395
Debt Outstanding as % Personal Income	4.0%	4.1%	4.2%	4.2%
<b>State Workforce FTEs (Subject to Direct Executive Control)</b>	117,967	119,962	119,491	118,955
<sup>1</sup> FY 2019 disbursements as restated by DOB for FY 2019 Medicaid payment deferral. See "Introduction - Impact of Medicaid Deferrals on State Operating Funds" in the Fiscal Year 2021 Executive Budget Financial Plan. <sup>2</sup> As reported in the FY 2020 Mid-Year Update, before Executive proposals to balance the FY 2021 Budget. <sup>3</sup> Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes. <sup>4</sup> Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities.				



# Financial Plan Overview

---

## Fiscal Outlook (Prior to Executive Budget Proposal)

The FY 2021 Executive Budget must close an estimated \$6.1 billion budget gap in the General Fund. The gap consists of two distinct parts: the baseline budget gap and the Medicaid budget gap.

The baseline General Fund gap for FY 2021 is estimated at \$4.1 billion and reflects the difference between the expected level of resources to pay for the projected disbursements, including transfers to other funds, needed to maintain current services levels and specific commitments. The baseline gap is within the range of those closed in recent years (FY 2018: \$3.5 billion; FY 2019: \$4.4 billion; and FY 2020: \$5.3 billion).

The Medicaid gap in FY 2021 is estimated at just over \$2.0 billion, after the recurring value of the expected FY 2020 savings plan (\$890 million) and payment restructuring (\$177 million) assumed in the Mid-Year Update. The gap is the difference between estimated Medicaid spending and the spending limit established by the Medicaid Global Cap index. The Medicaid gap, which emerged abruptly at the end of FY 2019, is a risk to State finances if measures to control costs are not enacted.

## FY 2021 Executive Budget

The Executive Budget closes the \$6.1 billion budget gap with recurring solutions. The Financial Plan for FY 2021 is balanced in the General Fund and limits spending growth to 1.9 percent in State Operating Funds. The FY 2022 budget gap, - the clearest measure of whether the Executive Budget improves the State's fiscal position over time, is estimated at \$1.9 billion, a reduction of nearly \$5.6 billion (75 percent) from the Mid-Year estimate. The *cumulative* (FY 2022 through FY 2024) outyear budget gaps are estimated at \$8.5 billion, lower than the *one-year* gap that the Governor closed in his first budget (FY 2012).

The Governor has convened a Medicaid Redesign Team (MRT II) charged with identifying additional cost-containment measures that will provide approximately \$2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. The Executive Budget recommends a School Aid increase of \$826 million, or 3 percent, with more than 80 percent of the increase targeted to high-need districts. It proposes targeted savings in local aid programs and continues to limit growth in agency operations to investments that are expected to yield improved performance or reduced costs over time. It continues middle class tax cuts for 4.7 million New Yorkers earning under \$300,000 a year and recommends no new tax increases.

Formal reserves have more than tripled since Governor Cuomo took office. The State is reserving the entire amount of Extraordinary Monetary Settlements received in FY 2020 (\$890 million to date) for economic uncertainties, and will continue this policy in future years. It also plans to deposit \$428 million into the Rainy Day Reserves at the close of the current fiscal year. Measured as a share of General Fund disbursements, formal reserves have increased from just over 2 percent in FY 2011 to nearly 5 percent in FY 2020. The State's primary cash reserves, which consist of cash on hand that can be tapped in an emergency, are expected to total nearly \$6 billion at the close of FY 2021.

The following table summarizes the Executive Budget gap-closing plan.

# Financial Plan Overview

<b>SUMMARY OF REVISIONS TO THE MID-YEAR UPDATE</b> <b>GENERAL FUND BUDGETARY BASIS OF ACCOUNTING</b> <b>SAVINGS/(COSTS)</b> <b>(millions of dollars)</b>				
	<b>FY 2021 Proposed</b>	<b>FY 2022 Projected</b>	<b>FY 2023 Projected</b>	<b>FY 2024 Projected</b>
<b>MID-YEAR UPDATE SURPLUS/(GAP)</b>	<b>(6,073)</b>	<b>(7,529)</b>	<b>(8,549)</b>	<b>(8,899)</b>
<b>FY 2020 Savings Plan <sup>1</sup></b>	<b>(890)</b>	<b>(890)</b>	<b>(890)</b>	<b>(890)</b>
<b>FY 2021 Savings Plan</b>	<b>6,963</b>	<b>6,480</b>	<b>6,126</b>	<b>6,523</b>
Tax Receipts Revisions	2,069	1,869	1,440	1,097
Medicaid MRT II Savings	2,500	2,722	3,122	3,522
Local Assistance	1,783	1,778	1,594	1,644
Agency Operations	359	377	461	412
Other Savings/Revisions	252	(266)	(491)	(152)
<b>EXECUTIVE BUDGET SURPLUS/(GAP) <sup>2</sup></b>	<b>0</b>	<b>(1,939)</b>	<b>(3,313)</b>	<b>(3,266)</b>
<sup>1</sup> The General Fund gap estimates in the Mid-Year Update were reduced by the value of a savings plan that DOB intended to develop and allocate later in the fiscal year. The savings plan is allocated in this Financial Plan Update. <sup>2</sup> Before actions to adhere to the 2 percent benchmark.				

The key elements of the FY 2021 gap-closing plan include:

- DOB has revised the tax receipts forecast across all years in the Financial Plan based on stronger receipts collections to date and updated economic information. Through the first three quarters of FY 2020, General Fund receipts, including transfers from other funds, totaled \$57.8 billion, \$1.5 billion (2.7 percent) above the initial estimate of which PIT receipts were \$1.3 billion higher.
- The Medicaid Redesign Team (MRT) is charged with identifying cost-containment measures that will provide approximately \$2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. The spending targets are incorporated into the Financial Plan projections. The Team's recommendations are due prior to the Enacted Budget.
- Another \$1.8 billion in local assistance savings is expected from targeted actions and the continuation of prior-year cost containment.
- Savings in agency operations, including fringe benefits, reduce spending by \$359 million from the baseline forecast. The Executive Budget holds agency operations spending flat at \$10.7 billion, on a State Operating Funds basis. In addition, sensible reforms are again advanced to achieve savings in health insurance and judgments against the State.
- Other actions include debt service savings from refundings, prepayment of expenses, and other portfolio management; an increase in hard dollar capital resources to ensure the State remains within the statutory debt limit; and a range of administrative actions to manage costs.

## Financial Plan Overview

---

DOB estimates the General Fund would end FY 2021 with a closing balance of \$5.9 billion, a decrease of \$623 million from FY 2020. The decrease is due exclusively to the planned use of Extraordinary Monetary Settlements to fund activities appropriated from Capital Projects Funds.

Similar to FY 2020, the Executive Budget includes several measures to respond to uncertainties and Federal risks, including the following provisions:

- Legislation is proposed that establishes a process for the uniform reduction of local assistance disbursements of up to 1 percent of State Operating Funds disbursements (approximately \$1.02 billion) if DOB identifies a potential General Fund imbalance of \$500 million or more in the current fiscal year. Upon identification of a potential imbalance, the Budget Director would transmit a plan to the Legislature, identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have 30 days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. If the Legislature does not act within 30 days, the plan submitted by the Budget Director would take effect automatically. The process expressly excludes certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.
- For the fourth-year legislation is proposed to establish a process by which the State can address significant reductions in Federal aid during FY 2020 should they arise. Specifically, the Budget allows the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal policymakers (a) reduce Federal Financial Participation (FFP) in Medicaid funding to the State or its subdivisions by \$850 million or more; or (b) reduce FFP or other Federal aid in funding to the State that affects the State Operating Funds financial projections by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

## Plan to Address the Medicaid Structural Gap

DOB and DOH conducted an in-depth examination of Medicaid expenditures following the FY 2019 payment deferral. The examination found that a structural gap had formed within the Medicaid Global Cap. The gaps were estimated at \$4.0 billion in FY 2020 and \$3.1 billion in FY 2021. An initial plan to address the gaps was outlined in the Mid-Year Update. At the time, DOB said that it expected the current year gap to be eliminated, and the FY 2021 gap reduced to \$2.0 billion, through a combination of payment restructuring (FY 2020: \$2.2 billion; FY 2021: \$177 million) and savings in the Medicaid program and other General Fund activities (FY 2020: \$1.8 billion; FY 2021: \$890 million). The remaining gaps were to be addressed in the FY 2021 Executive Budget.

Following the inclusion of the FY 2020 Savings Plan in the Mid-Year Update, the State has instituted a plan that is expected to reduce Medicaid costs by \$599 million in FY 2020, growing to \$851 million in FY 2021. A summary of actions is presented in the “Health Care” section in the State Financial Plan Multi-Year Projections” herein. Stronger tax receipts and savings elsewhere in the General Fund close the remaining FY 2020 Medicaid gap (\$1.2 billion) and allow the State to reverse the FY 2020 payment deferral (\$552 million) planned in the Mid-Year Update.

# Financial Plan Overview

Since the Mid-Year Update, the Governor has convened a Medicaid Redesign Team (MRT II) charged with identifying additional cost-containment measures that will provide approximately \$2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

## Current Year Update

In the Mid-Year Update to FY 2020, DOB reported that it expected the General Fund to remain in balance, but that the outcome would depend on the successful implementation of measures to address a \$1.8 billion gap caused entirely by Medicaid. DOB now estimates that gap has been eliminated and the General Fund will end the year in balance. The following table summarizes revisions to FY 2020 General Fund projections since the Mid-Year Update. A brief summary of changes follows the table below.

<b>SUMMARY OF REVISIONS TO MID-YEAR UPDATE</b> <b>GENERAL FUND BUDGETARY BASIS OF ACCOUNTING</b> <b>SAVINGS/(COSTS)</b> <b>(millions of dollars)</b>	
	<b>FY 2020</b>
<b>MID-YEAR UPDATE SURPLUS/(GAP)</b>	<b>0</b>
FY 2020 Savings Plan <sup>1</sup>	(1,782)
<b>Receipts Revisions<sup>2</sup></b>	<b>1,049</b>
Tax Receipts (before Debt Service)	1,012
Debt Service (impact on Tax Receipts)	(90)
Non-Tax Receipts	127
<b>Disbursements Revisions</b>	<b>533</b>
Local Assistance	455
Agency Operations	216
Transfers to Other Funds	62
Monetary Settlement Transfers	(200)
<b>Use/(Reserve) of Fund Balance</b>	<b>200</b>
Settlement Transfers	200
<b>EXECUTIVE BUDGET SURPLUS/(GAP)</b>	<b>0</b>
<sup>1</sup> The General Fund gap estimates in the Mid-Year Update were reduced by the value of a savings plan that DOB intended to develop and allocate later in the fiscal year. The savings plan is allocated in this Financial Plan Update.	
<sup>2</sup> Includes the impact of changes to estimated debt service that alter the amount of tax receipts transferred to the General Fund.	

## Receipts

General Fund receipts, including transfers from other funds, is expected to be \$1.0 billion higher than estimated in the Mid-Year Update. The estimate for tax receipts in the current year has been increased by \$1.0 billion, excluding the impact of debt service changes. The revisions are driven mainly by higher than expected PIT collections due to lower refunds to date, and stronger

## Financial Plan Overview

---

business tax collections to date. Debt service costs in FY 2020 are projected to increase by \$90 million compared to the Mid-Year Update due to prepayment of FY 2021 expenses (\$250 million), partly offset by savings recognized from bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending (\$160 million). Non-tax receipts have been increased to reflect higher investment income and fees based on results to date and updated information.

### Disbursements

General Fund disbursements, including transfers to other funds, have been lowered by \$533 million. Medicaid spending has been reduced to reflect the implementation of the FY 2020 savings plan (\$599 million), which includes a one percent across the board reduction in rates paid to providers and health plans and reductions in discretionary payments. In addition, spending has been reduced for a range of programs and activities, including education, mental hygiene, social welfare and fringe benefits costs based on updated data, cautious estimation of expenses, and operating results to date. These savings are offset in part by the payment of \$552 million in Medicaid costs that were tentatively planned for deferral in the Mid-Year Update. Other revisions reflect routine adjustments to transfers.

### Closing Balance

The General Fund is expected to end FY 2020 with a balance of \$6.5 billion. The balance is \$200 million lower due to the timing of a capital advance that will be reimbursed in full in FY 2021.

### Annual Spending Growth

State Operating Funds spending is estimated to total \$105.8 billion in FY 2021, an increase of 1.9 percent over FY 2020 projected spending. The table below summarizes the sources of the annual change.

# Financial Plan Overview

STATE OPERATING FUNDS DISBURSEMENTS				
FY 2020 TO FY 2021				
(millions of dollars)				
	FY 2020 Current	FY 2021 Proposed	Annual Change	
			\$	%
<b>LOCAL ASSISTANCE</b>	<b>70,324</b>	<b>70,754</b>	<b>430</b>	<b>0.6%</b>
School Aid (School Year Basis)	27,724	28,550	826	3.0%
DOH Medicaid <sup>1</sup>	22,039	23,291	1,252	5.7%
Transportation	3,552	4,075	523	14.7%
STAR <sup>2</sup>	2,176	2,000	(176)	-8.1%
Social Services	2,823	2,766	(57)	-2.0%
Higher Education	2,927	2,841	(86)	-2.9%
Mental Hygiene <sup>3</sup>	3,413	2,137	(1,276)	-37.4%
All Other <sup>4</sup>	5,670	5,094	(576)	-10.2%
<b>STATE OPERATIONS/GENERAL STATE CHARGES</b>	<b>28,392</b>	<b>29,045</b>	<b>653</b>	<b>2.3%</b>
<b>State Operations</b>	<b>19,711</b>	<b>20,030</b>	<b>319</b>	<b>1.6%</b>
Personal Service:	<u>14,289</u>	<u>14,608</u>	<u>319</u>	<u>2.2%</u>
Executive Agencies	7,892	7,827	(65)	-0.8%
27th Administrative Payroll	0	107	107	0.0%
University Systems	4,239	4,406	167	3.9%
Elected Officials	2,158	2,268	110	5.1%
Non-Personal Service:	<u>5,422</u>	<u>5,422</u>	<u>0</u>	<u>0.0%</u>
Executive Agencies	2,769	2,770	1	0.0%
University Systems	2,093	2,081	(12)	-0.6%
Elected Officials	560	571	11	2.0%
<b>General State Charges</b>	<b>8,681</b>	<b>9,015</b>	<b>334</b>	<b>3.8%</b>
Pension Contribution	2,448	2,495	47	1.9%
Health Insurance	4,308	4,513	205	4.8%
Other Fringe Benefits/Fixed Costs	1,925	2,007	82	4.3%
<b>DEBT SERVICE</b>	<b>5,166</b>	<b>6,012</b>	<b>846</b>	<b>16.4%</b>
<b>TOTAL STATE OPERATING FUNDS</b>	<b>103,882</b>	<b>105,811</b>	<b>1,929</b>	<b>1.9%</b>
<b>Capital Projects (State and Federal Funds)</b>	<b>13,428</b>	<b>14,466</b>	<b>1,038</b>	<b>7.7%</b>
<b>Federal Operating Aid</b>	<b>58,599</b>	<b>57,752</b>	<b>(847)</b>	<b>-1.4%</b>
<b>TOTAL ALL GOVERNMENTAL FUNDS</b>	<b>175,909</b>	<b>178,029</b>	<b>2,120</b>	<b>1.2%</b>

<sup>1</sup> Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. Beginning in FY 2021, the Financial Plan anticipates a \$150 million offset from local contributions. The value of these offsets is reported in "All Other" local assistance disbursements.

<sup>2</sup> The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount; there is no impact on STAR benefits received by these homeowners.

<sup>3</sup> Total Mental Hygiene spending is \$4.3 billion in FY 2021, an increase of 7.7 percent from FY 2020, a portion of which is funded by the DOH Medicaid budget.

<sup>4</sup> "All Other" includes spending for various other functions, as well as reclassifications between financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, MSA payments deposited directly to a Medicaid Escrow Fund (\$315 million in FY 2020 and \$371 million in FY 2021), and a \$150 million offset from local contributions in FY 2021, which reduces reported disbursements.



Division of  
the Budget

## REVENUE

Every New Yorker pays a **lower tax rate today** than before Governor Andrew Cuomo took office.



New York State now has the **lowest corporate tax rate** since 1968, the **lowest middle class tax rate** since 1947, the **lowest manufacturers' tax rate** since 1917, and the **most private sector jobs** in history.

The Budget reduces the  
tax burden on small  
corporate businesses by

**40%**

### PROPERTY TAX CAP



The Property Tax Cap program **saved** taxpayers almost **\$46 billion**.

### ENACT THE CANNABIS REGULATION & TAXATION ACT

The Budget establishes a regulatory structure for the **adult-use of marijuana**



and **generating revenue** for the State and local communities.



# Revenue Actions

---

The FY 2021 Executive Budget takes the next step in protecting taxpayers from the devastating impacts of Federal tax reform by continuing the phase-in of middle class tax cuts and advancing efforts to improve New York's business climate, simplify the tax code and improve the fairness of the tax system.

## Overview

The fiscal discipline of the past nine years positioned the State to deliver tax cuts for both individuals and businesses. Enacted personal income tax cuts are saving taxpayers \$39 billion through FY 2021 and every New Yorker now pays a lower tax rate than they did before the Governor took office. Enacted business tax cuts are saving businesses \$12.2 billion through FY 2021.

Tax relief accomplishments include: enactment of a property tax cap and the property tax freeze credit; creating the lowest middle class income tax rate in over 70 years; eliminating the MTA payroll tax for more than 700,000 small businesses and the self-employed; enacting tax cuts for small businesses and manufacturers; delivering reforms to unemployment insurance and workers compensation insurance; creating tax-free zones; and reducing corporate taxes as part of the most important overhaul of corporate taxes in seven decades.

While the State has been lowering taxes, permanently capping property tax growth at 2 percent, and local governments have been finding new ways to work together and share services, Federal tax code changes have created new challenges for New York taxpayers, most notably, by capping Federal deductions of state and local taxes at \$10,000.

## Responding to Federal Tax Reform

On December 22, 2017, President Trump signed into law sweeping changes to the Federal tax system that have a disproportionate and negative impact on the State of New York. The law capped deductibility of State and local taxes – known as SALT – at \$10,000, costing New York taxpayers as much as \$15 billion a year. This undermines the progressivity of the State's tax system, the investments and services the State provides for its residents, and the competitiveness of New York's economy long-term.

In New York, Governor Cuomo's fiscal discipline has held state spending growth to two percent for nine consecutive years, making it possible for every New Yorker to pay a lower tax rate than before the Governor took office in 2011. The FY 2021 Budget implements further reductions to middle class tax rates and reduces the tax burden for certain small businesses and farmers as well. The Governor and the Legislature in 2011 capped annual property tax growth at two percent saving New Yorkers \$45.6 billion to date. This Property Tax Cap was made permanent in the FY 2020 Budget.

As a result of these efforts, New York State has had 36 consecutive quarters of job growth, adding nearly 1.3 million private sector jobs and marking the longest period of employment growth in at least 80 years. The State now has 8.3 million private sector jobs, an all-time high.

Yet the cap on SALT deductions puts this at risk. The cap raised taxes on more than one million New Yorkers, negatively impacting New York's ability to compete for jobs and undermining the decision by the State's voters to invest infrastructure, schools, and health.

It is the first double tax in U.S. history and the first time that a Federal law impinged on a state's sovereignty through the tax code. New York is already the number one donor state in the nation – sending billions of dollars more to the Federal government than it gets back.



## Revenue Actions

---

In response to this Federal attack, Governor Cuomo has launched a nationwide campaign in concert with New York's congressional delegation to repeal the cap on SALT deductions and sued the Federal government. Those lawsuits are still pending.

The FY 2019 and FY 2020 Budgets also took action to adjust the State's tax structure, creating an alternative employer compensation expense program, decoupling from the Federal tax code where necessary to avoid more than \$1.5 billion in State tax increases caused solely by increases in Federal taxes, and decoupling the taxability of certain economic development incentives provided through state taxes and grants that are reflected in taxable income.

The State also created in FY 2019 State-operated charitable funds, and enabled localities and school districts to do the same, all of which provided taxpayers the opportunity to manage their Federal tax liability by providing them a partial credit on their tax bill in exchange for a donation. On June 11, 2019, the U.S. Internal Revenue Service finalized a rule that ended the deductibility of these donations. New York and New Jersey were joined by Connecticut in challenging the rule in court.

Already the cap on SALT deductibility changed taxpayer filing habits creating uncertainty in the fourth quarter of FY 2019 as taxpayers changed their filing habits. Since the SALT cap was implemented in 2018, data show that the real estate market, particularly at the top of the residential market, is slowing and even declining in New York and anecdotal evidence has indicated New Yorkers, particularly the State's top earners, are moving away.

These migration patterns present a significant risk to the progressive government New Yorkers have voted for. New York collects nearly half of its personal income tax revenue from the top 1% of taxpayers, and over one-quarter of its personal income tax revenue from just 0.1% of its taxpayers – approximately 9,000 individuals.

By extending the Governor's fiscal discipline for a 10<sup>th</sup> consecutive year, the FY 2021 Budget represents Governor Cuomo's ongoing commitment to create a tax structure that benefits all New Yorkers and continues the State's efforts to strengthen its economy despite the Federal government's efforts to undermine it.

# Revenue Actions

---

## Tax Cuts and Credits

- **Continue the Phase-In of the Middle Class Tax Cut.** The Budget continues to support the phase-in of the middle class tax cuts. In Tax Year 2020, taxpayers will save nearly \$1.8 billion. When fully effective, six million New Yorkers will save \$700 annually and middle class tax rates will be the lowest in more than 70 years. These actions build on the middle class tax cuts of 2012, which lowered rates from 6.85 percent to 6.45 percent for taxpayers in the \$40,000-\$150,000 income bracket, and to 6.65 percent in the \$150,000-\$300,000 income bracket.

Under the new rates for Tax Year 2020, tax rates will drop to 6.09 percent in the \$43,000-\$161,550 income bracket, and 6.41 percent in the \$161,550-\$323,200 income bracket.

The rate will drop even further and will continue to drop all the way to 5.5 percent and 6.0 percent, respectively, when the cuts are fully effective. The new lower tax rates will save middle class New Yorkers \$4.2 billion, annually, by 2025. The reforms to the tax code made New York State significantly more progressive, whether compared to the tax structure in 2011, or the then statutory default tax structure of 2008. Millionaires' share of the total tax burden increased by 21 percent between 2008 and 2015. The share of the overall tax burden by filers earning \$50,000 or less dropped by 41 percent. The share of the overall tax burden by filers earning \$100,000 or less dropped by 27 percent.

- **Reduce the Burden on Small Businesses.** Small businesses are the backbone of the State's economy. To continue the State's robust economic growth and record of job creation, the Executive Budget provides further tax relief for small businesses.
  - **Reduce Taxes on Small Businesses by 40 Percent:** The Budget reduces the business income tax rate from the current 6.5 percent to 4 percent for businesses with 100 or fewer employees and with net income below \$390,000 that file under Article 9-A. Small businesses have traditionally paid a lower rate than large corporate taxpayers and this reduction preserves the small business tax advantage in the new lower-tax environment created in 2014 with corporate tax reform.
  - **Triple the Current Income Exclusion for Farmers and Sole Proprietors:** The Budget triples the existing 5 percent sole proprietor and farm business income AGI subtraction to 15 percent for small businesses paying taxes via the personal income tax with small business income of \$250,000 or less.
  - **Make the Investment Tax Credit Refundable for Farmers:** The Budget expands refundability of the investment tax credit from only new businesses to include taxpayers whose primary source of income is from farming operations, allowing taxpayers to receive the full benefit of their credits earned.
  - **Repeal Penalty on Small Businesses for Underpayment of Estimated Taxes:** New York State S corporations are required to make estimated tax payments if they believe their tax will exceed \$1,000 and are subject to a tax penalty if they underpay. The Budget repeals this penalty, reducing both an administrative and financial burden on New York State's small businesses.
  - **Expand the Definition of Family in Farm Labor Practices Act:** The Budget expands the definition of family in the Farm Labor Practices Act to include extended family.

## Revenue Actions

---

- **Increase the DHCR Housing Revolving Loan:** Increase the DHCR housing revolving loan from \$9 million to \$15 million.
- **Enhance Empire State Child Credit.** Too often, parents incur significant childcare costs in order to work or forego employment entirely due to unaffordable expenses. New York is one of only six states providing a state-specific credit. The credit is equal to 33 percent of the pre-2018 Federal Child Tax Credit, or \$100 per qualifying child, aged four to 16, whichever is greater. The FY 2021 Budget expands this credit to include children under the age of four for the 398,000 families (with 535,000 dependents) who need it most – those with NYS AGI of \$50,000 or less.
- **Extend Excelsior Tax Credit Program and Enhance Tax Credits for Green Projects.** The Excelsior Jobs Program is extended by establishing new credit caps through 2039 and allowing the use of unused credits through 2049. Absent an extension, new program entrants would not be given the opportunity to receive tax benefits for the full 10-year benefit period. Additionally, the Budget defines and targets those taxpayers engaged in the green economy by enhancing credits within the Excelsior Jobs Program, namely:
  - Increasing the refundable Jobs Credit from up to 6.85 to up to 7.5 percent for net new jobs in a qualifying Green Project;
  - Increasing the refundable investment tax credit from 2 to 5 percent for new capital investment in a qualifying Green Project; and
  - Increasing the Research and Development Tax Credit from up to 6 percent to up to 8 percent of eligible expenses in a qualifying Green Project.
- **Extend Hire-A-Vet Credit for Two Years.** To support veterans in their return to the workforce, the Budget extends this credit for an additional two years, adding the 2020 and 2021 hiring periods. The program provides a refundable tax credit to employers equal to 10 percent of wages paid to a qualified veteran (up to \$5,000) and 15 percent of wages paid to a disabled veteran (up to \$15,000).

# Revenue Actions

---

## Reform and Simplification Actions

- **Reform the Tobacco Products Tax.** As a result of a loophole in the current statute, when tobacco products did not pass directly from the manufacturer to the distributor, as is often the case with imported tobacco products, tobacco distributors have the option to establish a different “wholesale price” by demonstrating an “industry standard of markups relating to the purchase price,” rather than the higher price actually paid by the distributor for the products being distributed, resulting in substantial State tax receipt losses. The Budget eliminates that option and amends the definition of “wholesale price” to reflect the price at which a tobacco product is sold to a New York State registered distributor.
- **Authorize DTF to Provide Unclaimed Tax Benefits.** Many low-income New Yorkers fail to claim the valuable earned income tax credit to which they are entitled. When DTF has sufficient information to verify eligibility, the Budget authorizes DTF to pay this credit to these families automatically, without the need to file an amended tax return. In addition, the Budget will allow DTF to provide the standard deduction instead of the itemized deduction elected by the taxpayer when the standard deduction is greater than the allowable itemized deductions.
- **Cap the Maximum Amount and Income for the Long-Term Care Insurance Credit.** New York State allows one of the highest credits in the nation for long-term care insurance premiums: 20 percent with no maximum credit amount, and no income limitations. The credit helps offset the cost of insuring for long-term care costs associated with aging and disability. To better direct this important benefit to families who most need it, the Budget proposes to limit the credit to \$1,500, and to taxpayers with incomes under \$250,000.
- **Extend and Reform the Film Production Tax Credit.** New York State’s film credit program has incentivized motion picture filming activity in the State. To enhance the effectiveness and sustainability of the \$420 million annual allocation, the Budget reduces the credit rate from 30 to 25 percent for both the production and post-production credits and requires minimum project spending amounts of \$1 million in NYC, Westchester, Rockland, Suffolk and Nassau and \$250,000 for the rest of the State (excluding pilots). In addition, variety shows – except for current productions – will be excluded from the definition of “qualified” film. In addition, the credit is extended for one more year through 2025.
- **Make Technical Amendments Related to Alcoholic Beverage Taxes.** The Budget makes the following technical amendments:
  - Updates and conforms annual reporting requirement thresholds for small alcohol producers in Tax Law to the State Liquor Authority’s (SLA) annual alcohol production caps for farm producer licenses;
  - Standardizes the tax exemption on inter-distributor sales by extending the exemption to every registered distributor; and
  - Repeals the one cent per liter tax levied on liquor containing less than two percent of alcohol by volume, simplifying the ABT return process and move towards web-based filing.
- **Make Technical Amendments to Telecommunications and Railroad Ceiling Programs.** Clarify that a final equalization rate cannot be established until the telecommunications ceiling is established while also eliminating the specialty property

## Revenue Actions

---

reporting requirement. Align the mismatched valuation dates in the railroad ceiling program to ensure that the State ceiling and the local assessment both reflect the same set of facts.

- **Abolish the State Board of Real Property Tax Services.** The Budget eliminates the State Board of Real Property Tax Services and transfers its powers to the Tax Commissioner, consistent with the structure of other agencies that hear appeals.
- **Allow for the Appointment of Acting County Directors of Real Property Tax Services.** As the property tax cycle can be time-sensitive, the Budget allows counties to appoint an Acting County Director of Real Property Tax Services. An authorized Acting County Director of Real Property Tax Services can provide the necessary service coverage until a new director is appointed.
- **Provide Local Options for Placing Converted Condos into the Homestead Class.** The Budget enables municipalities to place converted condos assessed at full value using the sales-based approach into the homestead class, thus aligning these units with other residential properties and affording homeowners lower property taxes.
- **Modernize and Merge Real Property Tax Forms and Processes.** The Budget clarifies that certain modernizations and simplifications taken to the Real Property Tax Form submissions will not alter local revenue streams.

## Enforcement Initiatives

- **Enhance Cigarette Tax Enforcement and Penalties.** State tax revenue from cigarettes are invested in health care, and a robust black market drives down those resources. The Budget combats the black market by making it more difficult for sellers to evade tax liabilities and violation penalties while increasing the severity of penalties if they do.

Currently, if a retailer is caught selling untaxed cigarettes, DTF is authorized to suspend a retailer's Certificate of Registration (CoR) to sell tobacco products. DTF subsequently notifies SLA and the Gaming Commission when such action is taken, and the respective agencies can then suspend the retailer's applicable liquor and/or lottery licenses as well. The Budget makes the following amendments:

## Revenue Actions

---

- Authorize DTF to revoke a retailer's CoR for its first violation for selling untaxed cigarettes, which will automatically result in the initiation of the revocation process of their Certificate of Authority (CoA), which is the required license to collect sales tax and operate a business;
  - Increase the first CoR revocation from six months to one year (to reflect the time a CoA revocation hearing may take);
  - Add affiliate persons language to eliminate the common practice of one individual being the owner of several different retail locations using slightly different business names each with its own CoR and thereby accumulating several violations at different locations while avoiding impactful penalties and punishments; and
  - Amend the revocation process for lottery and liquor licenses by requiring they automatically be revoked upon revocation of a CoR for a violation for selling untaxed cigarettes.
- **Update Criminal Tax Fraud Statutes.** The Budget updates various fraud statutes, allowing for charges against tax preparers, separating the statute regarding the failure to pay tax liabilities, eliminating confusing language regarding non-filers, and clarifying the aggregation of tax fraud counts.
  - **Make Warrantless State Tax Debt Collection Methods Permanent.** The Budget makes permanent two DTF authorizations for warrantless debt collection methods. These programs for income executions (effective since FY 2014) and bank account data matching (effective since FY 2018) make collection of past-due fixed and final tax debts more efficient and are taxpayer-friendly as they reduce the need for issuing public warrants.

## Other Actions

- **Enact a Comprehensive Tobacco Control Policy.** Governor Cuomo has taken unprecedented steps to ensure the health and safety of all New Yorkers by combatting the use of harmful tobacco and nicotine products. The Budget prohibits the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor; prohibits the sale of tobacco products, including e-cigarettes, in all pharmacies; expands the definition of "place of employment" to define indoor space and limit second hand smoke exposure; restricts the delivery of e-liquid products only to NYS-licensed vapor retailers; restricts the advertising of vapor products in periodicals targeting youth, limits production value of audio and video advertising, and restricts claims of safety and efficacy for vaping as a smoking cessation device without FDA approval; requires manufacturers of vapor products to disclose to the DOH Commissioner and the public, information regarding the ingredients, by-products, or contaminants in vapor products, whether intentional or unintentionally added; bans certain carrier oils if they are determined to be harmful; bans coupons and manufacturer discounts and displays in shops; and increases penalties for illegally selling tobacco products to minors. This comprehensive tobacco control policy action will prevent death and disease, as well as save the State billions of dollars associated with the astronomical cost of health care for tobacco-related illnesses. For more information on this comprehensive policy, please see the *Health Care* section of this volume.
- **Enact the Cannabis Regulation and Taxation Act.** The Budget regulates and controls the production, distribution, transportation, and sale of cannabis, cannabis related

## Revenue Actions

---

products, and medical cannabis within the NYS, for the purposes of fostering and promoting temperance in their consumption, to properly protect the public health, safety, and welfare, and to promote social equality. Three taxes are imposed on the adult-use of cannabis:

- The cultivation of cannabis is taxed at the rate of \$1 per dry weight gram of cannabis flower, \$0.25 per dry weight gram of cannabis trim, and \$0.14 per gram of wet cannabis;
- The sale by any entity to a retail dispensary is taxed at a rate of 20 percent of the invoice price; and
- The same sale by any entity to a retail dispensary is taxed at a rate of two percent of the invoice price but collected in trust for and on account of the county or a city with a population of a million or more in which the retail dispensary is located.

## School Tax Relief (STAR) Program Actions

- **Shift Basic STAR Exemptions to the Credit Program.** The FY 2020 Enacted Budget limited the Basic STAR benefit for homeowners in the Exemption program to an income threshold of \$250,000 (rather than \$500,000), while leaving the income threshold for the STAR Credit unchanged at \$500,000. To continue the shift of administering the STAR program as a tax credit to align it with other tax relief programs, the Budget limits the Basic STAR benefit for homeowners in the Exemption program to an income threshold of \$200,000 while keeping the income threshold for the STAR Credit unchanged at \$500,000. Benefits are not reduced as a result of this shift, which enables the State to more efficiently administer the program while separating STAR savings from the tax bill to help make school districts more accountable to taxpayers.
- **Make Exceptions for Late Enhanced STAR Filers.** Though the FY 2019 Enacted Budget required all Enhanced STAR recipients to enroll in the Income Verification Program (IVP), some of these Enhanced recipients failed to do so in time to receive their full STAR benefit. The Budget re-opens this enrollment period to allow these recipients to retroactively verify their income, with DTF sending STAR checks to qualified late enrollees.

## Revenue Actions

---

- **Deny STAR Benefit to Delinquent Property Owners.** The Budget eliminates STAR benefits for homeowners that do not pay their property taxes. The Budget requires localities to report tax delinquents to DTF so that a STAR credit or exemption can be justifiably withheld. Homeowners will be excluded from the STAR program until past-due property taxes are paid.
- **Remove References to the STAR Offset Program.** The STAR Offset program that applied to school years 2013-14 through 2015-16 permitted DTF to use a homeowner's STAR benefit to offset a past-due State tax liability. Since this program is no longer active, the Budget removes references to this obsolete offset program from statute and appropriation.

## Gaming Initiatives

- **Amend Sports Wagering Lounge Restrictions.** Current law requires that wagering on sports be exclusively operated in a casino's designated sports wagering lounge. The Budget ends this restriction by allowing for sports wagering outside the lounge, but still within the casino, per Gaming Commission regulations.
- **Eliminate QuickDraw Minimum Size Restriction.** The Budget eliminates the current 2,500 square feet size restriction imposed on locations offering Quick Draw, expanding the current number of eligible license agents to approximately 17,000.
- **Extend Pari-Mutuel Tax sRates and Simulcast Provisions for One Year.** The current pari-mutuel tax rate structure and other racing-related provisions are extended for one year.
- **Build a New Equine Drug Testing Lab.** The Budget authorizes NYRA to use their capital funds to finance and construct a new equine drug testing laboratory. Updating the equine drug testing lab is critical for the continued enhancement of testing protocols and laboratory equipment.
- **Authorize Entry into the Mid-Atlantic Drug Compact.** The Gaming Commission is authorized to enter the Mid-Atlantic Drug Compact, to enhance equine drug testing, and standardize the ability to maintain the integrity of the racing industry.

## Fee Actions

- **Impose Certificate of Need Fee.** Increased Certificate of Need fees will be assessed on hospital construction projects to provide resources needed under the Medicaid program to administer necessary hospital-related functions.
- **Establish a Motion Picture Theater Alcohol Permit.** The Budget allows traditional motion picture theaters to sell wine, beer, liquor, and cider on premises through a special permit. Currently, only motion picture theaters classified as a restaurant, where patrons sit at tables, are permitted to sell alcohol.
- **Extend Oil and Gas Fee for Three Years.** DTF establishes unit of production values that local assessors must use when assessing oil and gas wells and related facilities. Currently set to expire on March 31, 2020, the Budget extends this program through FY 2024.



## Revenue Actions

**Table 4: Revenue Actions and STAR (Millions of Dollars)**

REVENUE ACTIONS (millions of dollars)				
	General Fund		All Funds	
	FY 2021	FY 2022	FY 2021	FY 2022
<b>Tax Cuts and Credits</b>	-	(33)	-	(39)
Reduce the Burden on Small Businesses	-	(33)	-	(39)
Enhance Empire State Child Credit	-	-	-	-
Extend Excelsior Tax Credit Program and Enhance Tax Credits for Green Projects	-	-	-	-
Extend Hire-A-Vet Credit for Two Years	-	-	-	-
<b>Reform and Simplification Actions</b>	<b>8</b>	<b>49</b>	<b>8</b>	<b>49</b>
Reform the Tobacco Products Tax	10	23	10	23
Authorize DTF to Provide Unclaimed Tax Benefits	(2)	(2)	(2)	(2)
Cap the Maximum Amount and Income for the Long-Term Care Insurance Credit	-	28	-	28
Extend and Reform the Film Production Tax Credit	-	-	-	-
Make Technical Amendments Related to Alcoholic Beverage Taxes	-	-	-	-
Make Technical Amendments to Telecommunications and Railroad Ceiling Programs	-	-	-	-
Abolish the State Board of Real Property Tax Services	-	-	-	-
Allow for the Appointment of Acting County Directors of Real Property Tax Services	-	-	-	-
Provide Local Options for Placing Converted Condos into the Homestead Class	-	-	-	-
<b>Enforcement Initiatives</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
Enhance Cigarette Tax Enforcement and Penalties	-	-	-	-
Update Criminal Tax Fraud Statutes	-	-	-	-
Make Warrantless State Tax Debt Collection Methods Permanent	40	40	40	40

# Revenue Actions

	General Fund		All Funds	
	FY 2021	FY 2022	FY 2021	FY 2022
<b>Other Actions</b>	-	-	(5)	30
Enact a Comprehensive Tobacco Control Policy	-	-	(25)	(33)
Enact the Cannabis Regulation and Taxation Act	-	-	20	63
<b>School Tax Relief (STAR) Program Actions</b>	(4)	-	(78)	(68)
Shift Basic STAR Exemptions to the Credit Program - Credit Portion	(74)	(68)	(74)	(68)
Shift Basic STAR Exemptions to the Credit Program - STAR Savings	74	68	-	-
Make Exceptions for Late Enhanced STAR Filers	(4)	-	(4)	-
Deny STAR Benefits to Delinquent Property Owners	-	-	-	-
Remove References to the STAR Offset Program	-	-	-	-
<b>Gaming Initiatives</b>	-	-	15	30
Amend Sports Wagering Lounge Restrictions	-	-	-	-
Eliminate QuickDraw Minimum Size Restriction	-	-	15	30
Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year	-	-	-	-
Build a New Equine Drug Testing Lab	-	-	-	-
Authorize Entry Into the Mid-Atlantic Drug Compact	-	-	-	-
<b>Fee Actions</b>	0	-	70	70
Extend Oil and Gas Fee for Three Years	-	-	-	-
Establish a Motion Picture Theater Alcohol Permit	0	-	0	-
Impose Certificate of Need Fee	-	-	70	70
<b>TOTAL REVENUE ACTIONS</b>	<b>44</b>	<b>56</b>	<b>51</b>	<b>112</b>



Division of  
the Budget

## INFRASTRUCTURE

### The **NEW \$175 billion** infrastructure plan builds on previous **\$100 billion plan = \$275 Billion.**

#### MTA PLAN

The 2020-2024 MTA Capital Plan supports \$51.5 billion in investments.



#### TRANSPORTATION

mass transit, railroads, airports, highways, bridges and tunnels.

#### ALL ELECTRONIC TOLLING

will make the Thruway a safer, greener and less congested roadway.



#### GREEN NEEDS

environmental facilities, parks, and green energy facilities.

#### CAPITAL INVESTMENTS

Clean water, broadband, parks, airports, Erie Canal and more.



#### ECONOMIC DEVELOPMENT

economic and community development.



#### AFFORDABLE HOUSING

for the people of New York State.



#### SCHOOLS

construct and maintain better school buildings.



#### HIGHER EDUCATION/HEALTH CARE

for SUNY and CUNY buildings, the state's health care facilities and other capital assets.

# Investing in Infrastructure

---

Governor Cuomo has undertaken the most ambitious infrastructure plan in the nation. Starting with an initial \$100 billion investment, it has grown to \$275 billion as new investments in transit, roads and bridges expand the program by \$25 billion. Through this investment, New York State is rebuilding its transportation and mass transit systems and making critical investments in the social infrastructure — educational, health care, environmental, and community facilities — that make New York State a better place to live, work and learn. The investment in infrastructure is modernizing the State, creating jobs, and improving the State's competitiveness for the 21<sup>st</sup> century economy.

## Overview

Governor Cuomo is delivering on his historic investment in infrastructure. New Yorkers are already benefiting from the capital assets funded through the current \$100 billion infrastructure plan, from the Mario Cuomo Bridge, to the 2nd Avenue Subway, to downtown revitalizations and water infrastructure projects all across the state. These projects are supporting the creation of approximately 450,000 jobs and contribute New York's all-time high job count.

Long-stalled or long-overdue projects, such as the redevelopment of LaGuardia and JFK airports and the Penn-Farley Station project have been jumpstarted.

Importantly, Governor Cuomo ensured that these investments are financed responsibly. Working in partnership with public authorities, local and Federal governments, and private enterprise, the State is maintaining an affordable infrastructure plan that will not overburden future taxpayers. Debt continues to remain affordable, growing on average 0.3 percent annually since the Governor took office.

## \$175 Billion, Five-Year Infrastructure Plan

In May 2018, Governor Cuomo announced a plan to invest \$150 billion in the State's infrastructure between FY 2020 and FY 2024. Implementation of the new MTA and DOT plans are expanding the comprehensive, Statewide plan to \$175 billion. The Capital Plan builds on the State share of the Statewide \$175 billion investment. When added to the previous \$100 billion infrastructure plan, undertaken prior to FY 2020, New York is on course to invest over one-quarter of a trillion dollars to upgrade and preserve aging infrastructure. The \$175 billion infrastructure plan includes funding for transportation and mass transit systems, affordable housing, economic and community development, schools, environmental and park facilities, and energy efficiency upgrades.

The \$175 billion infrastructure plan includes:

- \$87 billion for transportation, including mass transit, railroads, airports, highways, bridges, and tunnels across the State.
- \$35 billion for improving environmental facilities and parks, and the development of green energy.
- \$11 billion for economic and community development.
- \$9 billion to further the State's investment in the construction of high-quality, affordable housing for the people of New York.
- \$19 billion to help school districts build new and better school buildings.

# Investing in Infrastructure

---

- \$14 billion to improve and maintain SUNY and CUNY buildings, State health care facilities, and other capital assets.

## Major Infrastructure Investments

Governor Cuomo has made infrastructure a priority. Major projects with continued or added support from the FY 2021 Executive Budget include:

- **MTA Capital Plan.** The 2020-2024 MTA Capital Plan is supporting \$51.5 billion in investments, including Governor Cuomo's \$3 billion commitment. This is in addition to the \$25 billion secured by the Governor and Legislature in the last legislative session. It is the most ambitious and largest plan in the authority's history. The new financing is centered on Central Business District Tolling, the first congestion pricing plan in the country that will combat gridlock and deliver to the city's residents and visitors the world-class transit system they deserve.
- **Transportation Capital Plan.** The FY 2021-2022 DOT Capital Plan is supporting \$11.9 billion in investments to preserve and upgrade roads, bridges, airports, and other vital transportation infrastructure throughout the State. Compared to the final two years of the last DOT Capital Plan, this is an increase of \$3.0 billion, or 33 percent.
- **Affordable and Homeless Housing Capital Plan.** The Budget continues the \$20 billion, comprehensive five-year investment in affordable housing, supportive housing and related services to provide New Yorkers with safe and secure housing. This investment is creating or preserving over 100,000 units of affordable housing and creating 6,000 new units of supportive housing. The Budget also adds additional funding to the Homeless Housing and Assistance Program (HHAP), doubling it for FY 2021 from \$64 million to \$128 million.
- **Thruway All Electronic Tolling (AET).** The New York State Thruway will complete its transition to All Electronic Tolling by the end of 2020. This \$355 million investment will transform the entire Thruway system to cashless tolling leading to a safer, greener, and less congested Thruway system.
- **Gateway Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy and are in dire need of repair and expansion to increase capacity. The plan, which includes funding commitments from New York State and the State of New Jersey, would revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. To continue progress on this important initiative, in July 2019, Governor Cuomo and New Jersey Governor Phil Murphy signed the Gateway law. The law, which passed in all four chambers in the state legislatures of the two states in June, creates the Gateway Development Commission. The unit will function as a bi-state agency that can receive federal funding for the Gateway plan's estimated \$30 billion in projects. The legislation also ensures that local funding is shared equally by the two states, provides for legislative oversight and other transparency efforts, and makes sure the two states and Amtrak are represented in the agency. The Federal Transit Administration has yet to commit to its projected share of this project (\$6.35 billion) and the Governor has led the effort in calling on the Federal government to move forward with supporting the critical project.
- **Transformed John F. Kennedy Airport.** In October 2018, the Governor announced a historic \$13 billion plan to transform John F. Kennedy International Airport (JFK) into a

## Investing in Infrastructure

---

modern, 21<sup>st</sup> century airport that calls for an overhaul of the airport's eight disparate terminals sites into one unified JFK Airport. Work will include demolishing old terminals, utilizing vacant space, and modernizing on-airport infrastructure, while incorporating the latest in passenger amenities and technological innovations. The record investment includes \$12 billion in private sector funding, and will increase the airport's capacity by at least 15 million passengers annually. Construction of the new JFK is scheduled to begin in 2020 with the first new facilities to open in 2023

- **A New LaGuardia Airport.** In 2018, the Governor officially opened the first new gates in LaGuardia Airport's Terminal B, part of the \$8 billion transformation of the airport into a unified 21<sup>st</sup> century terminal system that will provide a world-class passenger experience. When completed, the new 2.7 million square-foot airport will be the first new airport built in the U.S. in more than 25 years. The new LaGuardia will also be better connected to transit. In September 2018, the Port Authority commenced the formal environmental review for the proposed AirTrain LGA, which would provide a critical link to the airport at Willets Point via the Long Island Railroad and the 7 subway line. In July, the Governor opened a new flyover to LaGuardia from the Grand Central Parkway's Eastbound Exit 7, the first and most important of 26 new bridges to improve airport traffic flow. Overall, the redevelopment of LaGuardia is expected to create a combined \$10 billion in economic activity. In October, the Governor announced the opening of the first new concourse and gates at Delta Air Lines' new Terminal C as part of the ongoing transformation of LaGuardia into a unified 21st century airport.
- **Empire Station.** The State is investing \$700 million to leverage a total of \$3 billion, including from private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station. In September 2018, the Governor announced the completion of the structure for a midblock skylight as the train hall moves toward substantial completion by the end of 2020. This builds on progress made in FY 2018, when the Governor opened the expanded West End Concourse at Penn Station. The new, state-of-the-art concourse provides direct access to 17 of the station's 21 tracks for LIRR commuters and intercity rail passengers and offers an underground connection between the future Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E). The opening of the West End Concourse completes the first phase of the transformational redesign of Penn Station, the nation's busiest transportation facility, to a fully modernized, world-class transit hub for the 21st Century. Expanding on this vision, in his 2020 State of the State, Governor Cuomo announced a proposal to expand Penn Station southward to create the Empire Station District. The plan creates new, larger terminals, and will increase track and train capacity by 40 percent, addressing the underlying and most critical problem at the busiest transit hub in the Western Hemisphere.
- **New NY Broadband.** "When the New NY Broadband Program was launched, 30 percent of New Yorkers – approximately 2.42 million locations – lacked access to broadband. As a result of the Program's \$500 million investment leveraging hundreds of millions in private sector and federal investment, and along with additional State-secured upgrades, broadband access has expanded dramatically to accomplish the Program's mission of statewide broadband availability."
- **Parks Capital.** The State made a multi-year capital investment of \$900 million to fund capital rehabilitation and improvement of State parks and historic sites, more than triple the investment from prior administrations. The effort helped spur a record 74 million visitors to New York State Parks in 2018. The Executive Budget allocates \$110 million in

# Investing in Infrastructure

---

New York Works capital funding to the Office of Parks, Recreation and Historic Preservation in order to continue the State's investment in critical infrastructure projects.

- **Clean Water Infrastructure.** In FY 2018, the Governor signed the Clean Water Infrastructure Act, a historic five-year \$2.5 billion investment in drinking water infrastructure and source water protection actions that will enhance communities' health and wellness. In FY 2020, the Governor committed an additional \$2.5 billion to this effort, effectively doubling the state's funding for clean water projects over five years. To that end, this year's Budget provides another \$500 million for these purposes, bringing the State's current total current investment to \$3.5 billion. These funds will be expended via locally based construction projects that will result in improved and safer municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure all while creating jobs.
- **Renewable Energy** In July 2019, Governor Cuomo announced the nation's largest offshore wind energy procurement and awarded two offshore wind contracts with a combined capacity of nearly 1,700 megawatts. In 2020, the New York State Energy Research and Development Authority (NYSERDA) will issue its second solicitation for offshore wind which is expected to yield at least an additional 1,000 megawatts. Further, NYSERDA, the Department of Transportation and Empire State Development will initiate a competitive process to award \$200 million in public investments in port infrastructure improvements. These actions further position New York to meet State's goal of 9,000 megawatts of offshore wind by 2035 and to become the hub of the nation's rapidly growing offshore wind industry.
- **Resiliency.** In May 2019, Governor Cuomo launched the Lake Ontario Resiliency and Economic Development Initiative (REDI). The REDI Commission – a multi-agency task force, which includes 11 State agency Commissioners – was charged with developing a plan to strengthen critical infrastructure and promote natural solutions along the Lake Ontario and St. Lawrence River waterfronts in order to promote health and safety, as well as, bolstering the region's local economies that are heavily dependent on summer tourism. Governor Cuomo committed \$300 million for REDI, including funding for assistance to homeowners and business resiliency programs. The REDI Commission identified projects for funding through robust community engagement, involving local stakeholders. The Commission designated 133 sustainable projects for grants, and Governor Cuomo announced the awards in October 2019. In 2020, the State will work with recipients to implement these critical projects

## New Infrastructure Investments

With the FY 2021 Executive Budget, Governor Cuomo continues his commitment to infrastructure with new projects that build, rebuild, or revitalize capital assets across the State. Major initiatives include the following:

- **Restore Mother Nature Bond Act:** This year, New York will launch Restore Mother Nature, the nation's most aggressive program for significant habitat restoration and flood reduction, funded in part by a \$3 billion Environmental Bond Act. The program will reduce flood risk and revitalize critical fish and wildlife habitats by connecting streams and waterways, right-sizing culverts and dams, restoring freshwater and tidal wetlands, reclaiming natural flood plains, preserving open space, conserving more forest areas, replanting more trees, reducing contamination from agricultural and storm water runoff, and expanding renewable energy. By 2030, New Yorkers in every corner of the State will

## Investing in Infrastructure

---

see measurable improvements as a result of resiliency investment and increased or new recreational opportunities

- **Reimagine the Erie Canal.** Building on the findings of the Reimagine the Canal Task Force, the New York Power Authority Board, which now oversees the Canal Corporation as a subsidiary, will invest \$300 million over the next five years to integrate the Empire State Trail and Erie Canal through a new program that will stimulate tourism and economic development, address environmental challenges unknown a century ago, and create an asset that will improve the quality of life in communities along the 360-mile spine of the Erie Canal. A first phase of funding will start this year that will have two parts: a \$100 million economic development fund to invest in communities along the Canal and a separate \$65 million investment in solutions that will help prevent ice jams and related flooding in the Schenectady area. The remaining \$135 million of the plan's funding will subsequently be allocated to research recommended by the Reimagine Task Force, as well as to solutions related to flood mitigation, invasive species prevention and ecosystem restoration.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$147 million in new capital funding for ORDA, including \$134.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts. Such improvements will not only serve to attract more visitors to these destinations, but also well-position Lake Placid to host the coveted 2023 World University Games. Funding of \$10 million is provided for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.
- **Economic Development.** In addition to the unprecedented capital investment in ORDA facilities that will yield significant economic benefits, the Budget also provides \$470 million in Economic Development grant funding across a number of valuable programs, including Round X of the Regional Economic Development Council (REDC), a fifth round of Downtown Revitalization Initiative and support for a wide array of investments in technology, infrastructure, manufacturing and related economic development initiatives. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.

## Assuring Affordability through Effective Capital Management

The \$100 billion infrastructure plan, and the \$175 billion infrastructure plan, are funded from multiple sources, including State, Federal, public authorities, local governments, and private enterprise.

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

- Since the Governor took office in 2011, the State has been disciplined in its use of debt, while making significant investments in the State's infrastructure. From FY 2011 to FY 2020, debt outstanding has increased from \$55.7 billion to \$57.0 billion (projected), or an average of 0.3 percent annually. During the Governor's tenure, debt outstanding declined for five consecutive years, FY 2013 through FY 2017. This marks the first time in modern history that New York has achieved this result.



## Investing in Infrastructure

---

- State-related debt outstanding as a percentage of personal income is expected to decline from 5.9 percent in FY 2011 (Governor Cuomo's first year) to 4.0 percent in FY 2025.
- Debt service costs have ranged from \$5.6 billion to \$6.5 billion from FY 2011 through FY 2021 (estimated), after adjusting for debt service prepayments. This represents a stable growth rate of 1.4 percent, below the historical growth rate in debt service costs. Debt service growth from FY 2011 through FY 2025 is projected at 2.2 percent.

Throughout his administration, Governor Cuomo has consistently improved the State's capital planning process by requiring agencies to establish processes that are efficient, outcome-focused and properly safeguarded to ensure public money is spent with integrity. This effort continues in the FY 2021 Executive Budget with the following process improvements:

- Expanding the design-build authorization to additional State agencies and authorities to foster innovative and cost-effective solutions,
- Developing a Capital Projects Database that facilitates monitoring of capital projects statewide and require agencies to be more accountable for delivering their capital projects in the most timely and cost effective manner, and
- Requiring OGS to implement an optimization plan for both State owned and leased space. An initial 5-year investment (FY 18 - FY 22) in rehabilitating State-owned buildings through the annual funding of the Office Space Optimization Plan will result in a net savings of approximately \$20 million after 10 years, with additional savings in perpetuity.



Division of  
the Budget

## FEDERAL FUNDING

Governor Cuomo **leads the fight** against the unfair federal cap on State and local tax deductibility that costs New York taxpayers **up to \$15 billion**.

New York **continues to be the nation's number one donor** state, with taxpayers sending **\$22 billion**



more to the federal government than the state gets back.



Significant areas at risk for **decreased federal funding** include health care, human services and infrastructure funding.

### 2020 CENSUS

The Governor is Committing

**\$70 million statewide**



to help ensure every New Yorker is counted, including **\$10 million** in the FY 2021 Budget.

# Federal Funding

---

The Executive Budget utilizes Federal resources to support New Yorkers and employs Federal funds for programs at both the State and local level, including health care, human services, education, public protection, and other services. By managing the complex fiscal relationship between the State and the Federal governments, the Executive Budget plays an integral role in protecting New Yorkers from heightened uncertainty within the Federal government while protecting gains made possible by the Affordable Care Act.

## Overview

The Federal government influences the economy and budget of states through grants, direct spending on its own programs, such as Medicare and Social Security, and through Federal tax policy. Federal policymakers place conditions on grants, mandate certain state actions, preempt state laws, change state and local tax bases and taxpayer behavior through tax policies, and influence industries through regulatory action.

Federal funding predictability, and otherwise sound management of the national economy are of crucial concern to States' budgets – especially in New York, where citizens paid \$22 billion more in Federal taxes in FFY 2018 than they receive back in Federal investment.

New York is one of 10 states with a “negative” balance of payment with the Federal government, per analysis by the Rockefeller Institute of Government using data from the 2018 Federal fiscal year. The \$22 billion net contribution to the Federal government made by New Yorkers and the New York economy is the largest of any state and more than the combined net contributions of 2nd ranked New Jersey and 3rd ranked Massachusetts. New York's people and economy paid the Federal government \$1,125 more per person than they received. By contrast, the average state experienced a positive balance of payments of about \$2.063 per capita. New York's negative balance of payments is driven primarily by Federal taxes, rather than spending. Payments from New York to the Federal government were \$12,655 per capita, or approximately \$3,087 higher than the national average, and Federal spending in New York was \$101 lower than the U.S. average, adding to the revenue disparity.

While New York's balance of payments improved in absolute and per capita terms from the prior year, it continued to move further away from the national average. In other words, relative to other

states, New York's balance of payments is getting worse and not better. New York's taxpayers remain an outsized supporter of Federal spending programs. Despite having significant programmatic needs, a relatively small amount returns to the State through wages, contracts, and social programs.

As with any state, Federal funding is an essential component of New York's Budget, totaling \$59.5 billion – approximately one- third of anticipated All Funds spending in FY 2021. Changes to Federal policy under the current Presidential administration and Congress may threaten funding for crucial Federal-State partnerships that provide direct benefits to New Yorkers.

## Federal Tax Reform

In December 2017, President Trump signed into law the Tax Cuts and Jobs Act, which disproportionately hurts high income states, like New York, which already contributes \$22 billion more to the Federal government than it gets back.

Most devastating to New Yorkers, Federal taxpayers are now only able to claim up to \$10,000 in state and local tax (SALT) deductions. The law is estimated to cost New Yorkers as much as \$15 billion annually. With the IRS blocking some of New York's efforts to ease the Federal cap on

## Federal Funding

---

SALT deductions brought upon by the new Federal tax law, the Governor is calling for a necessary bipartisan fix. The Governor will continue to work with New York's congressional delegation to repeal the cap on SALT deductions.

(See the Revenue section for further discussion of the impacts of the cap on SALT deductions.)

The new Federal tax law also permanently cut the corporate tax rate by 40 percent, and it allows "pass through" entities to take a 20 percent income tax deduction and makes a number of changes to other business credits and deductions, including limiting the deduction for interest expenses, and research and development expenditures.

The net result of these changes is that the Federal deficit is ballooning as revenue fails to keep up with spending. The deficit rose by 12 percent in the first two months of the 2020 fiscal year, according to the Congressional Budget Office (CBO). The deficit is on track to surpass \$1 trillion the 2020 fiscal year. CBO has called this deficit path "unsustainable" and warned that it will suppress economic growth.

The circumstances could spark spending cuts to offset the federal budget imbalance, putting the most vulnerable New Yorkers at risk.

## Federal Funding

Federal funds are predominantly targeted at programs that support the most vulnerable New Yorkers and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection. Overall, the Federal resources expected to be utilized by the FY 2021 Budget include:

- **Medicaid** (\$39.9 billion). Federal Medicaid dollars help support health care for more than six million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding, representing just over two-thirds of Federal resources anticipated in the FY 2021 Budget.
- **Other Health and Human Services Programs** (\$12.2 billion). Support from the Federal government provides for a variety of other health programs administered by the Department of Health (DOH), as well as programs administered by the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), Homes and Community Renewal (HCR), and the Department of Labor (DOL), among others. Specific programs include the Essential Health Plan, TANF-funded public assistance benefits, Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, Child Support administrative costs, Foster Care, and the Unemployment Insurance Program administrative costs.
- **Education** (\$4.1 billion). K-12 education, special education and higher education receive Federal support. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.
- **Transportation** (\$1.6 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.

## Federal Funding

---

- **Public Protection** (\$1.3 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision, the Office of Victim Services, the Division of Homeland Security and Emergency Services, and the Division of Military and Naval Affairs. Federal funds are also passed on to municipalities to support a variety of public safety programs.
- **All Other Funding** (\$0.4 billion). Several other programs in the Economic Development, Mental Hygiene, Parks and Environmental Conservation, and General Government Areas are also supported by Federal resources.

## Federal Funding Trends

The \$59.5 billion in Federal funds expected to be utilized by New York State in FY 2021 includes increases in funding for social welfare programs that are improving outcomes for New Yorkers. Disbursements of Federal funding for Education, Transportation, Public Protection, and other uses has been more varied, fluctuating across a range from a 2 percent increase to a 35 percent decrease.

- Federal support for other Health and Human Service Programs increased by \$1.9 billion (18 percent) over the past 5 years. This was also primarily driven by the ACA, specifically the creation of the Essential Health Plan, which covers over 740,000 low to moderate income New Yorkers.
- Federal receipts have consistently represented approximately one-third of all State budget revenue sources over the period.
- All Other Funds decreased by \$216 million (35 percent), primarily due to increasing employment costs of federally funded state employees.

## Federal Funding

Other program areas have seen decreases in their Federal resources. These include:

- Public Protection funding decreased by \$178 million (12 percent) since FY 2016, however this is primarily due to the timing of Federal Emergency Management Agency (FEMA) Public Assistance funding for damages sustained during natural disasters.
- Transportation funding decreased by \$525 million (25 percent) in the last 5 years, reflecting variations in the timing of obligations and disbursements.

**Table 5: Federal Disbursements by Program Area**

(Millions of Dollars) Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Change	
						Dollars	Percent
Medicaid	34,461	37,557	40,181	41,018	39,931	5,470	16%
Other Health & Social Welfare	10,310	11,839	12,368	11,954	12,204	1,894	18%
Education	4,035	3,691	4,360	4,070	4,128	93	2%
Transportation	2,092	1,683	1,698	1,614	1,567	(525)	-25%
Public Protection	1,460	1,552	1,283	1,362	1,282	(178)	-12%
All Other	628	485	530	386	412	(216)	-34%
Total	52,985	56,806	60,417	60,400	59,519	6,534	12%

In FY 2017, Federal disbursements by the State for health and human services, including Medicaid represented approximately 85 percent of total Federal disbursements. In FY 2021, the percentage is expected to represent approximately 88 percent.

## Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could exacerbate New York's already high Federal balance of payments deficit. New York already has the largest absolute balance of payments deficit among all states, sending nearly \$22 billion more to the Federal government in Federal tax revenue than received back in Federal spending in Federal FY 2018, according to a Rockefeller Institute's analysis.

The FY 2021 Executive Budget continues a mechanism to assist with budget balance and mitigate Federal risks. The Director of the Budget is charged with preparing a corrective action plan for consideration by the Legislature in the event that I) Federal aid for Medicaid is reduced by \$850 million or more, or II) Federal aid for all other programs is reduced by \$850 million or more

Notable Federal risks include:

- **SNAP Regulations.** The U.S. Department of Agriculture has finalized one regulation and proposed two others that would undermine the Supplemental Nutrition Assistance Program (SNAP) that enables 1.6 million New York households to receive benefits. The finalized regulation related to work requirements for Able Bodied Adults Without Dependents (ABAWDs) will restrict the State's flexibility to receive waivers in areas with high unemployment or a demonstrable lack of sufficient jobs and put approximately 113,000 people at risk of losing their benefits. Under a proposed rule on categorical eligibility, a newly required asset/resource test on non-categorically eligible households would penalize low-income households for working, for saving for the future or retirement even at the smallest levels, impacting 87,000 New Yorkers. The final proposed rule

## Federal Funding

---

would further reduce the State's flexibility to account for utility costs in a household's income, resulting in reduced benefits for approximately 30 percent of SNAP households.

- **Medicaid Disproportionate Share Hospital (DSH) Cuts.** DSH cuts initially included in the Affordable Care Act (ACA) are set to take effect in the current Federal Fiscal Year, beginning May 23, 2020. DOB estimates that if the changes take effect as scheduled, New York will see the largest reduction among all states, costing the State \$7.2B in lost Federal DSH payments when fully phased in. These cuts will mean less funding for the State's public and safety net hospitals. Congress has previously blocked their implementation since the initial implementation date of FFY 2014.
- **Surface Transportation Reauthorization.** The Fixing America's Surface Transportation (FAST) Act, which funds Federal highway, transit, intercity rail, freight, highway traffic safety, and motor carrier safety programs is set to expire on September 30, 2020. In FFY 2020, the final year of the FAST Act, the State and State Transit Authorities are expected to receive \$3.3 billion in highway and transit funding alone. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure that an extension of current law or a new authorization is in place prior to October 1, 2020.
- **Census 2020.** The results of recent Censuses indicate that New York State is exposed to being undercounted in the Census. This would have crucial carry-over effects in the population estimates used in a myriad of Federal aid programs, leading New York to receive less funding than it otherwise would. Recent population data also indicates that New York State is anticipated to lose one federal congressional seat in the 2020 Census. To help ensure every New Yorker is counted, the Governor has already launched a \$60 million statewide effort, and is proposing to expand that investment in the FY 2021 Budget to \$70 million.
- **Title X.** Last year the U.S. Department of Health and Human Services finalized regulatory changes to the federal Title X family planning program that block the availability of federal funds to family planning providers that also offer abortion services with other funds and prohibit participating providers from referring pregnant clients to abortion providers, among other changes. As a result of these changes the State withdrew from the programs, incurring a cost of over \$14 million annually to continue the services.



Division of  
the Budget

## ECONOMIC DEVELOPMENT

### MOST PRIVATE SECTOR JOBS IN HISTORY

New York State's economy has added **8.3 million** private sector jobs and experienced employment growth for 36 consecutive quarters.



Since 2011, the REDCs have awarded over **\$6.9 billion** to more than **8,300 projects**, resulting in more than **240,000 new or retained jobs** in New York.

The Budget provides **\$100 million** for a fifth round of the Downtown Revitalization Initiative that is transforming downtown neighborhoods into vibrant communities.



The Budget creates a

**NEW  
GREEN JOBS  
TAX CREDIT**

to create jobs in green economy businesses.



The New York State tourism campaign will receive **\$57.5 million** to attract visitors from around the world.

The Budget supports a **\$100 million** State multi-year commitment for the construction of a first-in-the-nation particle collider on Long Island.

State contract spending with MWBE firms has grown from less than **\$100 million** in 2010 to **\$3 billion**. New York State has the highest MWBE contract participation in the nation.

**MWBE**



# Economic Development

---

The FY 2021 Executive Budget promotes job creation and the revitalization of every region of the State by investing in key capital projects, emerging and high-impact industries, and regionally-focused economic development strategies. Governor Cuomo's economic development initiatives are contributing to an Upstate renaissance while expanding opportunities for all New Yorkers to share in economic success. These efforts have helped businesses create more than 1.23 million private sector jobs, setting records in employment and producing job growth reflected in every region of the state.

## Overview

Together, the Empire State Development Corporation (ESD) and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State. The Economic Development portfolio includes the administration of regionally-based economic development programs, marketing and advertising activities to promote tourism, strategic business investments as well as the administration of programs to expand university-based research and technology.

In addition to the efforts of these specific economic development agencies, Governor Cuomo has harnessed the full power and breadth of the State's activities for job creation and economic growth. Economic planning is now coordinated across all agencies and authorities so that capital investments, tax-credit funding, and the wide-range of agency programs have a much more profound economic impact than the sum of the individual programs.

## Creating Jobs and Growing the Economy

In 2011, Governor Cuomo completely redesigned the State's economic development strategy through the creation of the Regional Economic Development Councils (REDC). New York State's traditional top-down development strategy is replaced with a bottom-up, innovative approach that empowers regional stakeholders to develop long-term plans, putting to work their unique investing knowledge and understanding of local priorities and assets. Through nine rounds of awards, the REDCs have invested over \$6.9 billion in job creation and community development projects, creating or retaining over 240,000 jobs.

As part of this regional economic strategy, the State's \$1.5 billion investment in the Buffalo area economy is helping to create thousands of jobs and spur new investment and economic activity.

Through the Upstate Revitalization Initiative (URI), \$1.7 billion was awarded to seven Upstate regions over a multi-year period to support transformative investments that build on regional assets and leverage private sector capital to create jobs and strengthen regional economies. To give communities the tools they need to select and fuel targeted revitalization strategies, New York State has awarded 40 communities with \$10 million each through the Downtown Revitalization Initiative.

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

## Proposed FY 2021 Economic Development Budget Actions

- **Regional Economic Development Councils.** In 2011, Governor Cuomo established 10 Regional Economic Development Councils (REDCs) to develop long-term regional strategic economic development plans. Since then, the REDCs have awarded over \$6.9

## Economic Development

---

billion to more than 8,300 projects, resulting in more than 240,000 new or retained jobs in New York.

The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a tenth round of REDC awards totaling \$750 million. The core funding includes \$225 million in grants and tax credits to fund high value regional priority projects. The Budget also makes \$525 million in resources from State agencies available to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.

- **New York Works Economic Development Fund.** A fifth round of investment equaling \$220 million for the New York Works Economic Development Fund will provide additional statewide capital grants to support projects that facilitate the creation of new jobs or retain existing jobs, or fund infrastructure investments necessary to attract new businesses or expand existing businesses.
- **Downtown Revitalization.** The Downtown Revitalization Initiative is transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Through four rounds of awards, each winning community was awarded \$10 million to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization. The FY 2021 Executive Budget provides \$100 million for a fifth round of the Downtown Revitalization Initiative.
- **Brookhaven National Lab Electric Ion Collider.** The Budget supports a \$100 million State multi-year commitment for the construction of a first-in-the-nation particle collider on Long Island. This important State investment made possible more than \$2 billion award by the Department of Energy to construct the collider at the state-of-the-art Brookhaven National Laboratory. The project will attract unprecedented research opportunities and partners to the region and represents a massive step forward not only for physics research, but also for New York's place as a haven for ground-breaking scientific discovery.
- **Cree Silicon Carbide Device Facility.** The budget supports a \$500 million state commitment for a major public-private partnership between the State of New York and Cree, Inc., the global leader in silicon carbide technology, to invest approximately \$1 billion over six years to construct and equip a new, state-of-the-art, highly-automated world's-first, 200mm silicon carbide wafer fabrication facility. This investment also includes a \$30 million research and development commitment by Cree, with plans to create over 600 full-time highly-skilled technician and engineering positions at the Marcy Nanocenter on the SUNY Polytechnic Institute campus near Utica.
- **Green Economy Tax Credit.** The budget creates a new refundable, discretionary Green Jobs Tax Credit totaling up to 7.5 percent of wages for each net new job created fostering the expansion of green economy businesses and position New York State to further capitalize on significant projected green economic growth. The State will also create a refundable, discretionary Green Investment Tax Credit totaling up to 5 percent of qualifying new capital investments in connection with qualifying green economy projects and increasing to up to 8 percent of eligible investment for research and development in qualifying green economy projects.

## Economic Development

---

- **Consolidation of the Centers of Advanced Technology and the Centers of Excellence Programs.** The Budget supports a revamped Innovation Centers program, which will combine the Centers of Advanced Technology (CATs) and Centers of Excellence (CoEs) into a competitive program. CATs are designated through a competitive process, therefore CoEs would need to migrate to this same structure. Program consolidation with an emphasis on a new competitive structure would allow New York State to better capitalize on the Centers with the highest performance that promote priority markets and job creation. The proposal also includes the establishment of a new Statewide Innovation Hub that will hold competitive funding opportunities for CATs and CoEs for specific projects in emerging industries that the State believes will lead to additional investment and industry development.
- **Empire Station Complex.** Governor Cuomo proposes to redevelop the full city block south of Penn Station to add rail capacity. This expansion would increase overall track capacity by nearly 40 percent by adding at least 8 new tracks to the existing 21 tracks, dramatically increase passenger terminal capacity, ease congestion with widened sidewalks and prominent subway entrances, and add new development opportunities on adjoining parcels that will transform the area into a modern, transit-oriented central business district called the Empire Station District. As part of this plan, Governor Cuomo further proposes to explore acquiring Madison Square Garden Theater to create a new 8th Avenue entrance to Penn Station. Together, these actions will combine the Moynihan Train Hall, Penn Station and the new Penn South city block into one, interconnected Empire Station District.
- **Continued Investment in Tourism.** The Budget includes additional funding to support the State's tourism campaign and attract visitors from around the world. The program includes a eighth round of \$15 million in competitive funding through the Market NY initiative to support tourism marketing plans and projects that best demonstrate regional collaboration among counties to promote regional attractions. Tourism is New York's fourth largest employment sector.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$147 million in new capital funding for ORDA, including \$134.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts with a focus toward preparing for the 2023 World University Games, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative. Additional investments in these North Country assets will continue to make New York more competitive for winter recreation and travel including support for a new mid-station lodge at Whiteface Mountain, attracting large sports events, and ultimately driving year-round business and economic sustainability for the area.

ORDA facilities in and around Lake Placid will be used for the 2023 World University Games, an international sports and cultural event staged every two years in a different city. The 11-day competition draws over 2,400 student-athletes together to compete in various disciplines including alpine, freestyle and cross-country skiing, biathlon, speed skating, curling, figure skating, hockey, short track speed skating and snowboarding. These events will attract thousands of visitors and contribute to Lake Placid's reputation as a world class destination.

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding to continue the fostering of innovation by offering

## Economic Development

---

start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.

- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$34 million to support ongoing economic development initiatives including the New York State Economic Development Fund, the Minority- and Women-Owned Business Development and Lending Program, the Urban and Community Development Program, and the Entrepreneurial Assistance Program.
- **Expand Opportunities for New York's MWBE Program.** As part of his commitment to ensuring all New Yorkers have the opportunity to take part in New York State's growing economy, in 2014 Governor Cuomo set the Minority and Women Owned Business Enterprises (MWBE) utilization goal in State contracting to 30 percent. State contract spending with MWBE firms has grown from less than \$100 million in 2010 when utilization was just under 10 percent to \$2.6 billion as MWBE participation in State contracts grew to 29.13 percent in FY 2019. New York State now has the highest MWBE contract participation in the nation. To build upon this success, the Empire State Development Corporation will establish a Statewide Integrated MWBE Application Portal. This will allow business owners to apply for any and all MWBE Certification programs in New York using one website and one common application. The portal will also provide applicants with direct assistance from program staff in order to make the process of completing the application as accessible as possible.





Division of  
the Budget

## EDUCATION

**\$826 million**



**INCREASE FOR  
SCHOOL AID.**

**85%**

of  
Foundation Aid  
increase goes to  
high-need districts.



**A \$15 Million**



**PRE-K investment**

will bring high-quality early instruction to over

**2,000 MORE 3 & 4 YR OLD CHILDREN** in high-need school districts.

The

**\$10 MILLION**

expansion of public after school care  
will serve **6,250 additional students** in  
high-need communities.

The Budget provides



**\$300 million**

an increase of **\$50 million** to  
support the transformation of  
**high-need schools** into  
community hubs.

### IMPROVING GRADUATION RATES

Since FY 2012, high school graduation rates have increased

**7.2 PERCENTAGE POINTS.**



# Education

---

The FY 2021 Executive Budget reflects the Governor's strong commitment to education through an \$826 million annual School Aid increase. The Budget provides a \$704 million increase in Foundation Aid and includes support for several key initiatives to improve educational outcomes and provide access to high quality educational opportunities. These include the eighth consecutive expansion of Universal Prekindergarten and early college high school awards for high-need districts, a fourth round of Empire State After School awards, and the continued transformation of high-need schools into community hubs. Together, these investments continue to advance the transformation of public education across the State. Important initiatives from prior years are also sustained, including the State's landmark school funding transparency initiative and the \$2 billion Smart Schools Bond Act.

## Overview

As budgets are statements of values and priorities, it is clear New York's highest priority is the education of its children. With total school district spending from all sources exceeding \$70 billion, education is both the largest area of State spending and the largest component of local property taxes. New York has ranked first nationally in per pupil spending for 13 straight years, a reflection of the State's long-standing commitment to provide all students with the opportunity to excel as learners, workers, and citizens. With this Executive Budget, School Aid increases will total \$9.0 billion over nine years—a 46 percent increase over that period. Last year alone, the FY 2020 Budget included an additional \$1.0 billion (3.8 percent) increase.

The FY 2021 Executive Budget continues the progress made to strengthen New York's educational offerings and increase access across the State. Building upon the State's multi-year investments in high-quality full-day prekindergarten and after school programming, the Executive Budget provides additional funding to expand these vital programs in high-need school districts. In addition, the Budget reflects the Governor's continued commitment to the transformation of high-need schools into community hubs. These initiatives, along with programs already underway, are improving public education across the State—reaching students earlier and ensuring they have access to highly effective teachers, programs, and schools.

## Improving Educational Outcomes

New York's public schools spend more per pupil (\$23,091) than any other state in the country—almost double the national average (\$12,201). While the level of spending is important, Governor Cuomo has initiated several programs to improve outcomes within the State's education system. These include:

- **School Funding Transparency.** The FY 2019 Enacted Budget included landmark legislation directing school districts to make their distribution of funds at the school building level public for the first time. Initially, based on 76 districts' data, funding inequities within some of the State's largest and highest need school districts were uncovered, prompting further legislation in FY 2020 requiring districts to prioritize funding to their neediest and most underfunded schools. At the same time, in FY 2020, this school-level funding disclosure requirement was expanded to over 300 school districts. Starting in FY 2021, all 673 major school districts in the State will report school building-level funding to the public, providing a critical window for every parent, lawmaker, and stakeholder to understand how we can ensure all students in New York State have access to high-quality education and the opportunity it makes possible.
- **Prekindergarten Programs.** New York State spends nearly \$850 million annually on public prekindergarten programs for three- and four-year-old children, serving over 128,000 students statewide. In FY 2015, the Enacted Budget committed \$1.5 billion over

## Education

---

five years to support full-day prekindergarten for four-year-old children across the State. That same year, New York received a grant award of \$100 million over four years from the United States Department of Education to expand access to full-day prekindergarten in high-need school districts. In FY 2016, the Enacted Budget included \$30 million to support the first State-funded full-day prekindergarten program for three-year-olds, while also expanding prekindergarten access for four-year-olds. The FY 2017 Enacted Budget further expanded prekindergarten access to three-year-old children in the State's highest-need school districts, and the FY 2018 through FY 2020 Enacted Budgets promoted prekindergarten access for all high-need students by targeting funding to the few remaining high-need school districts without prekindergarten programs. Finally, in FY 2020, the State's merger of seven prekindergarten programs into Universal Prekindergarten was fully realized.

- **After School Programs.** In FY 2018, Governor Cuomo made the State's largest single investment in high-quality after school programming with the creation of the Empire State After School Program. His \$35 million commitment provided services to an additional 22,000 students in high-need communities in every region of the State—including the State's 16 Empire State Poverty Reduction Initiative (ESPRI) communities. In FY 2019 and FY 2020, the State invested another \$10 million of new funding each year to support a second and third round of Empire State After School awards, providing public after school care to 12,500 more students in school districts with high rates of childhood homelessness, and communities vulnerable to or at-risk of gang activity. Today, with these funds, the State's annual investment in after school programming totals more than \$134 million, providing 80,000 students across the State with high-quality extended learning and youth development opportunities in supportive, safe environments in the critical hours after school.
- **Smart Schools Bond Act.** In November 2014, the Smart Schools Bond Act, proposed by Governor Cuomo, was approved by voters. The Smart Schools Bond Act provides \$2 billion in funding for districts to reimagine classrooms and provide New York's students with the technological resources, skills, and learning environments necessary to succeed in the 21st century. Funding supports enhanced education technologies, including infrastructure improvements, high-speed broadband internet access, and active learning technologies. Additionally, the Smart Schools Bond Act supports the State's long-term investments in full-day prekindergarten through the construction of new prekindergarten classrooms, the



## Education

replacement of classroom trailers with permanent classroom spaces, and high-tech school safety programs. To date, over 750 Smart Schools Investment Plans totaling almost \$1.4 billion have been approved by the Smart Schools Review Board.

- **Community Schools.** When schools and communities partner to provide students with health and social services, learning improves and students succeed. Over the past seven years, the State has invested \$880 million to transform schools across 240 higher-need districts into community schools. This funding supports services that are unique to each school's individual needs, including before- and after-school programs, summer learning activities, medical and dental care, and other social services.

Category	2019-20 School Year (millions)	2020-21 School Year (millions)	Change	
			Dollar (millions)	Percent
School Aid	\$27,724	\$28,550	\$826	3.0

**Table 7: School Aid Increase**

Category of Increase	Change (millions)
Foundation Aid	\$504
\$50 Million Community Schools Set-aside	
Targeted High-Need District Foundation Aid	\$200
Reimbursement for Expense-Based Aids / Other	\$72
Expanded Prekindergarten for Three- and Four-Year-Olds	\$15
Empire State After School Program	\$10
Early College High Schools	\$6
Master Teachers Program	\$2
Curriculum on Diversity and Tolerance	\$1
STEM Entrepreneur	\$1
Other Education Initiatives	\$16
School Aid Increase	\$826

## Proposed FY 2021 Budget Actions

The Executive Budget reflects the Governor's strong commitment to improved student outcomes and builds upon the achievements of prior years. In FY 2021, School Aid will continue to represent New York's largest State-supported program, accounting for approximately 31 percent of total General Fund spending.

### School Aid

The FY 2021 Executive Budget provides an overall School Aid increase of \$826 million (3.0 percent), with over 80 percent of this year's increase directed to high-need school districts. This includes funding for a \$704 million increase in Foundation Aid—85 percent of which is directed to high-need school districts—a community schools set-aside increase of \$50 million for the continued transformation of high-need schools into community hubs, \$72 million in reimbursements for expense-based aids, a \$15 million expansion of high-quality prekindergarten for three- and four-year-old children, a \$10 million expansion of Empire State After School grants to high-need districts, and an additional \$6 million for early college high schools.

# Education

---

## More Progressive Foundation Aid

While New York spends more per pupil than any other state in the country, almost double the national average, longstanding politics, complex funding formulas, and disparities in local wealth and local property taxes have perpetuated an unfortunate reality—higher need districts receive less total funding per pupil than lower need districts. To generate greater equity and advance the closure of this education funding gap and to more progressively distribute State funding to New York's neediest districts, the Executive Budget recommends the consolidation of 10 expense-based aid categories into Foundation Aid starting in the 2020-21 school year. Currently, only 50 percent of these 10 expense-based aids are distributed to high needs districts, compared to more than 70 percent of Foundation Aid. To direct more expense-based aid to high-need districts, the Budget proposes legislation to consolidate these expense-based aids into Foundation Aid so that future funding increases can be more progressively targeted to the State's neediest districts.

## Community Schools

The Budget continues the Governor's push to transform New York's high-need schools into community schools. Last year's Budget invested \$250 million as a set-aside within Foundation Aid to support the Governor's community schools efforts across the State. This year, the FY 2021 Budget increases the community schools set-aside amount by \$50 million, to a total of \$300 million. This increased funding is targeted to districts with schools in need of comprehensive support and improvement (CSI) due to their academic performance, as well as districts with a large and/or growing population of English language learners. In addition, the Budget expands the number of districts receiving community schools funding to 440 districts—an increase of 200 districts. This ensures all lower-wealth districts across the State can apply community schools funds to a wide-range of activities, including hiring community school coordinators, providing before- and after-school mentoring services, offering summer learning activities, and providing health and dental care services.

## Prekindergarten

The Budget includes an additional \$15 million investment in prekindergarten to expand high-quality half-day and full-day prekindergarten instruction for over 2,000 three- and four-year-old children in high-need school districts. Preference for these funds will be given to the few remaining high-need school districts currently without a prekindergarten program, and will focus on including students in integrated or community-based settings. The Budget also continues the State's \$5 million investment in the implementation of QUALITYstarsNY, New York's quality rating and improvement system intended to ensure the State's youngest students are enrolled in the highest quality prekindergarten programs possible.

## Empire State After School Program

The FY 2021 Budget provides \$10 million to fund a fourth round of Empire State After School awards. These funds will provide an additional 6,250 students with public after school care in high-need communities across the State. Funding will be targeted to school districts with high rates of childhood homelessness and communities vulnerable to gang activity. This expansion will provide more young people with safe environments to engage in sports, music, and other educational programming during after school hours.

## Ensuring College and Career Readiness

## Education

---

Federal and State labor projections show tremendous job growth in areas where postsecondary education is required—especially as automation continues to dramatically alter the workforce. New York is making critical investments to ensure all students are college and career ready and prepared for this transition in the economy.

- **Early College High Schools.** New York currently has over 90 early college high school programs serving thousands of students in every region of the State. These programs allow students to get a jump start on college by providing opportunities to earn college credit or an associate's degree. To further build upon the success of the existing programs, the Budget commits an additional \$6 million to create at least 10 new early college high school programs. This expansion will target communities with low graduation and/or college access rates.
- **Syracuse Comprehensive Education and Workforce Training Center.** To meet the emerging science, technology, engineering, arts, and mathematics demands in Syracuse, the Executive Budget proposes the creation of the State's first regional Comprehensive Education and Workforce Training Center in Central New York. Administered by the Syracuse City School District in partnership with SUNY Empire State College and other local colleges and universities, the Center will provide specialized educational opportunities and state of the art workforce training programs in advanced technologies to students and residents throughout the region. The State will reimburse 98%, or \$71.4 million, of the cost to renovate the building that will house the Center. The Syracuse Comprehensive Education and Workforce Training Center is scheduled to open in 2021 and will serve ultimately 1,000 students, as well as residents of the community.

### Charter Schools

The FY 2021 Executive Budget increases charter school tuition in alignment with public school spending and provides New York City charter schools with a total per pupil funding increase of 5.3 percent. This will allow charter schools to continue to innovate, recruit high-quality teachers and staff, and provide strong educational options for New York's families and students.

### Nonpublic School Programs

Approximately 400,000 elementary and secondary students attend more than 1,600 nonpublic schools in New York State. The Executive Budget increases aid by 3 percent, to \$199 million, to reimburse nonpublic schools' costs for State-mandated activities. The Budget also provides \$35 million for science, technology, engineering, and math (STEM) instruction, a \$5 million increase. In addition, the Budget continues \$15 million in annual capital funding provided to nonpublic schools for health and safety projects.

### Other Budget Actions

- **Master Teachers Program.** Building on the success of the Governor's Master Teacher Program—which has awarded nearly \$60 million to 1,200 teachers—the Budget provides \$1.5 million to fund an additional cohort of master teachers in schools with high rates of teacher turnover or inexperience. In addition, for the first time, the Budget also expands award eligibility to high-performing school counselors in schools with high rates of student mental health incidents. Each master teacher and counselor will be awarded \$15,000 per year for four years (\$60,000 total). Those selected will pledge to engage in peer mentoring, participate in mental health professional learning communities, work closely with pre-service and early career teachers and counselors to foster a supportive environment for

## Education

---

the next generation of educators, and ensure the most innovative practices are shared across all grades and regions.

- **Curriculum on Diversity and Tolerance.** To help preserve New York's rich history of diverse worldviews, beliefs, and faiths, the Budget includes \$1 million for the development of a statewide curriculum on diversity and tolerance, to ensure that our children learn about religious freedom and the principles upon which our country was founded.
- **STEM Entrepreneur.** The FY 2021 Executive Budget provides \$500,000 to support the State's first STEM Entrepreneur in Residence pilot program for high-need middle schools. School districts will partner with female- or minority-owned or -led STEM companies to expose students to STEM careers and STEM role models in their communities.
- **Reining in Expense-Based Aids.** Since FY 2012, school district spending on non-instructional expenses such as construction and transportation has outpaced inflation. To encourage school districts to control spending and free up additional State resources for more progressive Foundation Aid increases, the FY 2021 Budget advances legislation to cap growth in future Transportation Aid for operating expenses to the greater of inflation or inflation plus district enrollment growth, eliminate a regressive reimbursement aid ratio within Transportation Aid, and propose a new tier of Building Aid for projects approved beginning in the 2020-21 school year.





Division of  
the Budget

## ENVIRONMENT

### CLIMATE BUDGET



A **5** year \$33 billion investment to deliver a **Green Economy** and resilient communities, and to preserve the environment.

### RESTORE MOTHER NATURE BOND ACT

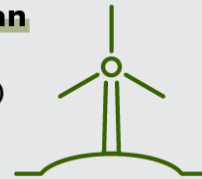


is a **\$3 billion commitment** to provide the resources needed to **preserve our natural ecosystems** and adapt to climate change.

Enacted the nation's largest

### OFFSHORE WIND PROJECT

to generate **clean energy**, create more than 1,600 jobs and spark **\$3.2 billion** of economic activity.



**Investments expanded** to ensure more New Yorkers have access to **clean drinking water**.

### NY PARKS 2020

Multi-year plan to **revitalize and modernize** our parks.



Builds on the success of

### NY GROWN AND CERTIFIED PROGRAM

connecting **NY food and beverage producers** to consumers around the country.



## Environment, Energy and Agriculture

---

Decisively confronting climate change is the challenge of this generation, and New York is leading the nation. Last year, Governor Cuomo launched the Green New Deal, a comprehensive clean energy and green jobs agenda and signed the Climate Leadership and Community Protection Act (CLCPA), positioning New York as a leader in the on-going battle against climate change.

This year, Governor Cuomo is supporting these goals by proposing the \$3 billion Restore Mother Nature Bond Act as part of an overall \$33 billion five-year climate change investment. This unprecedented financial commitment represents the foundation of New York State's 21<sup>st</sup> Century Green Economy as the State spurs unparalleled innovation and transformation of its electric, transportation, and building infrastructure. This investment will combat the threat of climate change and strengthen the resilience of our State's communities against powerful and dangerous storms, while providing New Yorkers with cleaner air and water and creating thousands of jobs.

The FY 2021 Executive Budget also continues the commitment of an additional \$2.5 billion over five years for drinking water infrastructure, wastewater infrastructure, and water quality protection, doubling the State's already historic investment in clean water projects. The Executive Budget renews the highest-ever level of funding for the Environmental Protection Fund (EPF) and allocates significant capital funds to maintain and improve environmental and recreational facilities.

By providing the necessary resources to the State agencies and public authorities focused on promoting the health of our environment, New York will continue as a leader in the green economy, reduce emissions that contribute to climate change, and enable the transformation of the electric power transmission system to a distributed smart grid network.

### Overview

The State's environmental, energy and natural resource agencies and authorities support and regulate land use planning and preservation, recreation and tourism, agricultural development, the protection of water resources, food safety, and energy programs.

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

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe, enjoyable recreational and interpretive opportunities for New York State residents and visitors, and functions as a steward of New York's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of 181 State parks and 35 historic sites. In 2018, the system welcomed a record 74 million visitors.

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

The Department of Agriculture and Markets (Ag&Mkts) has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and control of agricultural runoff.

The Department of Public Service (DPS) functions as the staff arm of the Public Service Commission (PSC), which regulates the rates and services of public utilities – an industry with an estimated \$33 billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service. Additionally,

## Environment, Energy and Agriculture

DPS provides oversight of the New York State Energy Research and Development Authority's (NYSERDA) implementation of the PSC-approved Clean Energy Fund and Clean Energy Standard.

The New York Power Authority (NYPA) supplies power statewide through two large hydroelectric facilities and more than 1,400 miles of transmission lines. NYPA is also helping to reimagine New York's energy system by providing enhanced clean energy services to its customers and moving towards becoming the first fully digitized utility in the country to more effectively manage its assets.

### Leading the Fight Against Climate Change and Building Resilient Communities

The Governor's Climate Change Plan invests \$33 billion over five years in environmental conservation and resiliency -- supported by the \$3 billion Restore Mother Nature Bond Act -- and in Green Energy and Carbon-Free Transportation. This investment will help deliver the promise of the Governor's nation-leading Green New Deal and the development of a Green Economy while helping achieve the goals of the CLCPA. Signed by the Governor in July 2019, the CLCPA requires the State to achieve a carbon-free electricity system by 2040 and reduce greenhouse gas emissions 85% below 1990 levels by 2050.

The CLCPA also ensures landmark investments in environmental justice. Relevant State agencies will explore how to invest 35% of clean energy program resources to benefit disadvantaged communities. Additionally, the Just Transition Working Group will work to ensure that individuals working in conventional energy industries are provided with training and opportunities in the growing clean energy economy.

Restore Mother Nature	\$3 Billion Restore Mother Nature Bond Act
	\$740 Million State Funding
Green Energy	\$28 Billion
Carbon Free Transportation	\$1.5 Billion

- **Restore Mother Nature.** Centered on the Governor's \$3 billion Restore Mother Nature Bond Act and supplemented by \$740 million in additional State funding, New York State will reduce flood risk, invest in resilient infrastructure and revitalize critical fish and wildlife habitats. It will do this by connecting streams and waterways, right-sizing culverts and dams, restoring freshwater and tidal wetlands, reclaiming natural floodplains, restocking shellfish populations and upgrading fish hatcheries, preserving open space, conserving more forest areas, replanting more trees, reducing contamination from agricultural and storm water runoff, and expanding renewable energy. This wide-reaching environmental conservation and resiliency investment includes support from the Department of Environmental Conservation and the Environmental Protection Fund.
- **Green Energy:** Governor Cuomo has set New York on course to achieving 70 percent of its electricity from renewable sources by 2030, and zero greenhouse gas emissions from the electricity sector by 2040. Under his leadership, the State has made substantial progress toward these goals with significant investments in energy efficiency, solar energy, wind energy and energy storage. To help achieve these goals, the Climate Budget invests \$28 billion through the New York State Energy Research Development Authority (NYSERDA), New York Green Bank, the New York Power Authority (NYPA),



## Environment, Energy and Agriculture

---

and Regional Greenhouse Gas Initiative (RGGI) to develop, support and expand carbon-free energy production, build the infrastructure such as transmission lines and energy storage that makes renewable energy sources viable, and work with our regional partners in driving down carbon emissions.

- **Carbon-Free Transportation:** New York already has the second most efficient transportation sector and lowest CO2 emissions per capita of any state. New York is a leader in electric vehicles (EVs), thanks to the Charge NY initiative launched by Governor Cuomo in 2013. Charge NY set ambitious goals – 30,000 EVs and 3,000 EV charging stations by the end of 2018 – and exceeded them. Over 50,000 electric vehicles have been purchased in New York since 2013 — more than 48 other states. The Climate Budget invests \$1.5 billion to continue to reduce carbon emissions in New York State. This investment supports the Metropolitan Transportation Authority’s commitment to electrify its bus fleet by 2040, the Governor’s requirement that the five of the largest upstate and suburban transit authorities electrify 25 percent of their fleets by 2025 and 100 percent by 2035, and the expansion of fast-charging stations along key corridors through the Evolve NY initiative.

### Investing in Agriculture and Clean Water

Governor Cuomo has made unprecedented investments in the State’s agricultural programs and clean water infrastructure. These include:

- Enacting the historic \$2.5 billion Clean Water Infrastructure Act of 2017 to protect public health and the environment through investments in drinking water, wastewater and source water protection;
- Establishing a \$400 million municipal clean water infrastructure grant program with the Water Infrastructure Improvement Act of 2015; and
- Extending the State Superfund hazardous waste cleanup program by \$1 billion.

The State has invested more in agriculture during Governor Cuomo’s tenure than at any point in New York’s history, including record levels of grant funding through the EPF and the Ag&Mkts local assistance budget. The Governor has also supported strategic investments to modernize the State Fair, grow the agriculture industry in the Southern Tier, and protect farmland in the Hudson Valley. Through the Taste NY and NYS Grown and Certified programs, Governor Cuomo continues to prioritize the promotion of locally grown and produced foods and products.

The FY 2021 Executive Budget maintains support for critical environmental protection programs. To ensure New Yorkers have access to clean water, the Budget includes a new five-year commitment of \$2.5 billion in clean water funding while continuing the \$2.5 billion of funding provided by the Clean Water Infrastructure Act, enacted in 2017, which supports drinking water, wastewater, and source water protection initiatives.

Not including the Restore Mother Nature Bond Act, the Executive Budget also includes \$1.7 billion of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). These resources will be used to continue the State Fair modernization plan, accelerate improvements to the State’s recreational assets, and fund infrastructure projects statewide, spurring the creation of jobs and leveraging private sector and Federal investment.

## Environment, Energy and Agriculture

**Table 8: Summary All Funds Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars (millions)	Percent
Department of Environmental Conservation	1,440	1,585	145	10%
Office of Parks, Recreation and Historic Preservation	397	372	(25)	(6)%
Department of Agriculture and Markets	118	130	12	10%
Department of Public Service	93	96	3	3%
Hudson River Valley Greenway	46	45	(1)	(2)%
New York Power Authority	36	31	(5)	(14)%
Energy Research and Development Authority	20	22	2	10%
Adirondack Park Agency	5	6	1	20%
Total Environment and Energy Spending	2,155	2,287	132	6%

The Executive Budget increases capital funding for agricultural, environmental, and parks capital programs by approximately 6%.

- **Department of Environmental Conservation.** Total spending for DEC increases by \$145 million, reflecting spending growth from the Clean Water Infrastructure Act, the proposed Restore Mother Nature Bond Act, and increases in other capital program spending.
- **Office of Parks, Recreation and Historic Preservation.** Total funding for OPRHP decreases by \$25 million, reflecting a decrease in capital spending.
- **Department of Agriculture and Markets.** Total spending for Ag&Mkts increases by \$12 million. The change primarily reflects the increase in capital spending for the State Fair and additional dairy and plant inspection employees.
- **Department of Public Service.** Total spending for DPS increases by \$43 million, reflecting growth in State Operations spending.
- **Hudson River Valley Greenway.** Total funding for the Greenway decreases by \$1 million, reflecting a reduction in capital spending for the Empire State Trail.
- **New York Power Authority.** Total funding for NYPA decreases by \$5 million, reflecting decreasing capital spending for the Empire State Trail.
- **New York Energy Research and Development Authority.** Total funding for NYSERDA increases by \$2 million, reflecting an increase in West Valley spending.

### Proposed FY 2021 Budget Actions

- **Pass the \$3 Billion Restore Mother Nature Bond Act.** This year, New York will launch Restore Mother Nature, the nation's most aggressive program for significant habitat restoration and flood reduction, funded in part by a \$3 billion environmental bond act.
- **Launch New Round of the Clean Water Infrastructure Investment.** The Executive Budget continues the commitment to a second \$2.5 billion commitment for clean water, with an additional \$500 million appropriation to support drinking water infrastructure,

## Environment, Energy and Agriculture

---

wastewater infrastructure, and water quality protection, bringing the State's investment in clean water to \$3.5 billion

- **Ban Single-Use and Packaging Styrofoam Products.** To build on the progress of last year's plastic bag bill, the Governor is proposing new legislation to prohibit the distribution and use of expanded polystyrene, commonly known as Styrofoam, single-use food containers and packaging materials by January 1, 2022. This proposal would ban the distribution and use of expanded polystyrene foam containers used for prepared foods or beverages served by food service establishments, including restaurants, caterers, food trucks, retail food stores, delis and grocery stores. It would also ban the sale of polystyrene loose-fill packaging, commonly known as packing peanuts.
- **Expand Extended Producer Responsibility Programs.** Under Governor Cuomo's leadership, New York State presently administers three existing Extended Producer Responsibility (EPR) programs – e-waste, mercury thermostats and rechargeable batteries – which have diverted over 725 million pounds of difficult-to-manage waste from landfills, reducing the costs and environmental impacts of these products at the end of their useful life. To expand on this success, Governor Cuomo is proposing legislation to expand these

## Environment, Energy and Agriculture

---

takeback programs to two particularly difficult-to-manage products, mattresses and carpets. In addition, the Department of Environmental Conservation will evaluate the need for EPRs for additional products to further reduce waste in landfills.

- **Renew Record Funding for the Environmental Protection Fund.** The Executive Budget continues EPF funding at \$300 million, the highest level of funding in the program's history. Appropriations include \$39 million for solid waste programs, \$89 million for parks and recreation, \$152 million for open space programs, and \$20 million for the climate change mitigation and adaptation program. This investment will provide funding for critical environmental programs such as land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, and an aggressive environmental justice agenda.
- **Support DEC Capital Projects through NY Works.** The Budget includes \$55 million for DEC to address a variety of capital needs to improve access to State lands, rehabilitate campgrounds, and upgrade its recreational facilities, all as part of the Adventure NY program. This funding will also provide for health and safety repairs to State infrastructure, including dams, wetland restoration, State lands, and fish hatcheries.
- **Continue Capital Investments in NY Parks.** The Executive Budget allocates \$110 million in New York Works capital funding for OPRHP. This funding will aid the ongoing transformation of the State's flagship parks and support critical infrastructure projects.
- **Create Two New State Parks.** The Restore Mother Nature Bond Act will dedicate funding for the creation of two new state parks along the Hudson River. The first, a new 508-acre park in Kingston, will protect over a mile of riverfront and create a series of trails ranging from easy walks to more challenging trails for ambitious hikers. The second is the Hudson Eagles State Recreation Area, which will be New York's first linear, water-based park and will connect five revitalized Upper Hudson boat launches.
- **Provide Capital Funding to the Adirondack Park Agency.** The FY2021 Executive Budget provides APA with a capital budget in order to renovate their historic headquarters located in Ray Brook, NY.
- **Expand Access to New York Grown Agricultural Products.** Since its inception in 2013, the Taste NY program has helped 1,100 local companies reach consumers across the globe. The New York Grown and Certified program, since its launching in 2016, has 3,000 participating farms, representing over 750,000 acres of farmland. Building on this success, the Executive Budget continues funding for initiatives that connect New York's food and beverage producers with consumers, including:

## Environment, Energy and Agriculture

---

- \$28.9 million for the New York State Grown and Certified program. This program is designed to strengthen consumer confidence in New York State products, address food product labeling, and assist New York farmers so they can take advantage of the growing demand for local, high quality food;
- Beginning in FY 2021, appropriations and spending for the Taste NY program are being consolidated at the Empire State Development Corporation. This program promotes the wide variety of foods and beverages grown and produced in the State, making them readily available and recognizable to New Yorkers and the public around the globe.
- **Agriculture and Markets Local Assistance Funding.** The Executive Budget proposes to maintain the core Ag & Markets local assistance appropriations that were increased as part of the FY 2020 Executive Budget. The appropriation decrease is a result of the Taste NY program being consolidated at ESD and a right-sizing of the Grow NY appropriation. These programs provide the specialized technical assistance, industry promotion, and research investments to reduce farms' exposure to economic and climate inconsistency statewide. The Executive Budget also proposes support for the continued agricultural economic development and promotion of New York produced food and beverage goods and products. These core investments, in addition to programs that support food access, agricultural education, and workforce development, will continue to support our farms and communities.
- **Enhance Dairy Products Inspections.** The Executive Budget includes funding for eight new dairy products inspectors and associated lab staff at Ag&Mkts. As the number of establishments requiring inspection increases, more inspectors are needed to meet the need and reduce public health risks.
- **Extending and Expanding the New York State Fair.** In 2019, Governor Cuomo announced the GreenFair 2023, which will make the entire Fair powered by standalone renewable energy sources and a zero-waste facility. The Executive Budget includes \$15 million in capital appropriations, an increase of \$10 million from FY 2020. This funding will be used to make continued improvements to the overall Fairgrounds and to make electrical upgrades to temporary structures. Ag&Mkts will also continue repair and rehabilitation of the Fair's facilities to allow for year-round operation of the Fairgrounds, including the Expo Center. The Executive Budget also includes an additional \$4.9 million in appropriations to extend the State Fair by five days. The State Fair will include an additional weekend and new programming, including a motor show held in the Expo Center and sensory friendly days.
- **Address the Growth in the State's Hemp Industry.** The Executive Budget includes \$1.1 million in resources to support nine additional hemp oversight and inspection related staff. Hemp legislation was signed into law in December 2019 to establish a regulatory framework for the production and sale of hemp and grants the Ag&Mkts supervision over hemp growers
- **Green Economy Tax Credit.** The budget creates a new refundable, discretionary Green Jobs Tax Credit totaling up to 7.5 percent of wages for each net new job created fostering the expansion of green economy businesses and position New York State to further capitalize on significant projected green economic growth. The State will also create a refundable, discretionary Green Investment Tax Credit totaling up to 5 percent of qualifying new capital investments in connection with qualifying green economy projects and increasing to up to 8 percent of eligible investment for research and development in qualifying green economy projects.







Division of  
the Budget

## HEALTH CARE

Over seven million individuals receive Medicaid-eligible services through a network of more than **80,000 health care providers.**



NEW

### MEDICAID REDESIGN EFFORTS BEGUN IN 2011



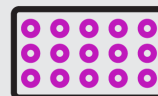
have saved New Yorkers **\$19 billion.**

A **NEW Medicaid Redesign Team** for 2020 will find more

ways to reduce spending and to improve outcomes while controlling costs.

### GOVERNOR CUOMO'S WOMEN'S AGENDA





As part of Governor Cuomo's Women's Agenda, the Budget includes **\$14.2 million** to support the **loss of federal funding** to ensure access to a full array of **high-quality reproductive services.**



### CONTROL PRESCRIPTION DRUG COSTS

Cap insulin at **\$100** per month.

### COMPREHENSIVE TOBACCO CONTROL

-  **Raise minimum fines** for underage sales from **\$300** to **\$1000**
-  **Ban all tobacco sales** in pharmacies
-  **Ban flavored vaping** products
-  **Disclose** vaping product ingredients





## Health Care

---

The FY 2021 Executive Budget advances the Department of Health, the long-term fiscal sustainability of the health care system and continues critically important reforms aimed at improving the health of New Yorkers at a sustainable cost. The Budget funds health insurance for over seven million new Yorkers through Medicaid, the Essential Plan and the Child Health Plus through a network of over 80,000 healthcare providers. Additionally, the Budget aligns spending with the Medicaid Global Cap through a series of reforms that will address long-term care enrollment growth and other drivers of spending growth in the program. It does this by delivering more effective models of care, tailoring benefits to meet the needs of an aging population, encouraging health care transformation and the transition to value-based payments, promoting the State's Prevention Agenda, expanding and promoting access to women's health care services and building on investments in health care infrastructure. Lastly, the Budget continues investments for community-based services and supports to the elderly to address locally-identified capacity needs.

### Overview

The Department of Health's (DOH) mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive health care and long-term care coverage for low- and middle-income individuals and families through the Medicaid, Child Health Plus (CHP), and the Essential Plan (EP).

In addition to its health insurance programs, DOH protects public health, funds and supervises community public health activities, regulates health care facilities statewide and operates health care facilities including Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Center for Laboratories and Research.

The Office of the Medicaid Inspector General promotes the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for Medicaid-funded services.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers. In 2019, the State received the Public Health Innovation Award from the National Network of Public Health Institutes for its Health Across All Policies/Age-Friendly NYS approach.

### Ensuring Quality Health Care for All New Yorkers

New York's Medicaid program is the State's largest payer of health care and long-term care services and supports. Over seven million individuals receive Medicaid-eligible services through a network of more than 80,000 health care providers and through more than 50 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$73.4 billion in FY 2021, this includes \$39.9 billion in Federal spending and \$23.6 billion in State spending

When Governor Cuomo took office in 2011, New York State faced a \$10 billion deficit, with Medicaid spending projected to grow at an unsustainable 13 percent.

To slow this spending growth while maintaining high-quality care, the Governor convened an inclusive Medicaid Redesign Team (MRT) with representatives and experts from virtually every sector of the health care industry to examine ways to provide services at lower cost and higher quality. This MRT gathered public input from every corner of the State and put forward a series of initiatives that restructured the Medicaid program. Central to these reforms was the Medicaid

## Health Care

---

Global Cap. In 2012, the Governor and the Legislature implemented the Global Cap, which sets the growth rate to the 10-year rolling average of the medical consumer price index. It is important to note, however, that this metric exclusively reflects an increase in unit prices, but does not account for changes in utilization of services or Medicaid program enrollment.

As a result of the MRT I reforms and the Global Cap, from 2013 to 2018, New York State held Medicaid state-share funds spending growth to an average of 2.2 percent compared to a national average of state funds spending of 5.3 percent. In fact, New York's Medicaid spending growth was slower than 39 other states. By keeping spending below the national average, the reforms implemented by Governor Cuomo and the Legislature have saved taxpayers over \$19 billion from FY 2013 through FY 2018.

During the same time period, New York State's Medicaid program experienced both an historic enrollment growth supported by the Affordable Care Act's Medicaid expansion, and an improvement in the quality of health care. Medicaid enrollment grew by over 30 percent or by more than 1.5 million individuals, to 6.2 million people. This expansion in Medicaid played a critical role in lowering the uninsured rate in New York State to a record low of 9.5 percent of New Yorkers now covered. For quality measures, New York achieved an overall rating of 14<sup>th</sup> among states compared to 24<sup>th</sup> in 2012 in the Commonwealth Fund's 2019 Scorecard of Health System Performance,

National and state demographic trends are now driving up costs. New York State's population of 65 and older grew by 23.7 percent over the last decade, outpacing the national aging population average of 15 percent.

At the same time, since FY 2015, the State has taken over 100 percent of Medicaid spending growth from local governments to help them stay within their 2 percent property tax caps. The policy has cumulatively saved local governments over \$20 billion. In FY 2020 alone, this takeover cost the State over \$4 billion. However, local governments continued to serve in the role of determining eligibility for certain Medicaid programs, though they no longer had to cover the costs of their decisions.

The combination of these two factors – shifting demographics and the takeover of local Medicaid spending growth – are factors in the spending growth of Medicaid's Managed Long Term Care (MLTC) program. MLTC provides coverage to the elderly and disabled and costs about 10 times more than the coverage for individuals enrolled in mainstream managed care. In FY 2020, MLTC accounted for 33 percent of State-share Medicaid spending in New York.

From FY 2013 to FY 2019, MLTC spending grew by 301 percent. Much of this spending growth was driven by the increase in use of the Consumer Directed Personal Assistance Program (CDPAP), which is designed to divert members from high-cost nursing homes and institutional settings to less costly in-home care that keeps them in their communities. From FY 2014 to FY 2019 CDPAP enrollment grew by 88 percent, well beyond the 23 percent increase in mainstream managed care enrollment. Between 2017 and 2018 alone, spending through CDPAP grew by 85 percent from \$1.3 billion to \$2.4 billion. For new recipients the initial Medicaid eligibility determination for long term care, including CDPAP, is made by local governments.

MLTC spending growth overall -- and CDPAP within it -- have been the biggest drivers of spending growth in New York's Medicaid program. Other major drivers of spending growth include support for minimum wage workers in the health care sector, which has grown from \$44 million to a projected \$1.8 billion in FY 2021 and State support for distressed hospitals, which has grown by 160 percent since 2016.

## Health Care

These and other factors have driven up overall state Medicaid spending. Without any action to contain these factors, in FY 2021 State Medicaid spending was projected to grow by 13 percent – or 10 percentage points in excess of the Medicaid Global Cap of 3 percent.

Given these changes, the FY 2021 Executive Budget reconvenes the MRT, getting back to work on realigning the system so New York State can once again bend the cost curve, deliver savings to New Yorkers, and maintain the high-quality care New Yorkers deserve.

**Table 9: Summary of All Funds Health Care Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars (millions)	Percent
Medicaid	\$74,816	\$73,388	(\$1,428)	-1.9%
Medicaid (Global Cap)	\$19,433	\$20,006	\$573	3.0%
Department of Health (Excluding Medicaid and EP)	\$5,609	\$5,272	(\$337)	-6.0%
Essential Health Plan	\$4,179	\$4,584	\$405	9.7%
Office of the Medicaid Inspector General	\$46	\$48	\$2	4.3%
Office for the Aging	\$254	\$252	\$(2)	-0.8%

## Proposed FY 2021 Health Care Budget Actions

The Executive Budget will address the identified structural imbalance in Medicaid spending through the MRT II initiative to align State spending with the Medicaid cap enacted in FY 2012, while also considering alternatives reflective of emerging price and enrollment projections. The Budget also achieves modest savings from public health and aging programs through program reforms and general cost-control efforts.

### Reforming Medicaid

The FY 2021 Budget reconstitutes the MRT, bringing stakeholders who bring experience as health care providers, back to the table to find solutions that will once again contain spending growth so that this critical program that provides health care to more than 6 million New Yorkers remains financially sustainable for the future.

The 2020 MRT must report back before the April 1 deadline to enact a Budget with a plan to deliver \$2.5 billion in recurring savings. The Governor is directing the members of MRT II to develop a plan that doesn't rely on local governments as a funding sources and has no impact on beneficiaries. Instead, MRT II must once again find solutions through industry efficiencies and/or by relying on new resources provided by the industry itself. They must also root out waste, fraud and abuse.

### Requiring Enhanced Local District Medicaid Controls

Although the State has shouldered the over \$20 billion cost of local district relief in Medicaid, local governments are responsible for determining eligibility and administering certain programs. Because local governments are no longer fiscally responsible for the cost growth, there is no longer a financial incentive for them to control costs, a factor that has led to the dramatic increases in overall Medicaid spending growth since the State took over the local share of Medicaid spending growth.

## Health Care

---

Local governments administer and monitor programs and determine eligibility and they must also find efficiencies and savings, as well as rooting out waste, fraud and abuse in our system. Because the State takeover of 100 percent of the growth in local Medicaid costs was intended to assist counties in staying within the 2 percent property tax cap, the Budget ensures that counties that adhere to the 2 percent property tax growth cap continue to receive full benefit of the State takeover of Medicaid spending growth while penalizing those that don't by limiting the State's financing of growth in Local Medicaid expenditures to 3 percent annually. Additionally, the Commissioner and the Director of the Division of the Budget are empowered to access any data necessary to manage the Medicaid program.

### Enhancing Program Integrity and Efficiency

The Budget includes a comprehensive plan to ensure that the Office of the Medicaid Inspector General (OMIG) and DOH have the tools necessary to expand program integrity efforts to weed out programmatic fraud, waste and abuse within the Medicaid program and enhance program efficiency. Since the creation of the OMIG, the Medicaid program has transformed dramatically reflecting the State's initiative to provide care management for all. To more appropriately respond in the face of program changes, OMIG will add 69 staff to promote program integrity, including the establishment of a dedicated unit responsible for monitoring and investigating Medicaid Managed Care payments. Further, DOH and OMIG will collaborate to explore opportunities to improve program efficiency and take advantage of new data tools to further inform Medicaid policies and procedures and recover improper payments. Continuous improvement of data management and advanced analytics capabilities is critical to government effectiveness. New York collects vast amounts of Medicaid data that holds tremendous potential to effectively evaluate government programs, inform policy and budget decisions, contribute to economic growth and ultimately better serve New Yorkers and the State's Medicaid program will have access to all information necessary to effectively manage the program.

### Transforming the Health Care System

The success of the MRT and other State initiatives demonstrates that through constructive collaboration, unsustainable spending trends can be reversed while improving care delivery and health outcomes. A groundbreaking Federal waiver positioned the State to reinvest \$8 billion in Federal savings generated by MRT reforms. The waiver enabled New York to implement the MRT action plan, facilitate innovation, lower health care costs over the long-term, and improve the financial sustainability of essential safety net providers. In the first six years, \$6.4 billion has been paid out under the Federal waiver, which has been extended through March 31, 2021. This includes \$4.6 billion to 25 Performing Provider Systems (PPSs) statewide so that these consortiums of regional providers can implement approved Delivery System Reform Incentive Payments (DSRIP) program transformation projects, among them: \$1.08 billion for Health Homes and other reform initiatives; and \$500 million for financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms.

Building on the successes and lessons learned from the current waiver, the New York State Department of Health has submitted a new \$8 billion 1115 Medicaid waiver amendment that establishes a framework for ongoing efforts to drive value, including but not limited to:

- **Improving the health outcomes and patient experience** of our Medicaid population, including deeper integration across physical health, behavioral health (mental health and substance use disorder services), managed care organizations (MCOs), and social services to collectively meet the myriad, evolving needs of our Medicaid members to live healthier lives in their communities;

## Health Care

---

- **Improving the efficiency of our delivery systems**, particularly as providers operationalize interventions addressing social determinants of health (SDOH);
- **Incentivizing MCOs and providers** as they continue to engage in more highly integrated networks (including community-based organizations) in value-based care, supporting deeper and more sophisticated levels of risk contracting; and
- **Building new workflows** that create efficiencies across programs, and advance existing value-based arrangements and support new payment models to ensure ongoing sustainability of Medicaid as a critical safety net program.

In the new waiver amendment, New York State seeks to build upon the transformation started in the current waiver and continue on the road to value-based care. Of the \$8 billion requested, \$5 billion will be invested in Value Driving Entities; \$1 billion for workforce development; \$1.5 billion Developing Social Determinants of Health Networks; and \$0.5 billion in the Interim Access Assurance Fund, which supports distressed hospitals.

Over the next year, performing provider systems will continue to build upon their value-based payment arrangements. They will continue to receive performance-based payments reflecting system transformation, clinical management and population health improvements, and progress toward the goal of reducing avoidable hospital use by 25 percent.

### Promoting the Essential Plan

The Essential Plan (EP) was launched in January 2016 as a more affordable health insurance option for low- and moderate-income New Yorkers. The program has been extraordinarily successful, with over 770,000 New Yorkers enrolling in four years. It has also generated over \$1.5 billion in State savings by transitioning certain individuals from State-only Medicaid benefit to federally funded coverage in the EP. The State continues to promote this important public health insurance program to preserve affordable health insurance options for New Yorkers.

### Supporting the New York State of Health

The Exchange – NY State of Health – serves as a centralized marketplace to shop for, compare, and enroll in a health insurance plan. The health plans offered through NY State of Health are, on average, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace.

To date, over 4.7 million New Yorkers have enrolled in coverage through the marketplace as the number of uninsured New Yorkers declined by nearly one million. The Executive Budget includes \$519 million in total funding for the operation of the NY State of Health.

### Strengthening Public Health and Aging Programs

DOH and SOFA administer programs that support New York's public health and senior care systems. The Executive Budget provides more than \$328 million to support services provided by local governments, makes new investments, and reduces costs by restructuring programs and implementing administrative efficiencies. Savings actions will save an estimated \$233.3 million in FY 2021 and \$177.8 million in FY 2022. Key initiatives include:

- **Child Health Plus.** The Budget includes savings associated with claiming enhanced Federal funding through a health services initiative for non-Medicaid programs that support children.

## Health Care

---

- **Early Intervention.** While 42 percent of children receiving early intervention services have commercial health insurance, only 2 percent of early intervention services are paid for by commercial health insurance. As a result, the State and localities are paying for medical services that should otherwise be covered under the recipient's private health insurance. The Budget includes a series of reforms designed to ensure commercial insurers pay their share including:
  - Market conduct examinations led jointly by DOH and DFS to ensure insurers are enforcing current rules and regulations and that providers are complying with current requirements.
  - Clarifications of benefit coverage that specify coverage rules, including that insurers cannot offset coverage limits for therapies.

New regulations on network adequacy to specify that plans that have an adequate network must also have an adequate early intervention network.

- Updated billing codes to allow for more accurate billing
- Streamlined provider agreement process to accept existing Insurance Plan credentialed/approved practitioners as approved EIP.
- **Defer Cost of Living Adjustment (COLA) Payment.** The Budget defers FY 2021 SOFA COLA payment, saving \$3.6 million in FY 2021.
- **Capital Financing for Essential Health Care Providers.** The FY 2021 Executive Budget continues \$3.8 billion in capital investments for health care providers to transition into fiscally sustainable systems and to support capital projects, debt retirement, working capital and other non-capital projects.
- **Life Sciences Laboratory Public Health Initiative.** The FY 2021 Budget continues \$750 million in support for a life sciences laboratory public health initiative in the Capital Region, which will develop life science research, innovation and infrastructure through a joint effort between Empire State Development and the DOH. This initiative positions New York to attract private investment and jobs, a key component of the life science initiative.
- **Ending the AIDS Epidemic.** In 2014, Governor Cuomo launched the Ending the Epidemic initiative to significantly reduce HIV infections by the end of 2020. In 2018, the most recent year for which data is available, the number of new diagnoses reached an all-time low of 2,481, an 11 percent drop from 2017 and a 28 percent drop since 2014. The decrease from 2017 to 2018 is more than double that of the five years leading up to the 2014 launch of the Ending the Epidemic initiative. The FY 2021 Executive Budget continues the \$200 million multi-year commitment towards these efforts.

## Advancing the Women's Agenda

In 2019, Governor Cuomo succeed in advancing the Women's Justice Agenda -- a bold, comprehensive set of proposals that expanded on the success of prior accomplishments to improve reproductive, economic and social justice for all New York women. The FY 2021 Budget includes additional reforms to advance the women's agenda:

## Health Care

---

- **Defend Reproductive Health Rights.** Title X was a federal program established in 1970 to support state programs that deliver high-quality comprehensive family planning and reproductive health care to low income, uninsured, or underinsured individuals. In 2019, the Federal government implemented unnecessary, unethical and potentially illegal rules for the Title X program that undercut the very purpose of the funding itself. New York can no longer accept federal funding to support New York's family planning program. As part of Governor Cuomo's Women's Agenda, the Budget includes \$14.2 million in funding to support the loss of Title X funding to launch a State funded program that will ensure access to a full array of high-quality reproductive services Statewide.
- **Expand Actions to Address Maternal Mortality.** As part of Governor Cuomo's Women's Agenda, the FY 2020 Budget invested \$8 million to improve maternal health outcomes and signed legislation creating of a Board of experts within the Department of Health to review each and every maternal death in the New York State and develop actionable recommendations to improve care and management. The FY 2021 Budget continues the FY 2020 investment and implements additional actions to improve maternal mortality in New York, including developing implicit bias training and incentivizes an expansion of community health workers across New York State.

### Other Initiatives

- **Enact a Comprehensive Nicotine Vaping and Tobacco Control aimed at Youth.** The comprehensive package will prevent death, addiction and disease associated with nicotine and tobacco use, as well as protect taxpayer dollars due to the high cost of health care expenses for nicotine and tobacco-related illnesses, estimated at \$9.7 billion annually, including \$2.7 billion in Medicaid costs. Smoking prematurely kills over 22,000 New Yorkers each year – more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined. In a 2012 report on youth tobacco use, the U.S. Surgeon General characterized tobacco uses as a pediatric epidemic.

Governor Cuomo has already taken unprecedented steps to ensure the health and safety of all New Yorkers by combatting the use of harmful tobacco and nicotine products. In 2017, Governor Cuomo expanded the Clean Indoor Air Act to prohibit e-cigarette use in nearly every workplace to protect workers and the public from harmful secondhand tobacco smoke and vaping aerosols. In 2019, e-liquid retailers were required to register with the Department of Taxation and Finance (DTF) and a 20% sales tax on e-liquids will take effect on January 1. In November of 2019, the legal age for purchasing tobacco and e-cigarette products was raised to 21, further discouraging youth from accessing tobacco.

The Executive Budget includes proposals including, prohibiting the sale of flavored nicotine vaping products and tobacco products, including e-cigarettes, in all pharmacies; and restricting advertising of vapor products targeting youth, among other proposals.

- **Prescription Drugs.** The Budget includes a three-part plan to lower prescription drug costs for all New Yorkers. The Governor's proposal caps insulin co-payments at \$100 per month for insured patients to help address the rising cost of insulin that has resulted in diabetes patients rationing, skipping doses and not filling prescriptions. The proposal empowers the State Department of Financial Services to investigate and hold drug manufacturers accountable for unjustifiable, exorbitant increases in drug prices. Finally, the proposal establishes a commission of experts to study the feasibility and benefits of a Canadian drug importation program and submit a plan to the U.S. Department of Health and Human Services for review.

## Health Care

---

- **Pharmacy Benefit Managers (PBMs).** PBMs act as the middle man between health insurers and pharmacies. When a patient fills a prescription, he or she pays a copay. The PBM collects the balance of the payment from the insurer, passes a portion of that on to the pharmacy that dispensed the drug, and pockets the rest. The difference between what the PBM collected and what it passed on is the spread. PBMs — which set both amounts — do not have to disclose to insurers how much they pass on to pharmacies or disclose to pharmacies how much they collect from insurers. The Budget requires PBMs to register with the Department of Financial Services and to disclose financial incentives they receive for promoting specific drugs as well as other financial arrangements affecting customers to bring transparency to their operations and control to skyrocketing prescription drug costs.
- **Centralize Medical Cannabis Supervision.** The Executive Budget proposes a first-in-nation comprehensive cannabis regulatory framework administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.

In the medical cannabis market, the OCM will supervise the continued expansion of the current medical cannabis program and institute reforms that expand patient access and product affordability while also encouraging research opportunities among medical cannabis providers, health care providers, and medical insurers.

- **Water Supply Regionalization:** New York State has been a leader in addressing emerging contaminants and assuring the delivery of clean drinking water to all New Yorkers. Governor Cuomo is committed to exploring all avenues for providing clean drinking water to residents, including exploring regional approaches to providing access to alternative clean drinking water. The Budget includes funding for the Department of Health and the Department of Environmental Conservation to conduct a comprehensive feasibility study that will evaluate using New York City's water supply to provide Nassau County with an additional source of drinking water. The study will evaluate several factors, including:
  - the cost of connecting Nassau County to New York City's water supply and potential funding mechanisms,
  - the capacity of the New York City system to supply water; and
  - technical issues, necessary infrastructure improvements or other limitations.
- **Healthcare Cost Transparency.** The Budget supports the development of "NYHealthCareCompare"- a website that will allow New Yorkers to look up charges for medical services, the quality of services provided, and access information about financial assistance programs. Additionally, the website will include information about what to do about a surprise medical bill.
- **Medication Assisted Treatment.** Under Governor Cuomo's leadership, more New Yorkers than ever have access to Medication-Assisted Treatment (MAT) for Opioid Use Disorder. The number of medical professionals who are designated to prescribe addiction-treatment medication has increased and the settings in which such medication can be prescribed has expanded. In 2020, the State will take still further steps to expand access to MAT by breaking down unnecessary barriers to care.







Division of  
the Budget

## HIGHER EDUCATION

The Budget provides a **\$257 million** increase in funding for higher education in New York, bringing total support to **\$7.8 billion**, an increase of **\$1.8 billion** or **29%** since FY 2012.



Increased Funding:

**\$7.8 BILLION**

For Higher Education.

### KEEPING TUITION PREDICTABLE & AFFORDABLE

New York's **predictable tuition plan** has kept public college tuition **affordable**.

Average annual tuition and fees at New York's public four-year colleges are among the lowest in the nation

**\$2,054**

or 20 percent less than the national average and lower than 40 other states.



The Budget increases the income eligibility threshold for the **Excelsior Scholarship** to **\$150,000**, allowing more than 230,000 New York resident students attend **SUNY or CUNY tuition-free**.

### SUPPORT OPPORTUNITY PROGRAMS

the Executive Budget invests over **\$200 million** to help students with unique educational challenges in opportunity programs and training centers -- a **57% increase** since FY 2012.



### EXPAND COLLEGE STUDENT ENROLLMENT IN NUTRITION PROGRAM



The Budget increases participation of **low-income college students** in the Supplemental Nutrition Assistance Program (SNAP) so they are more able to attain their college degree.

## Higher Education

---

The FY 2021 Executive Budget makes college more affordable and accessible by expanding free college tuition to more middle class families while expanding opportunity programs and nutrition benefits for students who need them. The Budget also protects students' interests by requiring greater transparency and accountability for for-profit colleges and stricter standards for the private student loan debt relief industry. The Budget provides record overall funding for the State's institutes of higher education and strategic investments that will help New Yorkers develop the tools and skills they need in the 21<sup>st</sup> century economy.

### Overview

New York State's higher education institutions educate over 1.2 million students. The State University of New York (SUNY) and the City University of New York (CUNY) administer 47 four-year colleges and graduate schools that provide nearly 400,000 full- and part-time students with an array of undergraduate, graduate, and first professional educational opportunities. SUNY and CUNY also support 37 community colleges that serve 309,000 students. In addition, 510,000 students attend the more than 100 private colleges and universities across the State. Over the past 10 years, enrollment at New York's public and private higher education institutions has increased by 23,000 (2 percent).

The State University Construction Fund (SUCF), City University Construction Fund (CUCF), and the Dormitory Authority of the State of New York (DASNY) administer a capital program for over 3,000 academic, research, hospital, dormitory, and multi-use facilities, which make up the physical infrastructure of the university systems.

The Higher Education Services Corporation (HESC) is New York State's student financial aid agency and a national leader in helping make college affordable for New York residents. HESC oversees numerous State-funded financial aid programs, including the Excelsior Scholarship, the Tuition Assistance Program (TAP), the Aid for Part Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 380,000 students. HESC also partners with the Office of the State Comptroller in administering the College Choice Tuition Savings program.

The State Education Department administers funding for higher education, including opportunity programs that help support the success of disadvantaged students.

### Making College More Affordable

Under Governor Cuomo's leadership, New York is leading the nation in expanding access to a quality and affordable college education.

Funding for higher education has increased by nearly \$1.8 billion since 2012 (29 percent), from \$6.0 billion to \$7.8 billion in the FY 2021 Executive Budget. This investment includes nearly \$1.3 billion for strategic programs to make college more affordable and encourage the best and brightest students to build their future in New York.

The average tuition at the State's four-year public institutions is currently lower than 40 other states, and New York State has been aggressively reducing financial barriers to college. In 2011, the State enacted Governor Cuomo's plan to end decades of unpredictable and sudden tuition hikes with a rational tuition system that limits SUNY and CUNY tuition increases. In 2015, Governor Cuomo created the Get On Your Feet Student Loan Forgiveness Program to provide up to two years of student loan payments for recent college graduates.

## Higher Education

In 2017, building on the State's already generous tuition assistance, New York launched the groundbreaking Excelsior Scholarship to provide tuition-free college for middle class families. The first-of-its-kind program covers tuition at New York's public colleges and universities for families making up to \$125,000 a year, ensuring 230,000 students will go to SUNY or CUNY tuition-free, including student receiving Excelsior Scholarship, TAP, Pell and other financial aid.

In 2019, the Senator Jose R. Peralta DREAM Act was enacted opening the doors of higher education to thousands of undocumented students providing access to the Excelsior Scholarship, TAP, and other state-administered scholarships.

SUNY and CUNY campuses have received significant support for their capital assets. Since FY 2012, the State has provided over \$12 billion in capital appropriations to maintain and improve campus facilities.

These investments serve as a key driver of the New York State economic engine. SUNY's annual economic impact in New York State is \$28.6 billion, a 27 percent growth in overall state economic impact since 2008. CUNY is recognized as a national leader in social mobility, helping generations of low-income, underserved and immigrant students succeed.

**Table 10: Higher Education General Fund Spending**

Category	Academic FY 2020 (millions)	Academic FY 2021 (millions)	Change	
			Dollars (millions)	Percent
SUNY State-Operated Campuses (a)	3,025	3,122	97	3.2
CUNY Senior Colleges (a)	1,371	1,394	23	1.7
SUNY and CUNY Debt Service	1,186	1,320	134	11.3
HESC Financial Aid Programs	1,063	1,097	34	3.2
Community Colleges (b)	733	702	(31)	(4.2)
SED Programs	127	127	0	0.0
General Fund Total	7,505	7,762	257	3.4

Includes funding for campus operations and employee fringe benefits.  
Decrease is largely attributable to changes in enrollment.

## Proposed FY 2020 Budget Actions

Building on the successes of programs that provide students with a path to an affordable quality college education, the Executive Budget proposes several strategic investments to ensure all of New York's aspiring students can go to college and achieve their dreams.

- **Expand Free College Tuition to More Middle Class Families.** In 2017, Governor Cuomo created the historic Excelsior Scholarship, a first-in-the-nation program that provides free tuition at New York's public colleges and universities for middle class families. To expand this transformational opportunity to more middle class families, Governor Cuomo is proposing to raise the Excelsior eligibility threshold from \$125,000 to \$150,000 of adjusted gross income for New York's families. In AY 2021, the Excelsior Scholarship income eligibility threshold will increase to \$135,000 and fully phase in to \$150,000 in AY 2022. By increasing this threshold, more than 230,000 New York residents will attend SUNY or CUNY tuition free. The Budget includes \$146 million to support this landmark program.

## Higher Education

---

- **Support Opportunity Programs.** More than just developing programs to assist with tuition, the Governor supported and created additional programs to address the cost of attendance and help students with unique educational challenges. This includes a significant increase in opportunity programs, \$24 million in Open Educational Resources to reduce or eliminate some of the costs of textbooks and expanding food pantries at SUNY and CUNY. The FY 2021 Executive Budget will make \$213 million available for higher education opportunity programs and training centers, a 57 percent increase since FY 2012.
- **Require Transparency and Accountability for For-Profit Colleges.** The Governor is proposing a for-profit college accountability initiative that is focused on transparency and outcomes to ensure that our students are well served in these schools. Numerous studies have found that for-profit colleges correlate to negative outcomes for students, especially low-income, minority and female students. For the \$45 million in taxpayer funds going to these institutions, we need a higher level of accountability and transparency. The Governor's proposal will require for-profit schools to demonstrate positive outcomes for their students and include basic disclosure of funding and financing, including compensation packages of senior leadership and ownership, including any relevant bonuses and incentives. In addition, to further protect New York's veterans from unscrupulous schools that target them for their education benefits, the Governor will work with the Department of Veteran Services to bring more transparency to for-profit schools, identify opportunities to clarify state and federal commitments to education and ensure New York State's veterans will be protected in the for-profit education space.
- **Expand College Student Enrollment in Supplemental Nutrition Assistance Program (SNAP) Benefits.** The Governor has acted to reduce food insecurity among college students, so they are better able to focus on their studies and successfully graduate. To continue these efforts, the Office of Temporary and Disability Assistance will establish policy to make more community college students eligible for essential SNAP benefits by establishing a state policy that community college students engaged at least half-time in career and technical education courses of study are exempt from the requirement to work 20 hours weekly to qualify for SNAP. This policy change will increase the participation of low-income college students in SNAP, providing them with essential nutritional benefits so they are more likely to obtain their college certification or degree.
- **Stop Abusive and Deceptive Practices from Student Loan Debt Relief Companies.** Governor Cuomo has championed financial assistance and debt relief for New York students, establishing the Get on Your Feet Loan Forgiveness Program—the nation's only state-sponsored need-based loan forgiveness program and enacting regulations prescribing standards of conduct for student loan servicing companies. However, additional protections are needed to protect New Yorkers from student debt relief companies that have had a poor record of serving their customers. These companies typically charge student loan borrowers substantial upfront fees and promise to assist them with consolidating multiple student loans into a single loan or alternative repayment arrangements. Borrowers, however, can often achieve the same results through free government programs. The Governor will propose legislation setting standards for the student loan debt relief industry in New York.
- **Extend a Predictable Funding Plan for SUNY and CUNY.** The Budget extends a predictable funding plan for CUNY and SUNY that will both protect students from tuition spikes that have occurred in the past and provide our public colleges with additional resources to invest in college affordability and student success. This plan limits increases in the resident tuition rate at SUNY and CUNY to no more than \$200 a year through AY 2025. The revenue generated from any tuition increase will be reinvested to support

## Higher Education

---

faculty, instruction, initiatives to improve student success and completion, and tuition credits for TAP-eligible students. Additionally, the Budget will authorize the SUNY College of Environmental Science and Forestry to raise tuition rates for non-resident undergraduate students by 10 percent annually for a four-year period, providing flexibility to set non-resident tuition similar to SUNY University Centers.

- **SUNY and CUNY Capital Matching Program.** Since FY 2012, the State has provided over \$12 billion in capital appropriations for SUNY and CUNY to maintain and improve campus facilities. The FY 2021 Executive Budget includes \$1.9 billion in new appropriations for SUNY and CUNY capital projects, including \$400 million (\$200 million for SUNY and \$200 million for CUNY) for the State share of a new 2:1 strategic needs capital matching program to support new construction and/or major renovations of academic buildings at SUNY State-operated and statutory colleges and CUNY senior colleges. The capital match requires that for every \$2 dollars invested by the State, campuses contribute \$1 dollar toward project costs.





Division of  
the Budget

## HUMAN SERVICES

Continues **\$20 Billion**  
Affordable and Homeless  
Housing and Services  
Initiative.

The Budget supports progress  
towards creating/preserving more than

**100,000**

units of affordable  
housing



**6,000**

units of supportive  
housing.

### HOUSING FOR HOMELESS VETS

Designates \$5 million to expand permanent supportive housing for homeless veterans.



**Increasing the Minimum Wage** Four annual increases to the  
minimum wage have raised incomes for **1.5 million New Yorkers.**

**Providing Economic Security** The FY 2021 public  
assistance caseload has declined by more than **17% since 2011.**



### SUPPORTING YOUTH EMPLOYMENT

the **summer Youth Employment Program**  
gave approximately

**19,000**

young New Yorkers the chance  
to work and build skills in 2019.



# Human Services

---

The FY 2021 Executive Budget reflects continued delivery of the unprecedented \$20 billion investment in housing and homeless services and increases development of housing for individuals and families experiencing homelessness. It protects workers and public health by guaranteeing access to sick leave, and protects youth involved in the criminal justice system through continued implementation of the landmark Raise the Age legislation. The Budget also helps low-income families through the expansion of the Empire State Child Tax Credit and streamlines the process to create New York's first State veterans cemetery.

## Overview

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

The Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS) oversee programs that support and provide: financial assistance to elderly and disabled persons who are unable to work; services to public assistance recipients to prepare for and secure employment; child support enforcement; child care subsidies to assist low-income working families; protective services for children and adults; and services to at-risk youth in the community, local detention centers, and State operated facilities.

Homes and Community Renewal (HCR) preserves and creates affordable housing and promotes community development. The Office of National and Community Service (NCS) supports community service grants that provide youth education, assistance to individuals with disabilities, public health services, and disaster preparedness.

The Department of Labor (DOL) protects workers, promotes workforce development, and operates the State's Unemployment Insurance System. The Division of Human Rights (DHR) protects civil rights in the areas of employment, housing, public accommodations, education and credit.

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

The Nonprofit Infrastructure Capital Investment Program (NICIP) makes targeted investments in capital projects that improve the quality, efficiency, and accessibility of nonprofit human services organizations that provide direct services to New Yorkers.

## Providing Opportunity for All New Yorkers

The obligation of a progressive society is to ensure that all people can share in economic growth. The FY 2021 Executive Budget provides the necessary services to open doors of opportunity for all New Yorkers.

Under the Governor's leadership, progress continues on a slate of critical social and economic policies that are improving lives. This includes the Governor's unprecedented \$20 billion investment in affordable and supportive housing, which is creating or preserving more than 100,000 units of affordable housing and creating 6,000 new units of supportive housing.

In April 2016, Governor Cuomo signed into law the nation's first statewide \$15 minimum wage plan, marking a major milestone in the Governor's efforts to restore economic justice and fairness

## Human Services

to working families in New York State. Four annual increases to the minimum wage have taken place so far, raising incomes for 1.5 million New Yorkers.

The Governor also established a \$175 million Workforce Development Initiative for investments that will continue to support strategic regional efforts to meet businesses' short-term workforce needs, improve regional talent pipelines, extend apprenticeships, address the long-term needs of expanding industries, and provide opportunities for job seekers.

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

**Table 11: Summary of All Funds Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars	Percent
			(millions)	
Human Services	9,553	9,696	142	1.5
OTDA	5,151	5,191	40	0.8
OCFS	2,852	2,939	87	3.0
DOL	580	572	(8)	(1.3)
HCR	902	927	25	2.8
DVA	18	16	(2)	(11.3)
NCS	16	17	1	3.5
DHR	14	15	1	6.4
NICIP	20	18	(2)	(10.0)

## Proposed FY 2021 Human Services Budget Actions

### Expanding Access to Affordable Housing and Combatting Homelessness

- **Continue the \$20 Billion Affordable Housing and Homelessness Initiative.** The Budget continues the \$20 billion, comprehensive five-year investment in affordable housing, supportive housing and related services to provide New Yorkers with safe and secure housing. This investment is creating or preserving over 100,000 units of affordable housing and creating 6,000 new units of supportive housing, with an overall goal of developing 20,000 units of supportive housing.

The State is well on track toward meeting that mark, having already financed the new construction and preservation of more than 60,000 affordable units. Thousands of these units are supportive housing – housing with services that provide stability for some of the state's most vulnerable populations, including veterans, victims of domestic violence, frail or disabled senior citizens, young adults aging out of foster care, and New Yorkers identified as homeless with special needs, conditions, or other life challenges.

Funding continued in the Executive Budget includes \$3.5 billion in capital resources, \$8.6 billion in State and Federal tax credits and other allocations, and \$8 billion to support the operation of shelters, supportive housing units, and rental subsidies.

## Human Services

---

Specifically, the FY 2021 Budget continues the following capital resources necessary to ensure continued delivery of safe, affordable housing as part of the housing plan:

- Supportive Housing. \$950 million for the construction or operation of 6,000 supportive housing units throughout the State;
- New Construction. \$472 million for new construction or adaptive reuse of rental housing affordable to households that earn up to 60 percent of area median income (AMI);
- Senior Housing. \$125 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 60 and above;
- Rural and Urban Community Investment Fund (CIF). \$45 million for mixed-use affordable housing developments that may include retail, commercial or community development components;
- Middle Income Housing. \$150 million for new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn between 60 and 130 percent of AMI;
- Affordable Housing Preservation. \$146 million for substantial or moderate rehabilitation of affordable multi-family rental housing currently under a regulatory agreement;
- Mitchell-Lama Rehabilitation. \$75 million to preserve and improve Mitchell-Lama properties throughout the State;
- Public Housing. \$125 million for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of public housing authority developments outside of New York City;
- Small Building Construction. \$62.5 million for rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units;
- Home Ownership. \$41.5 million for promoting home ownership among families of low and moderate income and stimulating the development, stabilization, and preservation of New York communities;
- Mobile and Manufactured Homes. \$13 million for mobile and manufactured home programs;
- Main Street Programs. \$10 million for stimulating reinvestment in properties located within mixed-use commercial districts located in urban, small town, and rural areas of the State;
- New York City Housing Authority (NYCHA). \$200 million within the housing plan (and \$450 million in other reappropriations) for projects and improvements related at housing developments owned or operated by NYCHA; and
- New York City Affordable Housing. \$100 million for the preservation, restoration or creation of affordable housing units in New York City. All units must be affordable to households earning up to 60 percent of AMI.

## Human Services

---

- **Increase Homeless Housing.** The Budget adds additional funding to the Homeless Housing and Assistance Program (HHAP), doubling it for FY 2021 from \$64 million to \$128 million. This investment will create more housing for individuals and families who are homeless and unable to secure adequate housing without special assistance. HHAP is a critical resource in achieving the State's supportive housing development goals, as it funds the capital construction of housing solely targeted to homeless individuals and families that require wrap-around services to remain stably housed. Adding permanent supportive and affordable housing is an effective long-term solution to reducing the homeless shelter census and associated costs and improves the quality of life of the entire community in which the housing is located.
- **Expand Affordable Housing and Support Services for Homeless Veterans.** Veterans are more likely to experience homelessness than nonveterans, and many veterans at-risk for homelessness are experiencing post-traumatic stress disorder or substance use disorder, complicating efforts to get them into stable housing. The FY 2021 Executive Budget directs \$5 million to expanding permanent supportive housing for homeless veterans through HHAP. HCR will also designate housing opportunities within their affordable housing developments so that homeless veterans in receipt of rental subsidies and Federal vouchers can more readily access affordable housing. Additionally, OTDA will work with DVS and localities to ensure temporary housing and services are provided to veterans experiencing homelessness and help provide them with permanent housing within 90 days of becoming homeless.
- **Code Blue Investment.** In 2016, Governor Cuomo issued an Executive Order to direct local social services districts, working in consultation with State and local law enforcement and community-based organizations, to protect individuals experiencing homelessness from inclement winter weather when temperatures, including wind chill, decline to 32 degrees or below. To support continued implementation of Code Blue efforts across the State, the FY 2021 Executive Budget memorializes the Governor's directive with a \$13 million stand-alone appropriation.
- **Streamline Billing for Office of Rent Administration (ORA).** Currently, the State incurs costs for ORA in the first instance and is subsequently reimbursed through a billing process for activities in New York City. The Executive Budget streamlines this process by adjusting other local assistance payments to New York City by an amount equal to what had previously been billed, thereby replacing a process involving payments in both directions with one net payment by the State to the City of New York. There is no impact on ORA's programs, services, or budget.

### Providing Quality Human Services

- **Expand the Empire State Child Tax Credit.** To support low-income families with young children, the FY 2021 Executive Budget expands the Empire State Child Tax Credit. This credit is currently provided to families with children between the ages of 4-16. The Budget expands it to include families with children younger than 4 with incomes of \$50,000 or less to provide an annual average benefit of nearly \$400 to almost 400,000 families, providing additional financial assistance to low-income families when they need it most.
- **Guarantee Sick Leave.** Approximately one million New Yorkers are faced with the dilemma of either working while sick or taking an unpaid day off. This issue disproportionately impacts the lives of part-time and low-wage workers, who must choose between risking their own economic security and threatening their health and the health

## Human Services

---

of co-workers and customers. The FY 2021 Executive Budget will require all employers to provide their employees with sick leave — 7 days of paid leave for large employers (at least 100 employees), 5 days of paid leave for medium-sized employers (5-99 employees), and 5 days per year of unpaid leave for small employers (fewer than 5 employees). Mandatory paid sick leave will contribute to improvements in disease transmission, illness prevention, health care costs, prenatal care, economic security, and employee productivity.

- **Continue Child Care Programs.** The Executive Budget maintains \$832 million for child care subsidies through the New York State Child Care Block Grant. These funds serve approximately 182,000 children, ages 0-13, from approximately 112,000 low-income families. Including child-focused tax credits and pre-kindergarten programs, support for families with child care-aged children totals nearly \$2.8 billion in FY 2020, an increase of more than \$500 million since FY 2011.
- **Create New York's First State Veterans Cemetery.** Veterans and their families have earned the honor of having a revered and sacred final resting place, but New York is one of only a few states that does not have a State Veterans Cemetery. On Veterans Day, Governor Cuomo committed to creating the State's first, and legislation introduced with the Executive Budget will streamline the process established to select a site and access Federal funding. A committee chaired by the Director of the Division of Veterans' Services will develop an action plan and determine the cemetery location.
- **Constitutionally Guarantee Equal Rights.** Legislation submitted with the Budget amends the New York State Constitution's Equal Rights Amendment to add sex, sexual orientation, gender identity or expression, ethnicity, national origin, age and disability as protected classes, ensuring that all New Yorkers are fully protected by the State Constitution.
- **Legalize Gestational Surrogacy.** To give all New Yorkers the equal ability to start and raise families, legislation submitted with the budget eliminates unnecessary, harmful, and costly barriers to gestational surrogacy. The legislation will remove legal uncertainty and ensure that all parties involved in the process are covered by robust protections.
- **Continue Implementation of Raise the Age.** The age of criminal responsibility was increased from 16 to 17 on October 1, 2018 and from 17 to 18 on October 1, 2019. The Budget continues support for implementation, including comprehensive diversion, probation, and programming services for 16- and 17-year old youth in the juvenile justice system.
- **Increase Funding for the Summer Youth Employment Program.** The Budget increases funding for the Summer Youth Employment Program by \$1 million, to \$45 million, to ensure that the State can continue to create job opportunities, while keeping pace with minimum wage increases. In 2019, approximately 19,000 youths were employed through the program.
- **Right-size Capacity at State Youth Facilities.** The Youth Leadership Academy (Delaware County) has been chronically underfilled, with a bed capacity of 25 and 8 youth currently placed. As arrest rates continue to fall, the statutory one-year notice of closure will be given in early calendar year 2020 to administratively close the facility in early 2021.
- **Expand Eligibility for the Community Optional Preventive Services Program.** This program provides funding to certain counties and the City of New York to serve children

## Human Services

---

or youth who are not at imminent risk of foster care, but who have been identified as being at general risk of entering the foster care system. Existing law limits eligibility to programs that were designed and approved more than a decade ago, limiting the ability to react to changing needs or best practices. The Executive Budget expands eligibility for additional counties and programs for at-risk youth.

- **Comply with the Federal Family First Prevention Services Act.** Legislation submitted with the Budget will support compliance with the Federal Family First Prevention Services Act and help keep children safely with their families or in the least restrictive, most family-like setting appropriate to their special needs when foster care is needed. The Budget includes \$75 million in appropriations for the receipt of Federal funding to assist with implementation, and maintains a \$3 million State-supported Family First transition fund to help local social services districts support, recruit, and retain current and prospective foster families, including kinship caregivers.
- **Increase Use of Federal Grant for Child Welfare Services.** The State currently requires at least \$342 million of the \$964 million Federal Temporary Assistance for Needy Families (TANF) Flexible Fund for Family Services (FFFS) grant be spent on child welfare services. The Budget increases that threshold of \$40 million to \$382 million, generating \$25 million of State savings through avoided reimbursements.
- **Align Fiscal Responsibility for Committee on Special Education Placements.** The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts, school districts and, for placements made by committees outside of New York City, by the State. For Statewide consistency, the Executive Budget eliminates the existing 18.42 percent State share, aligning the fiscal responsibility with the school district responsible for the placement.
- **Change Reimbursement of Family Assistance Programs for New York City.** Using the Federal Temporary Assistance for Needy Families Block Grant resources, the State provides open-ended 90 percent reimbursement to New York City for eligible spending on Family Assistance and Emergency Assistance for Needy Families benefits. Under the Executive Budget, the programs continue unaffected, with no impact on recipients, but the reimbursement would change to 85 percent.





Division of  
the Budget

## LOCAL GOVERNMENT



The budget will provide local governments with a total of **\$44 billion in State support** through programs and savings, an increase of **more than \$1 billion** over prior year.

### MEDICAID RELIEF



In FY 2021 alone, the State's takeover of local **Medicaid cost-increases** will save counties across the State **\$2.3 billion** and New York City **\$2.2 billion**. Since FY 2013, the takeover has saved localities **\$20 billion**.

Over the first **8** years of the property tax cap, local taxpayers



### CAPPING PROPERTY TAXES

have saved **\$45.6 billion** and the typical taxpayer saved **\$6,100**.

### REDUCING THE LOCAL PROPERTY TAX BURDEN

**The Governor** has worked to reduce local taxes by **investing in shared services**, helping distressed local governments, and **capping property tax growth**.





## **Local Government**

---

The FY 2021 Executive Budget reflects Governor Cuomo's track record and continued commitment to reducing property taxes, improving local government efficiency, and assisting distressed local governments. The Budget matches local savings associated with the County-Wide Shared Services Initiative and authorizes new opportunities for local governments to work together towards lowering taxes.

### **Overview**

The Executive Budget continues to encourage efficiency across all levels of government and provides aid to assist local government in the provision of services.

New York's local government assistance programs provide general purpose aid to municipalities, as well as targeted grant programs and incentives for local government efficiency and consolidation actions. The Aid and Incentives to Municipalities (AIM) program and AIM-related payments provide general purpose aid to cities, towns, and villages.

Grant and incentive programs that provide funding related to municipal shared services, efficiencies, and consolidations include the County-Wide Shared Services Initiative, Local Government Efficiency Grants, Citizens Reorganization Empowerment Grants, Citizen Empowerment Tax Credits, the Municipal Restructuring Fund, and the Local Government Performance and Efficiency Program.

Other programs provide aid to specific local governments, including Small Government Assistance, Miscellaneous Financial Assistance and support for Yonkers schools through Aid to Municipalities with Video Lottery Gaming Facilities.

The Financial Restructuring Board for Local Governments assists distressed municipalities by conducting Comprehensive Reviews to develop recommendations for restructuring and improving fiscal stability. The Board may offer grants or loans to help implement its recommendations.

### **Continuing the Focus on the Property Tax Burden**

For too long, New York residents have faced some of the highest property tax burdens in the nation. Since taking office, Governor Cuomo has fought this burden by capping property taxes, investing in shared services and efficiencies, restructuring distressed local governments, and relieving mandates.

### **State Property Tax Relief Programs**

In his first year in office, Governor Cuomo advanced and secured approval of the State's property tax cap. Since enactment of the cap, property taxes have grown by an average of just 1.8 percent per year – less than half the average annual growth from 2000 to 2010. Taxpayers have already saved \$45.6 billion as a result of the cap, and the FY 2020 Enacted Budget made the tax cap permanent.

The Governor's commitment to property tax relief was reinforced through the Property Tax Freeze, enacted in 2014, which also encouraged local shared services, cooperation agreements, and mergers. Taxpayers continue to benefit from these local efficiency measures, today.

## Local Government

---

### Reducing Property Taxes through Investing in Local Government Shared Services and Efficiencies

As a measure to curb the duplicative and overlapping local government structure, and thereby reduce the pressures on local property taxes, Governor Cuomo advanced and secured approval of the County-Wide Shared Services Initiative, which requires local governments in each county to meet to discuss and pursue opportunities for shared services that will permanently reduce the local property tax burden. The initiative requires the chief executive officer of each county to create a shared services panel composed of representatives from all the cities, towns, and villages in each county, with schools and special districts as optional members. The panels are tasked with creating property tax savings plans that consist of new shared services actions.

In total, 53 counties – approximately 93 percent of counties subject to the Initiative – filed shared services plans with the State. These 53 counties contain 98.5 percent of the State's population outside of New York City and have identified a total of 567 projects with recurring local property tax savings. To further incentivize participation, the State enacted a dollar-for-dollar match of all taxpayer savings generated through the implementation of new, locally-identified shared services projects.

The Budget also maintains support for a variety of local government restructuring and efficiency grants, including the following:

- **Local Government Efficiency Grants.** These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as consolidation or shared services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.
- **Citizens Reorganization Empowerment Grants.** Funding of up to \$100,000 is available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.
- **Citizen Empowerment Tax Credits.** For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used for direct relief to property taxpayers.
- **Municipal Restructuring Fund.** Funding is provided to help local governments implement projects that will substantially transform the delivery of services or consolidate government entities, yielding permanent property tax reductions.

### Restructuring Distressed Local Governments

The Financial Restructuring Board for Local Governments was created in 2013 to help distressed local governments restructure and regain solvency before the strict enforcement of a control board is needed. The 10-member board is chaired by the Budget Director and includes the State Comptroller, the Attorney General, the Secretary of State, and six other members appointed by the Governor. Of these six appointees, one is recommended by the Temporary President of the Senate, and one is recommended by the Speaker of the Assembly.

Any eligible county, city, town, or village may request a Comprehensive Review from the Board. The review will assess the local government's operations, finances, and management structure. Based on this information, the Board may make recommendations on restructuring municipal

## Local Government

---

operations to improve the local government's finances and efficiency. In addition, the Board can offer grants and/or loans of up to \$5 million per municipality through the Local Government Performance and Efficiency Program to implement the recommendations, which the Executive Budget continues support. To receive the aid, the local government must agree to fulfill the terms of the recommendations. To date, the Board has completed Comprehensive Reviews for 25 local governments and is currently undertaking a Comprehensive Review for one additional municipality.

### Relieving Local Government Mandates

Governor Cuomo eliminated dozens of burdensome requirements, including many of the most expensive. These important reforms are helping local governments manage their budgets and reduce the burden placed on property taxpayers. Among the most important reforms advanced by the Governor and enacted are:

- **Medicaid Relief.** In FY 2021 alone, the State's takeover of local Medicaid cost-increases will save counties across the State \$2.3 billion and New York City will save \$2.2 billion. Since FY 2013 when this administration began assuming a share of Medicaid growth, counties and New York City have saved more than \$20 billion, an amount local governments would have otherwise had to bear. As part of ongoing efforts to protect taxpayers across all levels of government, the Budget continues the State commitment to the takeover of local Medicaid growth, but requires efficiencies in the program and compliance with the property tax cap, or a demonstration of fiscal hardship.
- **Pension Reform.** In recent years, pensions have been one of the fastest growing costs for local governments and school districts. In 2012, a new pension tier was created in the State pension system that will save the State, local governments, and school districts more than \$80 billion over 30 years. Tier VI pension reform has already lowered taxpayer pension costs through FY 2020 by \$879 million for local governments (not including NYC's savings) and \$534 million for the State.

## Local Government

- **Binding Arbitration.** After decades of local government calls for change to the binding arbitration process with police and fire unions, reforms were enacted in 2013 to require arbitrators to give significant weight to a distressed local government's ability to pay and to consider the property tax cap when making awards. This is helping ensure that awards reflect the high burden already faced by property taxpayers in these communities. The FY 2020 Budget extended these reforms for an additional four years, until 2023.
- **Bail Reform.** By dramatically reforming New York's bail system beginning January 1, 2020, and thereby significantly reducing the number of people held in jail prior to their trial, local governments across the State are expected to save more than \$200 million in short- and long-term avoided costs. Short-term local savings will come from avoiding variable costs such as overtime staffing, food, and laundry. In the longer-term, local jails should be able to reduce staffing and potentially close housing units.
- **Democracy Agenda.** By streamlining voting using e-poll books, counties will be able to reduce poll site staff. Early voting and the elimination of one primary election by combining Federal and State primary dates will also reduce the need for election day poll staffing. Through these actions, local boards of election will save an estimated \$25 million in 2020 alone.

**Table 12: Summary of All Funds Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars (millions)	Percent
Aid and Incentives to Municipalities*	655.6	655.6	0.0	0.0
County-Wide Shared Services Initiative	19.0	35.0	16.0	84.2
Citizens Empowerment Tax Credits and Grants**	4.5	5.5	1.0	22.2
Local Government Efficiency Grants**	3.1	4.1	1.0	32.3
Local Government Performance and Efficiency Program**	8.3	11.0	2.7	32.5
VLT Impact Aid	28.9	19.6	(-9.3)	(32.2)
Miscellaneous Financial Assistance	12.0	3.8	(-8.2)	(-68.3)
Small Government Assistance	0.2	0.2	0.0	0.0

\* An additional \$59.2 million is provided to towns and villages through AIM-related sales tax payments.

\*\* Beginning in FY 2018, some Citizens Re-Organization Empowerment Grants, Local Government Efficiency Grants and the Local Government Performance and Efficiency Program were funded out of the Special Infrastructure Account instead of the General Fund. A portion of anticipated spending for these programs in FY 2021 will also be funded in this manner.

## Proposed FY 2021 Budget Actions

- **Continue County-Wide Shared Services Initiative Match.** The Budget continues the Governor's efforts to relieve the property tax burden by providing a State match of first-year savings from county-wide shared services plans. Counties that implemented shared services plans in 2019 are eligible to receive matching funds from the State in calendar year 2020.

Further, legislation submitted with the Budget will encourage realization of shared services initiatives by allowing projects included in previous local plans that are not yet implemented to be eligible for State matching funds when they are implemented. Local governments are also provided a more flexible timeline for implementation.

## Local Government

---

- **Increase the Consolidated Local Street and Highway Improvement Program (CHIPS) Competitive-Bid Threshold.** The Budget would increase the CHIPS competitive-bid threshold from \$250,000 to \$750,000, allowing municipalities the option to perform any projects at or under the \$750,000 threshold with their own workforce rather than bidding out the contract competitively. Last adjusted in 2011, the increase in the threshold is intended to mitigate the inflationary impacts of materials, labor, equipment and other construction-related costs. This proposal would allow municipalities more flexibility and control in the way they complete local street, highway, and bridge projects.
- **Continue Local Government Restructuring Programs.** The Budget continues funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, the Local Government Performance and Efficiency Program, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants. The Budget also maintains unrestricted aid and AIM-related payments to cities, towns, and villages.
- **Authorize Shared County Jails.** Legislation submitted with the Budget provides local flexibility to share jails and/or jail services. Existing approvals and oversight for local jails would not change, but the requirement that each county maintain a jail would be removed. This change allows counties to pursue shared services and capture savings for taxpayers made possible by declining jail populations.
- **Eliminate Video Lottery Terminal (VLT) Aid.** This category of State aid was created to support assumed local service needs associated with hosting VLT facilities, but the revenue benefits of hosting a facility outweigh any associated costs. Further, not all municipalities that currently host VLT facilities receive aid through this program and the State does not provide additional "impact-type" aid for other types of facilities which may have similar local public service impacts as VLT facilities, including community colleges, SUNY campuses, and State office buildings. Accordingly, the Executive Budget eliminates VLT Aid outside of Yonkers, which is the only municipality receiving this aid to direct the funds to educational purposes.
- **Modify Financial Restructuring Board Approval Threshold.** In order to improve the ability to schedule Board meetings and take action, legislation submitted with the Budget provides the Financial Restructuring Board for Local Governments with the ability to act by an affirmative vote of a majority of the total number of members present at the meeting, instead of a majority of total members.

## Local Government

---

- **Clarify Administration of AIM-Related Sales Tax Payments.** Legislation submitted with the Budget clarifies the administration of AIM-related sales tax payments for municipalities in counties with a control board (Erie and Nassau) to reflect the statutory intent of changes made in the FY 2020 Enacted Budget. There is no change to associated funding levels.

### Overall Fiscal Impact on Local Governments

The impact of the FY 2021 Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2021 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total \$44.1 billion in FY 2021 under the Executive Budget. This represents an increase of more than \$1 billion over the prior year. This increase must be absorbed within the State's two percent spending cap and within the context of a \$6 billion budget gap.

The second way of measuring the impact of the FY 2021 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under this narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of over \$600 million for municipalities and school districts for their fiscal years ending in 2021. This net local benefit is most directly the result of a statewide school aid increase of \$825.7 million, including new competitive grants and unallocated funds.

- **Support for County Governments.** Total State spending on behalf of counties outside of New York City through major local aid programs is expected to total nearly \$5.2 billion in FY 2021 under the Executive Budget. This includes \$2.3 billion attributable to the State takeover of local Medicaid growth. Total support for counties is approximately \$150 million higher than FY 2020.

The traditional local impact table excludes increases in caseload, statutory automatic inflators, and the incremental increase in county Medicaid growth that is paid for by the State. Under this narrower criteria, the Executive Budget has a negative year-to-year impact of \$23 million for counties outside New York City. The two most significant drivers are a proposal to require counties to pay the full costs of certain forensic examinations and requiring counties to direct a larger share of a Federal grant toward child welfare services.

Counties will be asked to certify tax cap compliance or show fiscal hardship for purposes of determining continued eligibility for the full State takeover of all local Medicaid spending growth. Under this program, taxpayers are ensured that State efforts to reduce costs for counties result in lower local tax bills and not increased local spending while also renewing the partnership between the State and counties in controlling Medicaid spending growth. Given counties' historical tax cap compliance, it is likely that the State will continue to absorb all county Medicaid growth.

- **Support for Other Cities, Towns and Villages.** The Executive Budget provides more than \$1 billion in support for towns, villages, and cities other than the City of New York. The most notable local impact for such local governments is the elimination of \$6.9 million in Video Lottery Terminal (VLT) Aid for municipalities outside the City of Yonkers.

## Local Government

---

- **Support for School Districts.** In School Fiscal Year 2021, the Executive Budget provides school districts outside New York City a \$351.3 million school aid increase through formulas, and portions of the \$250 million in currently unallocated additional Foundation Aid and competitive grants. The year-to-year increase is partially offset for school districts outside of New York City by the elimination of the 18.4 percent State share for Committees on Special Education (CSE) placements, which results in a \$25 million negative impact in the 2021 school year.

## Local Government

### Table 13: FY 2021 Executive Budget Impact on Local Governments

	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid - Total SFY 2021 Executive Budget Impact on LFY 2021 *	825.7	321.3	504.4	0.0	0.0	0.0
School Aid - Total SFY 2021 Major Local Aid Programs	28,330.4	11,617.9	16,462.5	0.0	0.0	0.0
Other Education - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Other Education - Total SFY 2021 Major Local Aid Programs	219.1	TBD	TBD	0.0	0.0	0.0
Special Education - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Special Education - Total SFY 2021 Major Local Aid Programs	1,357.2	661.4	257.3	438.6	0.0	0.0
STAR - Total SFY 2021 Major Local Aid Programs	2,000.0	152.0	1,848.0	0.0	0.0	0.0
Medicaid - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid - Total SFY 2021 Major Local Aid Programs	4,467.3	2,202.0	0.0	2,265.4	0.0	0.0
Human Services - Total SFY 2021 Executive Budget Impact on LFY 2021	(102.8)	(65.6)	(26.4)	(10.8)	0.0	0.0
Human Services - Total SFY 2021 Major Local Aid Programs	4,381.3	2,853.4	0.0	1,527.9	0.0	0.0
Health - Total SFY 2021 Executive Budget Impact on LFY 2021	55.3	54.4	0.0	0.9	0.0	0.0
Health - Total SFY 2021 Major Local Aid Programs	464.7	249.2	0.0	215.5	0.0	0.0
Mental Hygiene - Total SFY 2021 Executive Budget Impact on LFY 2021	(15.2)	(3.1)	0.0	(12.1)	0.0	0.0
Mental Hygiene - Total SFY 2021 Major Local Aid Programs	71.5	31.0	4.0	36.5	0.0	0.0
Transportation - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Transportation - Total SFY 2021 Major Local Aid Programs	860.5	248.5	0.0	362.2	50.2	199.6
Municipal Aid - Total SFY 2021 Executive Budget Impact on LFY 2021	(7.8)	0.0	0.0	(0.9)	(2.8)	(4.1)
Municipal Aid - Total SFY 2021 Major Local Aid Programs	769.6	0.0	0.0	0.0	666.6	68.0
Public Protection - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Public Protection - Total SFY 2021 Major Local Aid Programs	325.8	94.3	0.8	215.2	10.0	5.5
Environment - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
Environment - Total SFY 2021 Major Local Aid Programs	405.0	TBD	0.0	TBD	TBD	TBD
Economic Development - Total SFY 2021 Executive Budget Impact on LFY 2021	(0.2)	0.0	0.0	0.0	(0.2)	0.0
Economic Development - Total SFY 2021 Major Local Aid Programs	0.0	0.0	0.0	0.0	0.0	0.0
All Other - Total SFY 2021 Executive Budget Impact on LFY 2021	0.0	0.0	0.0	0.0	0.0	0.0
All Other - Total SFY 2021 Major Local Aid Programs	478.0	222.0	165.0	91.0	0.0	0.0
Revenue Actions						
Revenues - Total SFY 2021 Executive Budget Impact on LFY 2021	8.0	8.0	0.0	0.0	0.0	0.0
<b>Total SFY 2021 Executive Budget Impact on LFY 2021</b>	<b>763.0</b>	<b>315.0</b>	<b>478.0</b>	<b>(22.9)</b>	<b>(3.0)</b>	<b>(4.1)</b>
Reduce Local Medicaid Cap Benefit	(150.0)	TBD	0.0	TBD	0.0	0.0
<b>Grand Total SFY 2021 Executive Budget Impact on LFY 2021</b>	<b>613.0</b>	<b>315.0</b>	<b>478.0</b>	<b>(22.9)</b>	<b>(3.0)</b>	<b>(4.1)</b>
<b>Grand Total SFY 2021 Major Local Aid Programs/Savings</b>	<b>44,130.4</b>	<b>18,428.6</b>	<b>18,890.7</b>	<b>5,152.1</b>	<b>726.8</b>	<b>273.1</b>

\* New York City vs. Rest of State breakout of the \$200 million new unallocated school reserve and \$50 million in new competitive school grants is preliminary and based on current distributions within the Executive School Aid Run.







Division of  
the Budget

## MENTAL HYGIENE

**\$200 million**

to address the heroin & opioid crisis



The Budget invests **\$20 million** to support existing residential programs, a total increase of **\$70 million annually** since FY 2015.



**\$70 million**

Since FY 2015, roughly **52,500 new individuals** are receiving community-based services.

### RESPIRE CARE

Since 2014, the State has provided respite services to families by enrolling **46,000 individuals** – an increase of nearly **21 percent**.



### SUPPORT FOR DEVELOPMENTALLY DISABLED

OPWDD has helped **6,400 individuals** with developmental disabilities to live independently since 2013, an increase of **OVER > 160%**



# **Mental Hygiene**

---

The FY 2021 Executive Budget supports expansion of community-based care, strengthens the oversight of services for vulnerable persons, and makes investments to ensure that individuals are served safely in the most integrated and cost-effective setting possible. The Budget also combats the opioid epidemic through the expansion of prevention, treatment, and recovery programs.

## **Overview**

The Mental Hygiene agencies and associated community-based programs provide services to individuals with mental illness, developmental disabilities, and addictions. These agencies are composed of the Office of Mental Health (OMH), the Office for People With Developmental Disabilities (OPWDD), the Office of Addiction Services And Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). The Mental Hygiene agencies support services for more than one million individuals, including more than 800,000 people with mental illness, 234,000 individuals with substance use disorders or gambling problems, and 140,000 people with developmental disabilities.

## **Caring for New York's Vulnerable Citizens**

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

The Budget reflects the Governor's ongoing efforts to fundamentally improve the protection and care of vulnerable individuals. Strategic investments are funded through programmatic efficiencies and system-wide solutions to reduce State operations costs in service delivery, purchasing, business services, information technology, and other areas.

Proposed actions for the Mental Hygiene agencies include enhanced efforts to combat the opioid crisis, additional support for residential programs, and continued investments in community-based services.

The Executive Budget proposals result in Mental Hygiene system spending of \$7.8 billion in FY 2021, reflecting annual spending growth of \$299 million (4.0 percent).

## Mental Hygiene

**Table 14: Mental Hygiene All Funds Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollar (millions)	Percent
OPWDD	3,752.1	3,953.8	201.7	5.4
OMH	3,049.3	3,121.7	72.4	2.4
OASAS	638.4	662.2	23.8	3.7
JUSTICE CENTER	43.7	45.2	1.5	3.4
DDPC	4.2	4.2	0.0	0.0
<b>Subtotal</b>	<b>7,487.7</b>	<b>7,787.1</b>	<b>299.4</b>	<b>4.0</b>
Adjustments - OPWDD <sup>1</sup>	(611.0)	(1,974.6)	(1,363.6)	N/A
Adjustments - OMH <sup>1</sup>	0.0	(220.0)	(220.0)	N/A
<b>Total</b>	<b>6,876.7</b>	<b>5,592.5</b>	<b>(1,284.2)</b>	<b>(18.7)</b>
<sup>1</sup> Adjustments reflect OPWDD and OMH programmatic spending that is paid for with available resources under the Medicaid Global Cap. There are no budgetary reductions or impacts to mental hygiene program spending as a result of these interactions. In addition to these amounts, Federal Medicaid spending for these agencies is reflected in the DOH budget.				

### Proposed FY 2021 Budget Actions

The Executive Budget combats the heroin epidemic through an expansion of prevention, treatment, and recovery programs. The Budget expands community-based care and strengthens the oversight of services for vulnerable persons with investments to ensure that individuals receiving mental hygiene services are in the most integrated, appropriate and cost-effective setting possible.

The Budget recommends significant investments in the OPWDD, OMH and OASAS not-for-profit workforce. These investments include resources to leverage \$170 million annually to provide targeted compensation increases to direct care and clinical staff, as well as \$265 million (an annual increase of \$51 million) to support provider costs for minimum wage and related fringe benefit cost increases associated with the movement to a \$15 per hour living wage.

### Supporting People with Developmental Disabilities and their Families

Governor Cuomo's continued commitment to improving the overall quality, availability and cost-effectiveness of community-based, person-centered services has been demonstrated by budget investments within OPWDD and important policy reforms. The Budget supports the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings and reflects a 4.4 percent increase in annual spending. Specifically, the Executive Budget will:

- **Allocate \$120 Million for Program Priorities, Including New Service Opportunities.** For the seventh consecutive year, the Executive Budget includes State resources that could leverage up to a total of \$120 million in new funding on an annualized basis. This investment supports OPWDD priority program reforms, individuals entering into the system for the first time and seeking to access services and individuals already receiving services but whose needs have changed. OPWDD has leveraged new funding and other resources to:
  - **Expand the Availability of Certified Housing Supports in the Community.** OPWDD operates a robust community-based residential program, offering residential services and supports based on an individual's needs, goals and

# Mental Hygiene

---

preferences in order to support each individual in the most integrated community setting possible. The State and its network of not-for-profit provider agencies offer residential opportunities that provide 24/7 supervision as well as homes that offer less intensive staffing supports in one of the largest community-based residential programs in the country. In total, OPWDD currently supports 37,000 individuals in certified community-based residential programs funded with \$5.1 billion in public resources annually.

- **Support Expansion of Independent Living.** OPWDD also supports people with developmental disabilities to live as independently as possible by providing rental subsidies to individuals who wish to live in an apartment in their community. Since FY 2013, OPWDD has more than doubled the number of people who are authorized to receive rental subsidies, bringing the total to more than 6,400 individuals.
- **Provide More Day Program and Employment Options.** Day and employment services are a crucial aspect of offering participants the personal, social, and vocational supports needed to live in their community. Day and employment services vary depending on the needs and interests of the individual and support them in fully participating in their communities. OPWDD has invested significantly in these services and enhanced the array of available employment readiness programs over the past five years. There are currently almost 74,000 enrollments in day and employment supports.
- **Increase Respite Availability.** Respite services provide temporary relief to family caregivers, helping people with developmental disabilities live at home with their families for longer periods. Respite can be provided in the home or out of the home, during the day, evenings or overnight and often helps families better meet the needs of their loved one with a developmental disability. Currently, there are nearly 46,000 individuals enrolled in respite services, representing an increase of over 21 percent over the past five years.
- **Promoting Choice in Service Options.** Self-Direction provides the opportunity for individuals with intellectual and/or developmental disabilities to select a combination of OPWDD-authorized services and supports based on their strengths and needs. This is accomplished by providing enrollees with individualized budgets that are used to purchase the services they choose, the staff and/or organizations that provide them, and a schedule that works for them. Under the leadership of Governor Cuomo, OPWDD has prioritized investments in Self-Direction and increased the number of enrollees to nearly 16,000.
- **Commit an Additional \$15 Million to Develop Housing.** The FY 2021 Executive Budget continues to support the expansion of independent living opportunities for individuals with intellectual and developmental disabilities. Over the last several years, the State has invested in OPWDD's effort to develop safe and accessible residential opportunities. Cumulatively, the State has invested \$80 million for this purpose, including an additional \$15 million in FY 2021. These funds are distinct from resources that are available from the five-year, \$20 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with intellectual and developmental disabilities.
- **OPWDD Transition to Managed Care.** In July 2018, OPWDD successfully transitioned to an enhanced care coordination model through the development of regional Care Coordination Organizations (CCOs), a necessary first step in transforming the service

## Mental Hygiene

---

delivery system. Guidance regarding the requirements and standards to serve individuals with intellectual and/or developmental disabilities (I/DD) in Specialized I/DD Plans - Provider Led (SIP-PL) is expected to be released for public comment soon. Responses to this qualifications document will be used to better inform the agency on the system's readiness for Managed Care and the fiscal impacts. The State will assess the potential effectiveness and sustainability of the proposed delivery system to ensure individuals continue receiving appropriate services in the most cost-effective manner.

- **Promote More Efficient Use of State Resources.** In FY 2021, OPWDD will leverage federal Medicaid funding, utilize other supplemental aid where available and take other actions to more cost-effectively support the provision of person-centered programs.
- **Improve Accountability and Oversight.** The Executive Budget also includes legislation that provides OPWDD with the authority to issue operating certificates to providers of certain State Plan Medicaid services that are targeted to providing supports to individuals with intellectual and developmental disabilities. The authority to issue operating certificates will ensure that the highest quality supports are being provided in accordance with programmatic requirements through data reporting and other means.

### Promoting Mental Health

The Executive Budget builds on Governor Cuomo's efforts to expand OMH community services and transition individuals to more appropriate and cost-effective community settings. OMH has continued to enhance its service offerings in recent years, by expanding supported housing units throughout the State, providing additional peer support services, and developing new services, such as mobile crisis teams. Since FY 2015, the expansion in community-based services has resulted in 52,500 previously unserved individuals receiving services and funded over 1,970 additional supported housing beds. The success of these community investments has resulted in the reduction of over 700 unnecessary, vacant inpatient beds over the same period.

## Mental Hygiene

---

The Budget continues efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

- **Enhance Support for Existing Residential Programs.** The Budget provides an additional \$20 million for existing community-based residential programs. This investment will help preserve access to housing, a critical component of recovery. Since FY 2015, annual funding to enhance support for these existing housing programs has increased by \$70 million.
- **Transform Kingsboro Psychiatric Center into a Recovery Hub.** The FY 2021 Executive Budget includes a plan to develop a voluntary-operated, step-down transition to community residence program on the Kingsboro PC campus and transform the campus into a "Recovery Hub Facility", focused on shortening lengths of stay and providing centralized community support services. This new service delivery model will be supported by new revenue generated through a federal Institutions for Mental Disease (IMD) Medicaid waiver. This transition is consistent with OMH's patient-centered approach to care with an emphasis on recovery.
- **Support High-Need Individuals.** The Budget provides an additional \$12.5 million for certain individuals living in transitional adult homes in New York City who wish to transition to more integrated settings in the community.
- **Invest in Infrastructure.** The FY 2020 Budget included \$100 million in appropriation authority to support the replacement of the Mid-Hudson Forensic Psychiatric Center in Orange County, which includes buildings over 100 years old that are not designed for current standards of care. The Executive Budget provides a second \$100 million appropriation for this purpose. The Budget also includes \$60 million to maintain and preserve community-based residential facilities that allow people with mental illness to live in the most integrated setting possible.
- **Establish Jail-Based Restoration Programs for Certain Defendants.** The FY 2021 Executive Budget establishes the authority to provide mental health restoration services to inmates in jail awaiting trial. Currently, defendants who are deemed incompetent to stand trial are treated at an OMH inpatient psychiatric hospital until they are restored to competency and returned to jail to await trial. This cycle often repeats itself with multiple inpatient stays at a psychiatric hospital, extending the time individuals are detained prior to trial. OMH will work with counties on a voluntary basis to develop specialized residential treatment units within their jails, ultimately reducing the time individuals with mental illness spend in jail awaiting justice.

## Addressing the Opioid Crisis

Under Governor Cuomo's leadership, OASAS has taken significant steps to address the opioid crisis by improving access to addiction treatment services, removing barriers to treatment, developing new and innovative treatment models, and expanding the number of treatment facilities in communities around New York State. The Executive Budget continues New York State's commitment to critical initiatives, including: the Centers of Treatment Intervention, which deliver evidence-based services through mobile treatment vehicles; Recovery Centers, which help New Yorkers recovering from Substance Use Disorder reintegrate into employment and their communities; expanding access to medication-assisted treatment (MAT) in emergency departments and jail-based settings; and the Certified Peer Recovery Advocate program, which employs recovering addicts to help individuals navigate treatment.

## Mental Hygiene

---

The Executive Budget also provides an increase of over \$23 million (3.7 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness and education activities. The Budget supports the following:

- **Residential Treatment Beds.** The Budget continues Governor Cuomo's commitment to expanding access to residential addiction treatment services through a combination of capital investments and operating support to community organizations. These investments are critical to ensuring New Yorkers struggling with substance use disorder have residential treatment options available if they need it. Through this effort, more than 200 new residential treatment beds are expected to open by the end of FY 2022.
- **Behavioral Health Parity.** The FY 2021 Executive Budget establishes the Behavioral Health Parity Compliance Fund for the collection of penalties imposed on insurance carriers who violate New York's Behavioral Health Parity laws, which will be used to support the Substance Use Disorder and Mental Health Ombudsman program. Additionally, the State will strengthen compliance with the Behavioral Health Parity provisions set forth in the FY 2020 Enacted Budget through the release of State regulations by October 2020.
- **Substance Use Disorder and Mental Health Ombudsman Program.** The Executive Budget continues \$1.5 million in funding to support the behavioral health ombudsman program, which helps individuals and their families navigate the behavioral health care system to ensure people have access to necessary care and services, and helps resolve issues when care has been delayed or denied. The Executive Budget also provides authority to utilize up to \$1.5 million in funds received in the newly established Behavioral Health Parity Compliance Fund.

## Protecting Vulnerable People

To protect the health and safety of vulnerable people under the State's care or oversight, the Justice Center has primary responsibility for receiving, investigating and/or reviewing abuse and neglect allegations at certain facilities and programs that are operated, certified, or licensed by the following six agencies: OMH, OPWDD, OASAS, DOH, Office of Children and Family Services (OCFS), and the State Education Department (SED). The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the over 3,000 facilities or service providers overseen by the six State agencies. The FY 2021 Executive Budget includes legislation that will increase the Justice Center's operational efficiency. To support the Justice Center's efforts, the FY 2021 Executive Budget includes an increase of \$1.5 million in funding and includes centralized resources available for the continued support of agency responsibilities associated with the Raise the Age (RTA) initiative.

## Multi-Agency Budget Actions

The Executive Budget leverages an additional \$170 million to support compensation increases for direct care and clinical staff at not-for-profits licensed, certified or otherwise authorized by OPWDD, OMH and OASAS.







Division of  
the Budget

## PUBLIC SAFETY

### ESTABLISH A CANNABIS REGULATORY FRAMEWORK

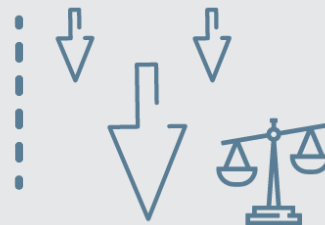


The Budget proposes a first-in-nation comprehensive cannabis regulatory framework.



### IMPROVING PUBLIC SAFETY

New York has one of the **lowest crime rates** of any large state in the country. Reported **Index crime declined** for the **sixth consecutive year** in 2018, to the fewest number of crimes reported statewide since reporting began in 1975.



### SECURING COMMUNITIES AGAINST HATE CRIMES

The Budget includes

**\$25 million**

in funding for **safety and security** projects at not-for-profit organizations at risk of **hate crimes** or attacks because of their ideology, beliefs, or mission.

### GUN SAFETY

The budget proposes to **tighten gun restrictions** for those who commit domestic abuse or commit a crime in another state.



It enhances sharing of information about **mental health issues** for those seeking to purchase, possess, or carry guns.



### ADVANCING THE WOMEN'S AGENDA

Strengthen Protections for **Domestic Violence Victims** Seeking a Divorce and **Expand Access to Civil Orders of Protection** in Family Courts.

## Public Safety

---

The FY 2021 Executive Budget affirms New York’s progressive values within the criminal justice system. To promote public safety, the Budget advances the Women’s Agenda, and invests in prevention, diversion, treatment, re-entry and supervision services at the State and local level.

### Overview

The Public Safety agencies assist local communities with crime prevention, supervise criminal offenders both in prison and in the community, patrol the highways, protect critical State assets, and respond to natural disasters and terrorist threats.

The Department of Corrections and Community Supervision (DOCCS) is responsible for providing services that offenders need in safe and secure facilities, preparing offenders for release, and ensuring they receive appropriate monitoring and support while under community supervision.

The Division of Criminal Justice Services (DCJS) collects and analyzes statewide crime data, administers local criminal justice programs, administers the State’s Sex Offender Registry and DNA Databank, and tracks the effectiveness of system-wide criminal justice strategies designed to enhance public safety.

The Division of State Police protects the citizens of the State, prevents and detects crime and other violations of law and promotes highway safety.

The Division of Homeland Security and Emergency Services (DHSES) is dedicated to the preparation and protection of the State’s citizens, communities, resources, economy, and infrastructure from threats and acts of terrorism, natural disasters, and other emergencies.

The Office of Indigent Legal Services (ILS) and the associated Indigent Legal Services Board are responsible for examining, overseeing, and improving the quality of New York’s county-based system of providing legal representation to people who are unable to afford an attorney.

### Improving Public Safety and Fairness

New York has one of the lowest crime rates in the country and the lowest imprisonment rate of any large state. The crime rate in New York State has continued to decline since reporting began in 1975, reaching an all-time low in 2018. This makes New York the safest large state. The significant decline in crime coincides with a 38 percent drop in the State’s prison population from a peak of 72,600 in 1999 to a current population of approximately 44,500 – the lowest level in more than two decades. Through this decline, excess capacity has begun to build and as a result the Governor has recommended the closure of several facilities to effectively right-size the prison system.

More recently, however, the rates of hate and biased motivated incidents have spiked nationwide and in New York, as well. Reported hate crimes in New York State are up 23% during the first 9 months of 2019 compared to 2018. New York City is up 32% and Rest of State is up 8%. The Budget will continue and expand initiatives the Governor has developed to ensure that New York continues to be one of the safest states in the nation and protects all New Yorkers from crimes fueled by hate and prejudice.

### Table 15: Summary of All Funds Spending

## Public Safety

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollar (millions)	Percent
Department of Corrections and Community Supervision	3,372	3,193	-179	-5.3%
Division of State Police*	892	922	30	3.4%
Division of Criminal Justice Services	239	251	12	5.0%
Division of Homeland Security and Emergency Services	1,315	1,224	-91	-6.9%
All Other	404	476	72	17.8%
Total Public Safety	6,222	6,066	-156	-2.5%

Spending for public safety agencies is projected at \$6.1 billion for FY 2021. The DCJS year-to-year increase is primarily due to an increase in DCJS' Capital Budget, The DHSES year-to-year change is primarily due to the timing of large FEMA Public Assistance payments. The year-to-year change for DOCCS is largely related to retroactive collective bargaining payments made in FY20.

## Proposed FY 2021 Budget Actions

### Ensuring the Safety and Security for All

The FY 2021 Executive Budget targets known threats to public safety.

- Securing Communities Against Hate Crimes (SCAHC)** - Governor Cuomo advanced a grant program to boost safety and security at New York's nonpublic schools, community centers, and day care facilities at risk of hate crimes or attacks because of their ideology, beliefs, or mission. The SCAHC Grant provides up to \$50K in funding for security needs including cameras, state-of-the-art technology, door-hardening, improved lighting, and other related security upgrades at each eligible facility. To date \$25 million has been awarded through two rounds of SCAHC. In FY 2020, two additional rounds were made available totaling \$45 million and include children's recreational camps run by at-risk organizations. The FY 2021 budget would provide a new \$25 million funding for a fifth round of the grant and further expand the support to vulnerable not-for-profit organizations.

## Public Safety

---

- **Hate Crimes Task Force** - The State Police Hate Crimes Task Force was established by the Governor in the 2018 to address the increase in bias-motivated threats, harassment and violence throughout New York State. The FY 2021 budget includes \$2 million to support the Task Force's on-going work, and to bolster the monitoring of digital media which promote violence, intolerance, selling of illicit substances and terrorism.
- **Pass the "New York Hate Crime Anti-Terrorism Act"**. This would create a "domestic act of terrorism motivated by hate" crime as a new A-1 class felony punishable by up to life in prison without parole.
- **Close the Electronic Security and Targeting of Online Predators Act (e-STOP) Loophole**. Current law requires sex offenders to register and maintain all current email accounts, screen names and any other Internet identifiers with the state Division of Criminal Justice Services; the list is then given to certain social networking companies that may purge their sites of offenders. With the proliferation of online dating apps and social media, online predators are using different tools to exploit children, and the current law does not account for these new technologies. By strengthening the current law and expanding it to include other technological tools used by sexual predators, the law would provide law enforcement and prosecutors the ability to hold sex offenders accountable for predatory actions.
- **Improve Efficiency in the Investigation of Online Sexual Exploitation of Minors**. This proposal would authorize the Superintendent of State Police to issue administrative subpoenas during investigations related to the commission of certain online sexual offenses against children.
- **Funding Emergency Management Assets** - Protecting the public during emergencies and responding to disasters are critical missions of state government. The Budget sustains \$12 million in capital funding to ensure that emergency responders have the right equipment to fulfill this responsibility and that critical resources are available and delivered when needed.
- **Close the Rape Intoxication Loophole**. Currently the Penal Law does not adequately protect victims of sexual offenses who could not consent to sexual activity due to voluntary intoxication. The Executive Budget includes legislation to close this loophole once and for all and clarify that a victim's ability to consent is jeopardized whether they were voluntarily or involuntarily intoxicated, giving prosecutors the ability to hold sexual abusers accountable for their criminal acts and allowing sexual abuse survivors to obtain the justice they deserve.
- **Prevent the Manufacture and Dissemination of Ghost Guns**. This proposal would prohibit individuals who cannot legally possess a rifle or shotgun from possessing a major component part that could be used to build a firearm, rifle or shotgun. It would also require individuals to obtain major components of a firearm,

## Public Safety

---

rifle or shotgun only through an in-store transaction at a licensed gun dealer. This proposal would require licensed dealers to limit distribution of major components to only individuals who possess valid identification; log all transactions; and initiate procedures to obtain a serial number issued by DCJS for all unfinished frames and receivers.

- **Remove Guns from Domestic Abusers.** This proposal would authorize law enforcement to remove guns from the scene of a domestic violence incident. It would also establish a domestic violence misdemeanor to ensure abusers lose access to firearms immediately upon conviction. Further, it would authorize law enforcement officers to seize weapons from the home of an individual who becomes subject to a protective order arising out of a domestic dispute.
- **Disqualify Individuals from Gun Ownership if They Commit Crime Out of State.** This proposal would prohibit individuals from obtaining a gun license who commit serious offenses out-of-state that would disqualify them from obtaining a gun license if committed in New York.
- **Enhance the Sharing of Crime Gun Information.** This would require all state and local law enforcement agencies in the state to opt in to Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF's) crime gun trace data sharing program and submit crime guns recovered through the ATF's eTrace system. Further, it would require all state and local law enforcement to collect and submit all ballistics evidence to the National Integrated Ballistics Identification Network (NIBIN)
- **Sharing Flags from Mental Health Professionals from Other States (firearms).** This would allow for the sharing of information to law enforcement entities in other states for the purpose of determining eligibility to purchase, possess, or carry a firearm.

## Ensuring Fairness in the Criminal Justice System

- **Continue Phase-in of Hurrell-Harring Settlement (HHS) Statewide Implementation:** The FY 2021 Executive Budget provides \$150M in Local Assistance funding for the third year of a five-year phase-in of increased support for the Office of Indigent Legal Services. This funding provides for the continued expansion of the Hurrell-Harring Settlement reforms to every county in order to improve the quality of indigent criminal defense statewide through three initiatives: Counsel at Arraignment, Caseload Relief, and Quality Improvement.

## Advancing the Women's Agenda

- **Strengthen Protections for Domestic Violence Victims Seeking a Divorce.** The FY 2021 Executive Budget includes legislation to require courts to specifically consider the effects of domestic violence on the future financial circumstances of each party. This will require a court to examine the circumstances and results of

## Public Safety

---

domestic violence and would allow the court to find that a party has a diminished future ability to make a living due to acts of domestic violence committed against them by the other party.

- **Expand Access to Civil Orders of Protection in Family Courts.** The FY 2021 Executive Budget includes legislation allowing Family Courts to issue orders of protection without requiring the petitioner to allege and prove a family offense was committed. The orders of protection could be issued to stop domestic violence, end the family disruption, and/or to obtain protection.

### Establish a Comprehensive Cannabis Regulatory Framework

In January 2018, Governor Cuomo directed the Department of Health (DOH) to conduct an impact study in consultation with other state agencies to review the potential impact of regulated cannabis in New York State. The report issued in July 2018 concluded that the positive impacts of a regulated cannabis program in New York State outweighs the potential negative aspects.

The report states that the regulation of cannabis benefits public health by enabling government oversight of the production, testing, labeling, distribution, and sale of cannabis. The creation of a regulated cannabis program would enable New York State to control licensing, ensure quality control and consumer protection, and set age and quantity restrictions. Moreover, the report found that a regulated program would reduce racial disparities in criminalization and incarceration rates, noting that there have been more than 800,000 arrests for possession of small amounts of cannabis in New York with the majority of those arrested people of color.

Based on the findings of the impact study, the Governor charged a Regulated Marijuana workgroup to provide advice to the State on legislative and regulatory approaches and launched a series of listening sessions on regulated cannabis across the State that drew approximately 2,400 community members.

Legislation introduced with the FY 2021 Executive Budget establishes a regulated adult-use cannabis program that protects public health, provides consumer protection, ensures public safety, addresses social justice concerns, and invests tax revenue.

To best achieve these goals, the Governor proposes a first-in-nation comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.



Division of  
the Budget

## STATE WORKFORCE

### IMPROVING GOVERNMENT EFFICIENCY



New York State has **improved**  
and **expanded services** while  
keeping a stable workforce for



**8 YEARS**



### PRUDENT COLLECTIVE BARGAINING AGREEMENTS



The State's multi-year labor  
**agreements** align with  
overall spending constraints.



The Budget proposes reforms to control  
growth in employee and retiree health  
care costs, which have **increased** by

**↑13%**

**in 3 YEARS**



## State Workforce

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. The FY 2021 Executive Budget assumes stable staffing levels in the fiscal year and includes proposals to help restrain the growth in State retiree health care costs.

### Overview

There are approximately 185,000 full-time equivalent State employees within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), and in the Offices of the Attorney General and State Comptroller. Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments. The Executive has direct control over roughly 65 percent of the State workforce, with the balance of the workforce in the University Systems and agencies run by independently elected officials.

The total workforce level for agencies subject to direct Executive control is recommended to remain stable, consistent with results for the past eight years.

**Table 16: Summary of Workforce Levels**

	Current Actual FY 2020 PP 19	Year End Estimate 3/31/20	Year End Estimate 3/31/21	Current Actual to 3/31/21 Year End Estimate (Decr)/Incr	3/31/20 Year End Estimate to 3/31/21 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	117,801	119,962	118,955	1,154	(1,007)
University Systems	61,004	60,707	60,707	(297)	0
Independently Elected Agencies	4,462	4,502	4,502	40	0
Grand Total	183,267	185,171	184,164	897	(1,007)

The Budget recommends workforce increases in select State agencies to support emerging programmatic priorities, including: the Division of Alcoholic Beverage Control (+191) to support the new Office of Cannabis Management, including staff from the Department of Health; the Office of the Medicaid Inspector General (+69) to support new program integrity initiatives; the Department of Environmental Conservation (+47) to implement the Climate Leadership & Community Protection Act and the Resiliency and Economic Development Initiative; and the Department of Agriculture and Markets (+40) for the State Fair and additional inspection activities. To support the goal of strengthening accountability for Medicaid determinations, staff also are being added at the Department of Health (+22) to enable the State to assume a greater role in local government Medicaid administration, as well as for administration of ongoing Medicaid operations, regulation of health care providers and support for public health priorities, including preserving access to appropriate family planning services.

## **State Workforce**

---

Agencies reflecting a decline in workforce entirely through attrition include the Department of Corrections and Community Supervision (-1,247) as facilities restructure and close; the Office of Mental Health (-105) due to facility transformation and restructuring and the Jail-Based Restoration Program; and the Office of Children and Family Services (-63) resulting from the closure of the Youth Leadership Academy.

### **Promoting Workforce Fairness and Affordability through Collective Bargaining**

The State has multi-year labor agreements in place with most of the unionized workforce providing a 2 percent general salary increase in each year of the respective contract periods. These agreements generally include the provision of additional compensation supplemented by savings in health insurance and overtime.

The State continues to negotiate new agreements with the Public Employees Federation (PEF) and the Council 82 Security Supervisors Unit. Additionally, negotiations will continue with the Police Benevolent Association of New York State (PBANYS) following the recent issuance of a four-year arbitration award through FY 2019 in alignment with the settled agreements.

### **Employee Fringe Benefits and Fixed Costs**

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

All Governmental Funds spending is projected to increase by \$334 million (3.7 percent) as illustrated in the following table. Growth in the health insurance program is reflective of medical inflation and current enrollment levels. The increased cost of pensions and Social Security is the result of higher salary costs due to collective bargaining and 27 payroll checks as opposed to 26 due to the calendar pay schedule. Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

## State Workforce

**Table 17: Summary of All Funds Fringe Benefit and Fixed Cost Spending**

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,308	4,512	204	4.7
Pensions	2,448	2,495	47	1.9
Social Security	1,097	1,134	37	3.4
Gross Workers' Compensation	566	583	17	3.0
Other Fringe Benefits / Fixed Cost	683	712	29	4.2
Total	9,102	9,436	334	3.7

### Proposed FY 2021 Budget Actions

#### State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 13 percent, from \$3.43 billion in FY 2017 to \$3.87 billion in FY 2019 (retirees and dependent survivors comprise about half of this cost). This growth is significant compared to the benchmark growth rate of two percent per year. The Executive Budget includes three proposals to help restrain this growth.

- Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High-Income State Retirees.** The Federal government imposed the supplemental IRMAA premium in 2007 to require high-income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high-income retirees. This subsidy is worth \$694 annually for retirees with an Adjusted Gross Income (AGI) between \$87,000 and \$109,000, growing to a taxpayer subsidy of \$4,164 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2020. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$3.7 million in FY 2021 (due to the lag in reimbursement), increasing to \$15.7 million in FY 2022.
- Cap State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2020, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$144.60 per month. The cost of this reimbursement is \$233 million. This proposal maintains State reimbursement at \$144.60 per month, consistent with CY 2020 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provides savings of \$2.2 million in FY 2021 and \$11.8 million fully annualized in FY 2022. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.
- Implement Differential Health Care Premium Contributions for New Civilian Hires at Retirement Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less

## State Workforce

---

than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post October 1, 2020 civilian hires in approximately 30 years once the current retiree group is largely replaced.

### **Provide a Market-Rate of Interest on Court Judgments**

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at a time when interest rates were at 12 percent. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.





Division of  
the Budget

## TRANSPORTATION

### 2020-2024 MTA CAPITAL PLAN

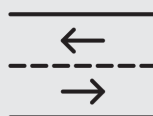
Provides **\$3 billion** to support the new, historic, **\$51.5 billion** MTA Capital Plan for transit riders.

### INFRASTRUCTURE

The Executive Budget invests **\$11.9 billion** for a 2-Year DOT Capital Plan which will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities.



The Executive Budget provides up to **\$100 million** for a second round of funding for the Upstate Airport Economic Development and Revitalization.



### CASHLESS TOLLING

By the end of 2020 **Cashless Tolling** will lead to a safer, greener, and less congested Thruway system.



# Transportation

---

The FY 2021 Executive Budget continues New York State's historic investments in the State's transportation system, which are improving our transit systems, roads and bridges, increasing mobility, and supporting economic growth. These investments also are enhancing and expanding the Metropolitan Transportation Authority (MTA) network, and improving roads, bridges, airports, rail facilities, ports, and transit systems funded through the Department of Transportation (DOT) budget.

## Overview

The State's transportation system is operated, maintained, and administered by a network of State and local agencies and public authorities. DOT is responsible for construction, reconstruction, maintenance, and snow and ice removal for approximately 44,500 State highway lane miles and nearly 7,900 bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

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

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

The Thruway Authority operates a 570-mile highway system, which includes the 426-mile mainline from Buffalo to New York City, as well as the new Mario M. Cuomo Bridge crossing the Hudson River.

The New York State Bridge Authority is responsible for five other bridges spanning the Hudson River. These and other transportation-related authorities are primarily financed through toll revenue.

The State's transportation programs also include the Department of Motor Vehicles (DMV), which operates 27 district and branch offices and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, non-driver identification cards and vehicle registrations, conducts road tests, monitors driver training, and performs enforcement activities. DMV conducts more than 20 million customer transactions annually and is projected to collect more than \$2 billion in revenue for the State and localities in FY 2020. New Yorkers rely on credentialing and identification documents issued by DMV to conduct financial transactions, obtain employment, and board aircraft, among other uses.

### Investing in a Safe, Reliable Transportation System

#### Reimagining the MTA

By 2017, prior decades of underfunding, questionable management priorities, bureaucratic dysfunction, slow project delivery and excessive cost overruns had brought the MTA subway system to a crisis point. The system experienced an increasing number of system failures, breakdowns, delays and declining customer service.

Governor Cuomo intervened to declare a state of emergency at the MTA and begin the process of reversing the decline. The Governor pushed for passage of a \$836 million MTA Subway Action Plan for 2017 and 2018. This plan has led to a dramatic and historic turnaround in on-time subway performance which increased to 81.8 percent in November 2019. This marked the sixth straight month where the MTA registered above 80 percent, the first time it had done so since 2013, a 17 percent improvement from the previous year.

The MTA's \$51.5 billion 2020-2024 Capital Program represents the largest investment in MTA infrastructure in state history, 70 percent larger than the previous program. The program will revitalize the subway system and prioritize improving signal technology, increasing accessibility, improving quality of life issues, ensuring investment in the Long Island Rail Road (LIRR) and Metro North Railroad, and upgrading bus service.

This monumental investment builds on a historic year for the MTA with the State's passing of key reforms and new dedicated funding streams to provide \$25 billion in new financing supporting nearly half the 2020-2024 Capital Plan.

At the center of the new funding is the Central Business District Tolling Program, which was enacted by the Governor and Legislature in the FY 2020 Budget. The Governor's congestion pricing plan is the first of its kind in the nation and will combat gridlock and deliver \$15 billion of the \$25 billion in new financing provided by the State. The remainder is supported by \$10 billion from a progressive tax on high-end real estate sales and from leveling the playing field between brick and mortar and online retailers.

New York State has committed an additional \$3 billion investment, to be matched by New York City, to fund the MTA's 2020-2024 Capital Program. This funding will help make the subway system more accessible. The program will increase accessibility by making 70 more subway stations ADA-accessible so that stations serving over 60% of passengers will be accessible.

In addition to historic investments in new rolling stock (subway cars, train cars, and buses), the new MTA Capital Plan will advance several major construction projects. These include Phase 2 of the Second Avenue Subway, which will provide three new fully-accessible stations and a connection with Metro-North. Penn Station Access is fully funded and will carry the New Haven line and East Bronx residents directly into Penn Station. Funds are provided for the final stage of the East Side Access project, which will



## Transportation

---

soon bring the Long Island Rail Road into Grand Central Station. The new program will also complete funding for the LIRR Third Track, adding 10 miles of mainline between Floral Park and Hicksville and providing capacity and shortening service disruptions for 41% of LIRR ridership.

To achieve the program's ambitious goals, Governor Cuomo and the Legislature enacted the MTA Transformation Plan, which includes new principles to ensure capital projects move forward speedily, on budget, and in order of priority. This includes reforms to vendor accountability, reorganizing the Authority including Capital Construction and Development, and the use of design-build project delivery. Other reforms, in addition to the reorganization of the authority, include the Train Speed and Safety Task Force, the Help for the Homeless Initiative, Fare Evasion and Worker Safety Task Force, and the station and train intensive cleaning initiative.

The Executive Budget proposes additional MTA reforms designed to provide safety and protections for subway riders and workers. These reforms include banning sexual offenders from the subway and increased protections for subway workers against assault and harassment.

This Capital Program builds on the accomplishments of the 2015-2019 Capital Program, which included Phase 1 of the Second Avenue Subway (with new stations at 72nd, 86th, and 96th streets), the LIRR Double Track project, which constructed 13 miles of new track from Farmingdale to Ronkonkoma, and the L Train Tunnel Redesign.

### Strengthening Roads and Bridges

Statewide, New York's economy relies on a resilient and efficient transportation infrastructure network of roads and bridges to continue attracting investment and creating jobs. The renewal and modernization of transportation infrastructure is fundamental to rejuvenating and enhancing the economic competitiveness of the State's communities.

Building on unprecedented DOT investments, the Executive Budget proposes a record 2-Year, \$11.9 billion DOT Capital Plan which ensures stronger State and local roads and bridges for years to come. This record level of investment provides DOT with resources necessary to renew, modernize and continue to drive economic development in our local communities.

The shorter, 2-year Capital Plan is proposed due to Federal funding uncertainty. Federal Fixing America's Surface Transportation (FAST) Act is set to expire on September 30, 2020. Unlike the MTA Capital Plan, where Federal aid accounts for approximately 20 percent of total spending, the DOT Capital Plan relies on Federal aid for more than 40 percent of its spending. Due to the ongoing uncertainty and lack of action at the Federal level, the State is making the prudent decision to commit at this juncture to a 2-year plan while working with the New York congressional delegation to move the renewal of the FAST Act forward.

Major projects funded in this plan include Van Wyck phases 2 and 3, Hunts Point and Bruckner phases 2 and 3 and the replacement of I-81 in Syracuse.

Following the Governor's call for additional modernization to reduce traffic congestion and improve the customer experience, the Thruway Authority is currently in the process of implementing cashless tolling system-wide, which will be completed during 2020.

### Table 18: State Operating Funds Spending

# Transportation

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollar (millions)	Percent
Department of Transportation	927	980	53	6
Metropolitan Transportation Authority	5,489	6,214	725	13
Department of Motor Vehicles	60	70	10	17
Transportation Spending (Total)	6,476	7,264	788	12
MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For-Hire Vehicle surcharges, MTA Aid Trust, and Mansion Tax.				

## Proposed FY 2020 Transportation Budget Actions

### Improving Roads, Bridges, and Safety

- **DOT Capital Plan:** The Executive Budget provides \$11.9 billion for a new, 2-Year DOT Capital Plan which will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the final two years of the last DOT Capital Plan, this is an increase of \$3.0 billion, or 33 percent.
- **Highways and Bridges:** The Executive Budget continues Governor Cuomo's record commitment to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year's level of \$477.8 million. The Budget also continues \$100 million in highway aid through the PAVE NY program, and \$100 million to fund local bridge projects from the BRIDGE NY program. These programs are further improving conditions on State and local roads and bridges.
- **Airports:** The Executive Budget provides up to \$100 million for a second round of funding for the Upstate Airport Economic Development and Revitalization. This funding supports enhancements to safety and economic development, improves airport operations and access, reduces environmental impact, and creates better passenger experiences.
- **Funding Sources:** DOT's capital program is supported by Federal aid, State capital projects funds, financial settlement funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and the State's General Fund.
- **Authority Merger:** The Bridge Authority, which is responsible for five other bridges spanning the Hudson River, and the Thruway Authority, which operates one of the nation's longest tollways, are both establishing cashless tolling and serve in overlapping roles. In order to leverage their expertise, increase coordination, and operate more efficiently, the FY 2021 Budget merges the Bridge Authority into the Thruway Authority.

### Investing in Transit

New York State provides transit system operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. This multi-billion-dollar aid program reflects the importance of transit systems that provide an estimated 3.8 billion rides annually. State transit aid accounts for approximately one-third of the operating resources used to support the transit systems across the state.

The FY 2021 Executive Budget provides over \$6.8 billion in operating support to transit systems, including resources that are collected by the State and sent directly to the MTA without further

## Transportation

---

appropriation. The MTA will receive \$6.2 billion from State operating aid, an increase of \$725 million (13 percent) over the FY 2020 Enacted Budget.

The \$51.5 billion 2020-2024 MTA Capital Program is the largest and most expansive plan in the authority's history. In addition to the \$25 billion secured by the Governor and Legislature in the last legislative session, the State will contribute \$3 billion to the program, which will be matched by the City of New York.

For non-MTA transit systems, the FY 2021 Executive Budget provides \$236 million in operating support for Upstate transit, for a 4 percent increase year over year, and \$394 million for downstate systems, representing a year over year increase of 16 percent. Other downstate transit aid includes \$11 million to continue to fund the Lower Hudson Transit Link serving the Mario M. Cuomo Bridge and parts of Rockland and Westchester counties.

The Executive Budget also provides non-MTA transit systems with an additional \$20 million in capital assistance this year, the first year of a \$100 million five-year program to aid local transit agencies in the transition to electric buses. Under this program, five of the largest upstate and suburban transit authorities will electrify 25 percent of their fleets by 2025 and 100 percent by 2035. The MTA has already committed to purchase only electric buses after 2029 and to fully electrify its fleet by 2040. Total non-MTA transit capital assistance is proposed at \$124.5 million.

### Modernizing DMV Customer Service

Accounting for the steady increase in the volume and complexity of its transactions, DMV has utilized electronic and internet-based services to increase the efficiency of transaction processing. These services also provide customers with a faster and more convenient alternative to visiting DMV offices. Currently, close to seven million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of online transactions.

Building on the success of previous customer service initiatives, DMV continues to enhance the customer experience by employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction. DMV's website is continuously improving to provide a more responsive design for its customers.

Additional motor vehicle Budget actions include the following:

- **License Renewal Cycle.** The Budget continues funding for the fourth year of the license renewal cycle and programmatic mandates that include the Driver's License Access and Privacy Act and the conversion to REAL ID by October 2020.
- **Public Safety.** As part of continued public safety awareness, the Budget proposes legislation to extend for two years the ignition interlock program for those convicted of an alcohol related traffic violation.
- **Locally Authorized Motorized Bicycles and Scooters.** This Budget authorizes local governments to allow certain lower speed scooters and motorized bicycles within their jurisdiction. This authorization includes provisions that apply traffic and safe operating procedures for those operating such scooters and motorcycles.

# **Legislation Required for the Budget**

---

## **Education, Labor and Family Assistance**

- School Aid
- Syracuse Comprehensive Education and Workforce Training Center
- Rochester City School District Monitor
- Extend a Predictable Funding Plan for SUNY and CUNY
- Expand Free College Tuition to More Middle-Class Families
- Expand the Enhanced Tuition Awards Program
- Allow Public Accounting Firms to Have Minority Ownership by Individuals Who Are Not Certified Public Accountants
- Authorize Mortgage Insurance Fund Utilization
- Streamline Billing for the Administration of Rent Regulation
- Guarantee Access to Sick Leave
- Authorize the Pass-Through of Any Federal Supplemental Security Income Cost of Living Adjustment
- Legalizing Gestational Surrogacy
- Comply with Federal Family First Prevention Services Act Requirements
- Realign Financing for Residential Placements of Children with Special Needs Outside of New York City
- Streamline the Process to Establish a State Veterans Cemetery
- Comply with Federal Family First Prevention Services Act Requirements
- Realign financing for residential placements of children with special needs outside of New York City
- Streamline the process to establish a state veterans cemetery

## **Health and Mental Hygiene**

- Reauthorize the Health Care Reform Act for three-years

## **Legislation Required for the Budget**

---

- Discontinue Hospital Resident Compliance Audits
- Early Intervention Pay and Pursue
- Redirect Enhanced Quality of Adult Living Funding
- Miscellaneous Public Health Recommendations
- Extend Various Provisions of the Public Health and Social Services Laws
- Prescription Drug Pricing and Accountability Board
- Expansion of Assistance for Licensed Pharmacists
- Pharmacy Adult Immunization Expansion and Collaborative Drug Therapy Management
- Health Related Consumer Protections
- Physician Profile Enhancements
- Enhancing Physician Integrity and Accountability
- Combating Opioid Addiction by Banning Fentanyl Analogs
- Antimicrobial Resistance Prevention
- Expand the Sexual Assault Forensic Examiner Program
- Modernization of Center for Environmental Health Fees
- Implement Various Tobacco Control Policies
- Medicaid Local District Spending Reforms
- Certificate of Need Surcharge
- Extends Physicians Excess Medical Malpractice
- Authorize the Regulation of Pharmacy Benefit Managers
- Streamline the Pre-Admission Process for Residential Treatment Facilities
- Establish Jail-Based Restoration Programs for County Jails
- Create a New Program for the Sex Offender Management and Treatment Act Population
- Extend Comprehensive Psychiatric Emergency Programs and Make Other Technical Amendments to Improve Operational Efficiency

## **Legislation Required for the Budget**

---

- Establish the Behavioral Health Parity Compliance Fund and Strengthen Efforts to Ensure Compliance with State and Federal Behavioral Health Parity Laws
- Justice Center Statewide Central Register Checks
- Office for People With Developmental Disabilities Authority to Issue Operating Certificates

## **Transportation Economic Development and Environmental Conservation**

- CHIPS Bidding Threshold Increase
- Penalties for Oversized and Unauthorized Vehicles
- HELP Trucks - Rear Facing Blue Lights
- Slow Down and Look Out for Highway Workers and Pedestrians Act of 2020
- Tandem Truck Access Routes - Thruway Cashless Tolling (AET/ORT)
- Thruway Fiber Leases
- Thruway and Bridge Authority Merger
- Airport Safety
- MTA Bond Cap Increase
- Metropolitan Transportation Authority Procurement Reform
- Metropolitan Transportation Authority Tax Increment Financing
- Right of Way Clearance
- Toll Enforcement
- Metropolitan Transportation Authority Worker Assault
- Metropolitan Transportation Authority Worker Harassment
- Subway Sex Offender Ban
- Place responsibility for mailing a copy of service of process on plaintiffs rather than the Department of State (DOS)

## Legislation Required for the Budget

---

- Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents
- Pink Tax
- Robocalls
- Add E Pluribus Unum to Arms of the State and the State Seal
- Removing Unnecessary Barriers to Obtaining Occupational Licensing
- Home Inspector Examination
- Nuisance Fee Repeal
- To authorize utility and cable television assessments that provide funds to the Department of Health from cable television assessment revenues and to the departments of Agriculture and Markets, Environmental Conservation, and State, and the Office of Parks, Recreation and Historic Preservation from utility assessment revenues.
- To authorize the Department of Public Service to Undertake Administrative Investigations of and Commence Enforcement Proceedings Against All Regulated Public Utility Corporations.
- Establish Internet Neutrality Principles, Enforcement and Compliance Provisions in Public Service Law and Incorporate Internet Neutrality Principles into the State's Procurement Process
- Small Wireless Facilities Deployment
- Extend the authorization of the Dormitory Authority of the State of New York to form subsidiaries.
- Make the Infrastructure Investment Act Permanent
- Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund.
- Extend the general loan powers of the New York State Urban Development Corporation.

## Legislation Required for the Budget

---

- Amend Economic Transformation Program Eligibility
- Authorize the New York State Energy Research and Development Authority to finance a portion of its energy research, development and demonstration program, and its energy policy and planning program, as well as climate change related expenses of the Department of Environmental Conservation and the Department of Agriculture and Markets' Fuel NY program, from an assessment on gas and electric corporations
- Expand the Definition of "Immediate Family Member" in Farm Labor Statute
- Amend General Municipal Law to Apply Federal Procurement Procedures and Discretionary Limits to Child Nutrition Programs as a Way to Increase the Purchase of Locally Produced Foods in New York Schools
- Assisting Low-Income Communities with Financing Water Infrastructure Improvements
- License Debt Collection Entities
- Stop Abuse and Deceptive Practices from Student Loan Debt Relief Companies
- Protecting New York Consumers from Unfair and Abusive Practices by Strengthening New York's Consumer Protection Law
- Fighting Elder Financial Fraud
- Ban Single-Use and Loose-fill Polystyrene Products
- Implement the Environmental Bond Act of 2020 "Restore Mother Nature"
- Authorize the \$3 Billion Environmental Bond Act of 2020 "Restore Mother Nature" to be Submitted for Voter Approval in November of 2020
- Product Stewardship Program
- Improvements to the Freshwater Wetlands Regulatory Program
- Statutory Changes Necessary to Complete the Bay Park Conveyance Project
- Financial Security for the Plugging and Site Reclamation of Regulated Wells
- Amending the Environmental Conservation Law Relating to Ban Fracking
- E-Bikes



## **Legislation Required for the Budget**

---

- Extend Authorization of Revenues and Costs for the DHBTF
- I-PIRP Extender
- E-Scooters
- Consolidation of the Centers of Excellence into the Centers for Advanced Technology Program
- Authorize the New York Power Authority to Form a Pure Captive Insurance Company
- Transfer of Pier 76 Tow Pound to the Hudson River Park
- Make permanent the New York Buy American Act

## **Revenue**

- Make Warrantless State Tax Debt Collection Methods Permanent
- Extend Hire-A-Vet Credit for Two Years
- Extend Oil and Gas Fee for Three Years
- Reduce the Tax Burden on Small Businesses
- Cap the Maximum Amount and Income Threshold for the Long-Term Care Insurance Credit
- Authorize DTF to Provide Unclaimed Tax Benefits.
- Enhance Empire State Child Credit
- Reform the Tobacco Products Tax
- Enhance cigarette tax enforcement and penalties
- Make Technical Amendments Related to Alcoholic Beverage Taxes
- Update Criminal Tax Fraud Statutes
- Extend Excelsior Tax Credit Program and Enhance for Green Projects
- Reform the Film Tax Credit
- Provide a Local Option for Placing Converted Condos Into the Homestead Class
- Deny STAR Benefits to Delinquent Property Owners

## **Legislation Required for the Budget**

---

- Allow for the Appointment of Acting County Directors of Real Property Tax Services
- Modernize and Merge Real Property Tax Forms and Processes
- Abolish the State Board of Real Property Tax Services
- Remove References to the STAR Offset Program
- Make Technical Amendments to Telecommunications and Railroad Ceiling Programs
- Make Exceptions for Late Enhanced STAR Filers
- Build a New Equine Drug Testing Lab
- Authorize Entry Into the Mid-Atlantic Drug Compact
- Amend Sports Wagering Lounge Restrictions.
- Eliminate Quick Draw Minimum Size Restrictions
- Extend Pari-Mutuel Tax Rate and Simulcast Provisions for One Year
- Shift Basic STAR Exemptions to the Credit Program
- Enact the Cannabis Regulation and Taxation Act

## **Public Protection and General Government**

- Extend Various Criminal Justice and Public Safety Programs That Would Otherwise Sunset
- Close the Electronic Security and Targeting of Online Predators Act (e-STOP) Loophole
- Close the Rape Intoxication Loophole
- Add the Division of Criminal Justice Services to the list of agencies not required to receive a waiver for certain professional services
- Establish the District Attorney Discovery Compensation Fund
- Prison Closures
- Authorize the Transfer of Adolescent Offenders from Department of Corrections and Community Supervision to Office of Children and Family Services
- Preferred Services Status by the Correctional Industries Program in

## **Legislation Required for the Budget**

---

- Suspend Subsidy to Revolving Loan Fund from Cell Surcharge Revenue
- Waive the State Police Maximum Age for Appointment for Individuals Employed as Park Police Officers
- Preventing the Manufacture and Dissemination of Ghost Guns
- Improving Efficiency in the Investigation of Online Sexual Exploitation of Minors
- Remove Guns from Domestic Abusers
- Disqualify Individuals from Gun Ownership if They Commit a Serious Misdemeanor Offense in Another State
- Requires Crime Gun Data to Specified Centralized Databases
- Share Flags from Mental Health Professionals with Other States
- Establish a Domestic Violence Misdemeanor
- Pass the New York Hate Crime Anti-Terrorism Act
- Cease Reimbursement of the Medicare Income Related Monthly Adjustment Amounts to High Income State Retirees and Their Dependents in the New York State Health Insurance Program
- Provide a Variable Market-Based Interest Rate on Court Judgments and Accrued Claims Paid by Public and Private Entities
- Cap State reimbursement of the Standard Medicare Part B (Medical) Premium Paid to Eligible Retirees and Their Dependents in the New York State Health Insurance Program at the 2020 level of \$144.60 per Month
- Implement a Sliding Scale Reimbursement of Health Care Costs for Future New York State Civilian Hires at Retirement Within the New York State Health Insurance Program
- Continuing to Protect and Strengthen Unions
- Comprehensive Technology Service Contracts
- Defining Technology
- Establishment of State Financial System Procurement and Contracting Authority

## **Legislation Required for the Budget**

---

- Permanent 15-Year Lease Authority
- Require Sexual Harassment Disclosure from State Contractors
- Creates a New Type of License for in-State Higher Education Institutions Which Would Allow Both Retail and Manufacturing Privileges for Training Purposes
- Allows the Holders of an On-Premise Retail License to Meet the Food Service Requirements to Serve Alcoholic Beverages in Movie Theatres
- To Allow Craft Beverage Brewers and Distillers to Sell Their Products on Their Premises Without Needing Legislative Approval for Each License
- Establish the Hours During Which Alcoholic Beverages may be Sold on Certain International Airport Property
- New York State Insurance Fund Small Business Relief - Investment Authority
- New York State Insurance Fund Small Business Relief - Audit Compliance Authority
- New York State Insurance Fund Small Business Relief - Out of State Coverage
- Manual Recounts
- Eliminate VLT Aid to All Municipalities Outside of Yonkers
- Enhance Flexibility Within the County-Wide Shared Services Initiative
- Modify Voting Requirements for the Financial Restructuring Board for Local Governments
- Clarify AIM-Related Sales Tax Payments Process for Nassau and Erie Counties
- Authorize Shared County Jails
- Strengthen Protections for Domestic Violence Victims Seeking a Divorce
- Ensure Pay Equity at State and Local Public Authorities
- Expansion of Access to Civil Orders of Protection in Family Courts
- Ban on Contributions from Foreign-Influenced Corporations
- Nothing to Hide Act - Disclosure of Tax Returns
- Disclosure Requirements for Charitable Nonprofit Entities

## **Legislation Required for the Budget**

---

- Authorization for Transfers, Temporary Loans, and Amendments to Miscellaneous Capital/Debt Provisions, Including Bond Caps

### **Concurrent Resolution**

- Add an Expanded Equal Rights Amendment to the New York State Constitution
- Court Restructuring

# **Delivering a High Performance Government**

---

Since taking office, Governor Cuomo has remained steadfast in his commitment to right-size state government, improve state agency performance, increase accountability and save taxpayer money. Under his leadership, New York State is focused on delivering service outcomes that not only meet the needs of New Yorkers, but also restore the public's trust in government. To support these efforts, the Division of the Budget (DOB) uses performance management to align State resources with program, policy, and service delivery objectives, focusing on improving agency activities and providing a continued emphasis on outcomes across the State. This synthesis of management and budget functions continues to ensure that the policies, programs and projects contained in the Budget are delivered in a timely, cost-effective manner and achieve the expected results.

Our performance management approach reflects a strategic framework for making the State more efficient, accountable and transparent. In addition to using best practices and techniques used by other high-performing private and public-sector service delivery organizations, State agencies improve services through strategic planning, measuring performance and aligning agency performance to their budgets. The Performance Profiles found in each section of this presentation highlight agency programs and achievements.

## **Strategic Planning**

In 2019, DOB tasked more than 50 State agencies with performing an inventory of all programs they administer to provide the State with increased insight into operations. New York is the first state in the nation to successfully pursue a program inventory across all functional areas that informs policy makers about how, where and when services are delivered across the state.

By incorporating the significant amount of critical data into the strategic planning process, agencies will work to appropriately direct funding to the most critical priority programs.

## **Completing Projects**

Under Governor Cuomo's leadership, New Yorkers benefit from the nation's largest infrastructure and development plan. The plan includes investments in transportation in air, rail, water and roadways. Executing the Governor's ambitious infrastructure plan requires agencies to develop, execute and adhere to project management principles, to plan for and mitigate risk, and exercise fiscal discipline.

In 2019, projects across the State were successfully completed on-budget and on-time, while many were completed ahead of schedule. Projects completed ahead of schedule include the demolition of the toll booths required for cashless tolling at the Henry Hudson Bridge in the Bronx, the construction of Exit 3 on Interstate 87 in Albany, the construction of the westbound span of Kosciuszko Bridge between Brooklyn and Queens and the construction of the recreation areas at the Frontier Town Campground Equestrian and Day Use Area in the Adirondacks, among others.

## **Managing Responsibly**

By the end of 2019, the MTA had a newly approved \$51.5 billion capital plan, the largest in system history. The Governor's commitment to infrastructure also includes making sure those agencies charged with maintaining infrastructure and providing services are operating effectively. Under the Metropolitan Transportation Authority (MTA) Transformation Plan, the MTA is refocusing all its operating agencies on core service delivery, operations, and maintenance; and centralizing many functions at headquarters such as capital management, engineering, customer communication, operating support, and human resources. To support this effort, the MTA

## **Delivering a High Performance Government**

---

underwent an extensive functional review and an audit of its capital program. The MTA has begun the reorganization process, including hiring a Chief Transformation Officer and establishing the Construction and Development Organization, which will leverage design-build and vendor accountability reforms to ensure projects are delivered on time and on budget.

### **Protecting New Yorkers**

The Budget provides funding to expand protections to New Yorkers against environmental impacts of flooding and other climate-related incidents.

Over the course of the last decade, over 60 percent of New York counties have been flooded twice. Since taking office, Governor Cuomo has led the response and subsequent clean-up efforts to five floods that the United States Geological Survey (USGS) describe as having only a 1 percent chance of occurring in any given year. Costly efforts to rebuild communities and reestablish secure homes for New Yorkers have been more important than ever, as has increasing and modernizing our emergency response efforts.

In 2019, Governor Cuomo announced the \$10 million Public Safety Answering Points Operations Grant program, administered by the New York State Division of Homeland Security and Emergency Services (DHSES). This non-competitive, formula-based grant program distributed funding to participating counties based on statistics reflective of a county's operational scope, demographic factors and emergency services call metrics.

### **Rebuilding Shoreline**

Additionally, Governor Cuomo established the Lake Ontario Resiliency and Economic Development Initiative (REDI) to combat record high flooding. The five REDI regions, are divided into eight counties (Niagara and Orleans, Monroe, Wayne, Cayuga and Oswego, and Jefferson and St. Lawrence) to identify local priorities, at-risk infrastructure and other assets, and public safety concerns.

Under Governor Cuomo's leadership, REDI has committed up to \$300 million to rebuild the shoreline, provide homeowner assistance, help businesses, and launch a regional dredging effort. The REDI regional areas have been strengthened by significant investment, including \$60 million of funding for 38 projects in St. Lawrence and Jefferson

## **Delivering a High Performance Government**

---

counties and \$43 million in funding for 31 projects in Cayuga and Oswego counties. Implementation of this economic development initiative demonstrates the Governor's commitment to ensure the long-term stability of New York's shoreline communities in the face of environmental threats.

### **Defending Human Rights**

In 2016, there was an 18.9 percent increase in hate crime reports from the previous year, reflecting the single biggest increase in a given year since 2013. In that same year, Governor Cuomo swiftly responded with the launch of a toll-free hotline to report incidents of bias and discrimination across the state, a request for to the State Education Department to require schools to hold trainings for staff and students to reinforce New York State's strong anti-discrimination provisions and with the creation of the New York State Hate Crimes Task Force.

The Task Force is charged with reporting on specific incidents of hate crimes, providing public awareness, assisting with training and supporting law enforcement in investigations. The Task Force is led by the New York state Police, with support from the Division of Human Rights and the Division of Criminal Justice Services and works collaboratively with local law enforcement and prosecutors. The Task Force reviews complaints and investigate those cases with probable cause received from these entities, as well as the hotline, and provides New Yorker's with a website where complaints can be filed online.

In addition to law enforcement organizations, the Hate Crimes Task Force also engages county leaders, school district leaders, and other key stakeholders to identify and investigate hate motivated crimes and bias related trends, community vulnerabilities and discriminatory practices.

In 2017, the Governor launched the Securing Communities Against Hate Crimes Program, and it has since provided \$25 million in grants to more than 500 projects that help strengthen security measures to protect vulnerable facilities against attacks. In December 2019, a new round of \$45 million grants through the program was made available, and the FY 2021 Budget proposes \$25 million more while expanding the program's parameters to include vulnerable not-for-profit organizations.

### **Safeguarding Our Democracy**

Governor Cuomo is committed to protecting and expanding the rights of voters.

### **Improving School Transparency**

New York schools are funded at the highest level per pupil of any state in the nation—89 percent above the national average. But spending totals alone are an imperfect metric for ensuring access to high-quality education. The more important question is whether poorer schools are funded equitably. At Governor Cuomo's insistence, the FY 2019 Enacted Budget included landmark legislation directing school districts to make their distribution of funds at the school building level public for the first time. Initially, based on 76 districts' data, funding inequities within some of the State's largest and highest need school districts were uncovered, prompting further legislation in FY 2020 requiring districts to prioritize funding to their neediest and most underfunded schools. At the same time, in FY 2020, this school-level funding disclosure requirement expanded to over 300 school districts. Starting in FY 2021, 673 major school districts in the State will report school building-level funding to the public, providing a critical window for every parent, lawmaker, and



# **Delivering a High Performance Government**

---

stakeholder to understand how we can ensure all students in New York State have equal access to high-quality education and the opportunity it makes possible.

## **An Enterprise Data Analytics Environment For New York**

Government is at its most effective when it builds on a culture of continuous improvement that is based on the effective management of its data and information resources, while leveraging advanced tools and analytic capabilities to support mission-critical decision-making. At the same time, the technology landscape for data management and advanced analytics are rapidly evolving.

To continue supporting program delivery at the highest levels, the State must be positioned to quickly implement new technologies and adapt to this ever-changing environment. The State must embrace both cloud services and on-premise solutions to perform advanced data management and analysis tasks, implement flexible, multi-model data management integration tools and processes, maintain consistent security requirements, and utilize enhanced visualization technologies to highlight insights and solutions. When equipped with a powerful, scalable and adaptable data analytics environment, the State can deliver more efficient and effective outcomes for its constituents.

Investments in data analytics and intelligence capabilities will provide insights into all of the State's critical program areas.

With this Executive Budget, Governor Cuomo will bring the State to the forefront of leveraging data analytics, enlisting deep machine learning, advanced analytics, artificial intelligence (AI), and sophisticated visualization to deliver real solutions and meaningful outcomes to New Yorkers.

## **Shared Services**

As a measure to curb duplicative and overlapping local government structure, and thereby reduce the pressures on local property taxes, Governor Cuomo advanced and secured approval of the County-Wide Shared Services Initiative, which requires local governments in each county to pursue opportunities for shared services that will permanently reduce the local property tax burden. The panels are tasked with creating property tax savings plans that consist of new shared services actions.

In total, 53 counties – approximately 93 percent of counties subject to the Initiative – filed shared services plans with the State. These 53 counties contain 98.5 percent of the State's population outside of New York City and have identified a total of 567 projects with recurring local property tax savings. To further incentivize participation, the State enacted a dollar-for-dollar match of all taxpayer savings generated through the implementation of new, locally-identified shared services projects.

The early results of this program have proven the benefits of increased local collaboration. The first round of grants provided to local governments for implemented plans reflected the following projects that achieved taxpayer savings, with many more to come:

- Onondaga County partnered with the City of Syracuse and the Syracuse City School District to save \$5,659,201 through the creation of a Medicare Advantage plan. Another project that provided significant savings is the expanded participation of the Onondaga County Employees Benefits Association to include the Town of Camillus, saving taxpayers \$437,699. Onondaga County also partnered with 48 towns, villages and school districts to purchase new Delinquent Tax Collection Software, saving taxpayers \$274,119.

## **Delivering a High Performance Government**

---

- Cattaraugus County worked to achieve its efficiency plan and the state matched over \$930,000 in net savings from the implementation of four plan projects. Projects for which net savings were matched by the state include the establishment of a joint equipment, materials and services sharing/purchasing portal; joint property tax assessment; and participation in the New York Municipal Insurance Reciprocal. Cattaraugus County partnered with over 30 towns and villages, and the cities of Olean and Salamanca.
- Ontario County worked with more than 25 municipal partners including the City of Canandaigua to implement 10 projects that saved \$207,172, and that savings was matched by the State. Plan projects include shared health officers, the Employee Assistance Program (which includes school districts), heavy equipment, employee training and planning services.
- Sullivan County and the Town of Rockland will share offices housing their Department of Motor Vehicles and Sherriff's office as well as sharing plowing services. The Town of Liberty partnered with Sullivan County to share a Parks and Recreation position. New York State matched \$79,694 in net savings to Sullivan County.
- Broome County partnered with the Capital District BOCES Pharmacy Purchasing Coalition to achieve total savings of over \$3.1 million. The Coalition enables participating entities to maintain their current pharmacy plans, governance and autonomy, while leveraging large-scale group purchasing discounts and contracting that currently encompasses 600,000 lives. The remaining net savings of over \$9,700 resulted from sharing caseworkers between school districts.



## Citizens' Guide to the Executive Budget

---

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

To fulfill these requirements, this Budget includes materials accessible to the general public through the Budget Division's official website (<https://www.budget.ny.gov/>).

The central volume, *Executive Budget Briefing Book* contains the Budget Director's Message, which presents the Governor's fiscal blueprint for FY 2020 and explains the State's Financial Plan. It also includes highlights of major initiatives and a list of the legislative proposals needed to implement the proposed Budget.

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

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

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

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

Continuing Governor Cuomo's Open New York and Open Budget initiatives, substantial and detailed budget data are available through both New York's Open Budget (<https://openbudget.ny.gov/>) and Open Data (<https://data.ny.gov/>) portals. These portals open appropriation, budgeting and actuals spending data to researchers, taxpayers and the public to add to their field of knowledge, spark innovation and help improve government.

Two types of legislation are required for budget enactment. Appropriation bills provide the legal authorization for all spending from the funds managed by the State. These bills encompass the recommended funding for State Operations, Aid to Localities, Capital Projects, Debt Service and the Legislature and Judiciary. Other bills amend State law governing programs and revenues. These "Article VII bills," and all Executive Budget appropriation bills, are available online at the Budget Division's official website (<https://www.budget.ny.gov/>) or in print from the Senate and Assembly document rooms located in the Capitol and the Legislative Office Building.

## Citizens' Guide to the Executive Budget

---

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

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

The Budget Reform Act mandated the use of conference committees as part of the legislative budget process. These committees, which have been used in various forms in the past, must now be formed early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills. These final bills are available from the legislative document rooms.

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

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

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

*Note: Readers are encouraged to visit the New York State Budget Division's website (<https://www.budget.ny.gov/>) and the Open Budget website (<https://openbudget.ny.gov/>) to access the latest information and documents related to the Executive Budget proposal and the Enacted Budget. Virtually all materials are made available on the website, either on the day of release or within 24 hours.*

## **Glossary of Acronyms**

---

AARP	American Association of Retired Persons
ACA	Affordable Care Act
ACT	Assertive Community Teams
AG	Attorney General
AGI	Adjusted Growth Income
AIHP	American Indian Health Program
AIM	Aid and Incentives for Municipalities
ALP	Assisted Living Program
AP	Advanced Placement
ARRA	American Recovery and Reinvestment Act of 2009
BOA	Brownfield Opportunity Area
CAP	Comprehensive Attendance Policy
CBTC	Communications-Based Train Control
CCO	Care Coordination Organizations
CHP	Child Health Plus
CIF	Community Investment Fund
CMS	Centers for Medicare and Medicaid Services
COLA	Cost-of-Living Adjustment
CPI	Consumer Price Index
CPRA	Certified Peer Recovery Advocates
CSR	Cost Sharing Reduction
CTH	Close to Home
CUNY	City University of New York
CUCF	City University Construction Fund
CY	Calendar Year
DASNY	Dormitory Authority of the State of New York

## **Glossary of Acronyms**

---

DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DED	Department of Economic Development
DHBTF	Dedicated Highway and Bridge Trust Fund
DHR	Division of Human Rights
DHSES	Division of Homeland Security and Emergency Services
DIIF	Dedicated Infrastructure Investment Fund
DMNA	Division of Military and Naval Affairs
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOT	Department of Transportation
DPS	Department of Public Service
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
DUR	Drug Utilization Review
DVA	Division of Veterans Affairs
EI	Early Intervention
EMDT	Enhanced Multidisciplinary Teams
EP	Essential Plan
EPF	Environmental Protection Fund
EPIC	Elderly Pharmaceutical Insurance Coverage
ERM	Enterprise Risk Management
ESD	Empire State Development
FEMA	Federal emergency Management Agency
FY	Fiscal Year

## **Glossary of Acronyms**

---

GAAP	Generally Accepted Accounting Principles
GPHW	General Public Health Work
GSEU	Graduate Student Employee Union
HESC	Higher Education Services Corporation
IB	International Baccalaureate
IBR	Institute for Basic Research in Development Disabilities
IRMAA	Income Related Monthly Adjustment Amounts
LIRR	Long Island Rail Road
M/C	Management/Confidential
MLTC	Managed Long Term Care
MCO	Medicaid Managed Care Organizations
MRT	Medicaid Redesign Team
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
NCS	Office of National and Community Service
NYC	New York City
NYPA	New York Power Authority
NYS	New York State
NYSCOB	New York State Correctional Officers and Policy Benevolent Association
NYSERDA	New York State Energy Research and Development Authority
NYSHIP	New York State Health Insurance Program
NYSPBA	New York State Police Benevolent Association
NYSPIA	New York State Police Investigators Association
OASAS	Office of Alcoholism and Substance Abuse Services
OCFS	Office of Children and Family Services
OMH	Office of Mental Health
OMIG	Office of the Medicaid Inspector General



## **Glossary of Acronyms**

---

OPRHP	Office of Parks, Recreation and Historic Preservation
OPWDD	Office for People with Developmental Disabilities
ORDA	Olympic Regional Development Authority
OTDA	Office of Temporary and Disability Assistance
OTP	Opioid Treatment Programs
PMT	Payroll Mobility Tax
PEF	Public Employees Federation
PIT	Personal Income Tax
PPS	Performing Provider Systems
PSC	Public Service Commission
REC	Real Estate Center of Excellence
REDC	Regional Economic Development Council
SHIP	State Health Innovation Plan
SHU	Special Housing Unit
SICG	Statewide Interoperable Communications Operations Grant Awards
SOFA	State Office for the Aging
STAR	School Tax Relief
STEM	Science, Technology, Engineering, Math
STIP	Short Term Investment Pool
STOA	Statewide Mass Transportation Operating Association
SUCF	State University Construction Fund
SUD	Substance Use Disorders
SUNY	State University of New York
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TIFIA	Transportation Infrastructure Finance and Innovation Act
TNC	Transportation Network Companies

## **Glossary of Acronyms**

---

URI	Upstate Revitalization Initiative
U.S.	United States
VAP	Vital Access Provider
VAPAP	Vital Access Provider Assurance Program
VBP QIP	Value Based Payment Quality Improvement Program
VLT	Video Lottery Terminal



















**Andrew M. Cuomo**  
GOVERNOR

**Robert F. Mujica, Jr.**  
BUDGET DIRECTOR