



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

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COMMITTEE
Rules

Black, Puerto Rican, Hispanic and
Asian Legislative Caucus

January 28, 2013

Dear Colleagues:

I am pleased to provide you with the Overview of the Executive Budget, the "Yellow Book" for the upcoming State Fiscal Year, April 1, 2013 to March 31, 2014. This document may also be accessed at www.assembly.state.ny.us/Reports/WAM/2013Yellow/. The Yellow Book provides an overview of the fiscal and policy proposals made by the Governor in the bills submitted as his Executive Budget on January 22, 2013.

Speaker Silver and I know that you share our goal of meeting the challenges facing this State as we confront continuing economic uncertainty. Together, we will continue to strive toward producing an on-time budget that meets the needs of working families across the State. Live coverage of Assembly Sessions and Joint Budget Hearings, as well as a cable television schedule and local system list can be found at <http://www.assembly.state.ny.us/av/>.

As the Legislature begins its work on the State Fiscal Year 2013-14 Budget, I would like to express appreciation to my Assembly colleagues for the time and commitment you will dedicate to the budget process. I would also like to thank the public for their participation as we adopt a State Budget. Finally, I also want to express my gratitude to our Ways and Means Committee staff for their ongoing efforts and assistance to the Members of the Assembly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Herman D. Farrell, Jr.", written in a cursive style.

HERMAN D. FARRELL, JR.

OVERVIEW OF THE EXECUTIVE BUDGET

FISCAL YEAR APRIL 1, 2013 TO MARCH 31, 2014

January 2013

**Herman D. Farrell, Jr.
Chairman
Assembly Ways and Means Committee**

Prepared by the
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Overview of the Executive Budget State Fiscal Year 2013-14

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Budget at a Glance

The Executive Budget Proposal: Financial Plan at a Glance

All Funds Spending
Total \$142.6 billion
Growth \$7.1 billion
(5.3%)

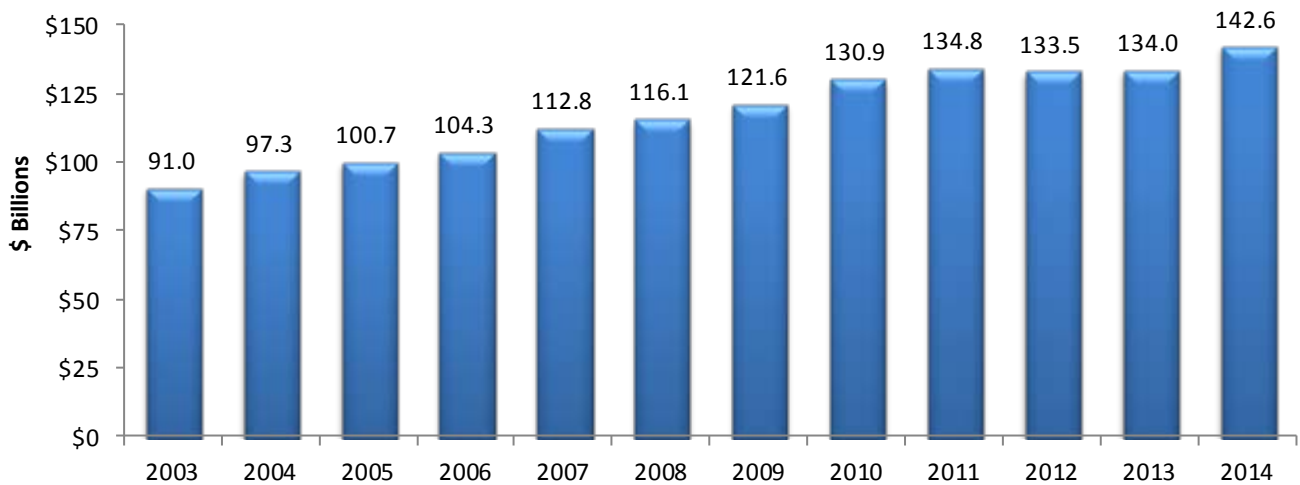
General Fund
Total \$61 billion
Growth of
\$1.9 billion (3.1%)

Budget Closes a
2013-14 General
Fund Gap of
\$1.35 billion

Projected Gap
2014-15 \$1.95 billion
2015-16 \$3.56 billion
2016-17 \$4.46 billion

Disbursements

All Funds Disbursement History



All Funds Profile

All Funds Receipts (\$ in Millions)

- Federal Grants: \$49,358
- Personal Income Tax: \$42,520
- Miscellaneous Receipts: \$23,880
- Consumption User Taxes and Fees: \$15,176
- Business Taxes: \$8,460
- Other Taxes: \$3,078



All Funds Disbursements (\$ in Millions)

- Health: \$45,598
- Education: \$26,386
- State Operations: \$19,532
- All Other: \$18,011
- Capital and Debt Service: \$12,145
- General State Charges: \$7,398
- Social Services: \$7,310
- STAR: \$3,419
- Higher Education: \$2,795



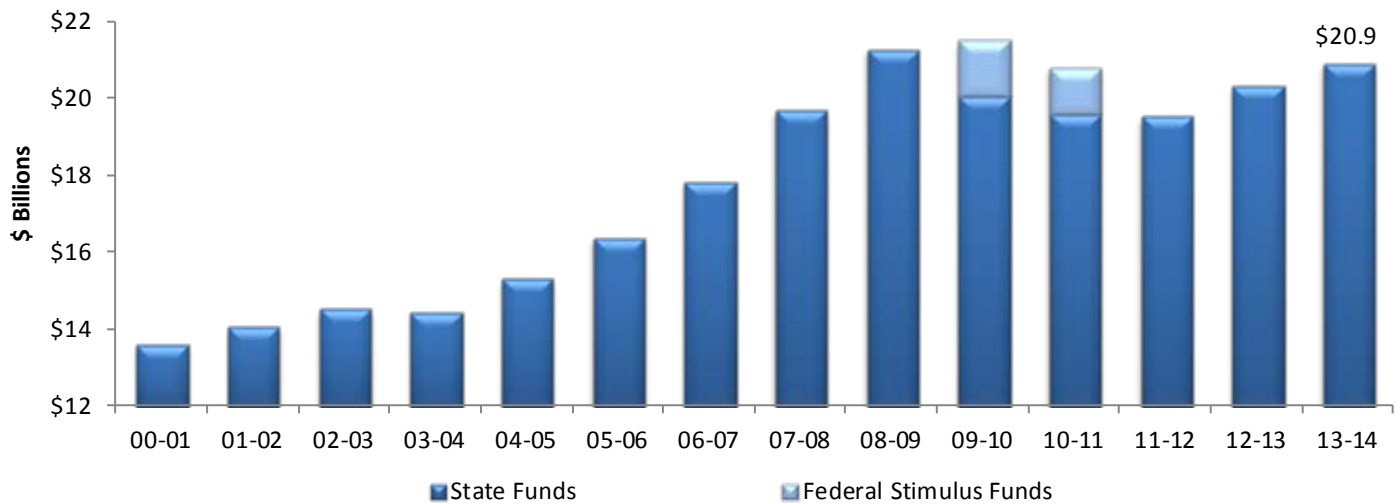
The Executive Budget Proposal: Education at a Glance

The Executive proposes an increase in education funding of \$889 million, or 4.4%

Over 30% of State education dollars support reimbursable costs

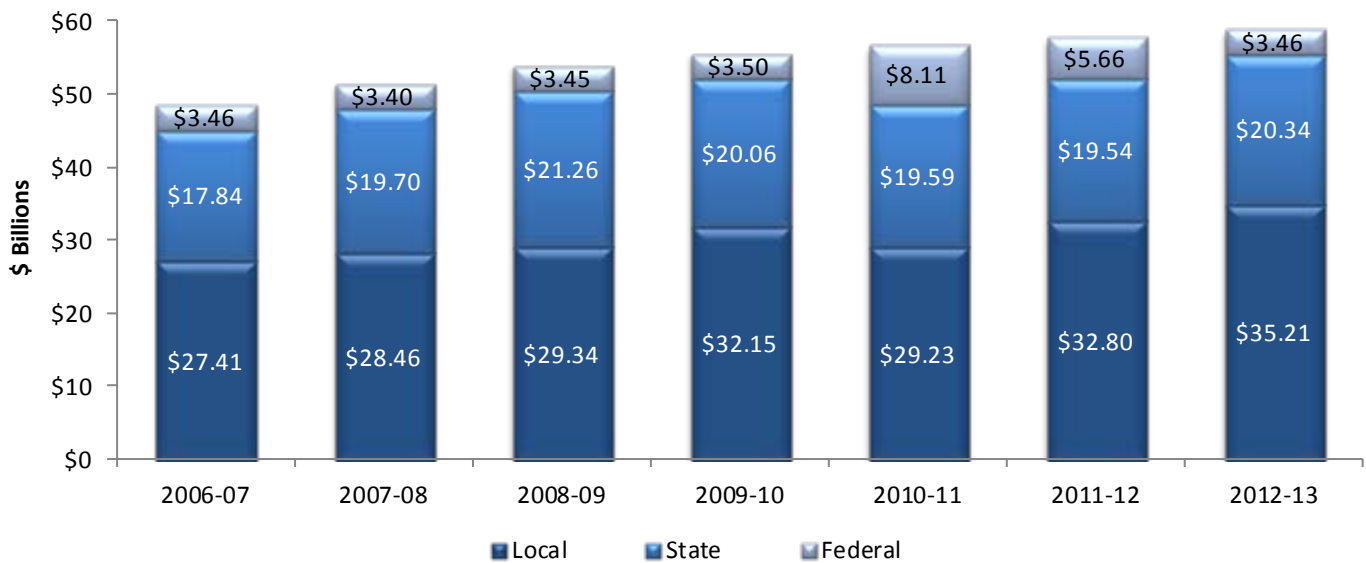
Instructional costs comprise over 75% of school districts' spending

General Support for Public Schools



Note: 2013-14 includes a \$611 million increase in GSPS as well as \$203 million in other education funding.

State, Local, and Federal Support for Public Schools



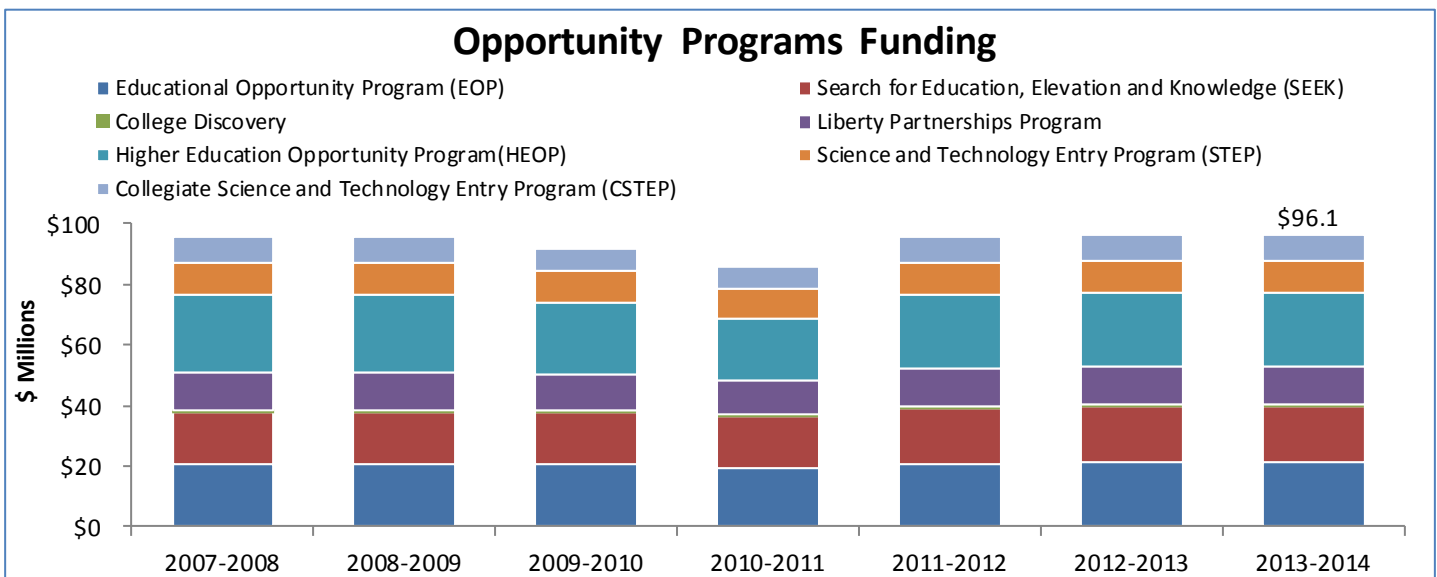
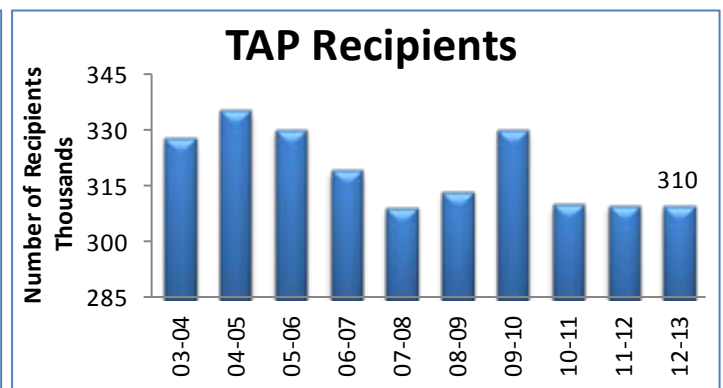
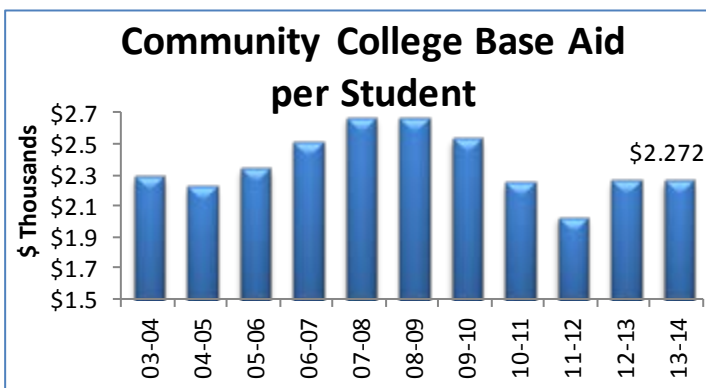
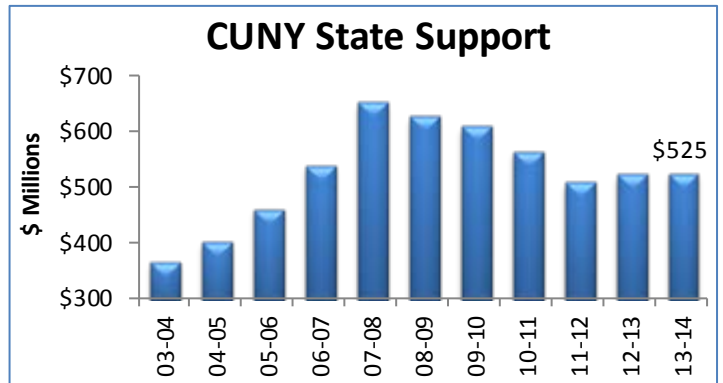
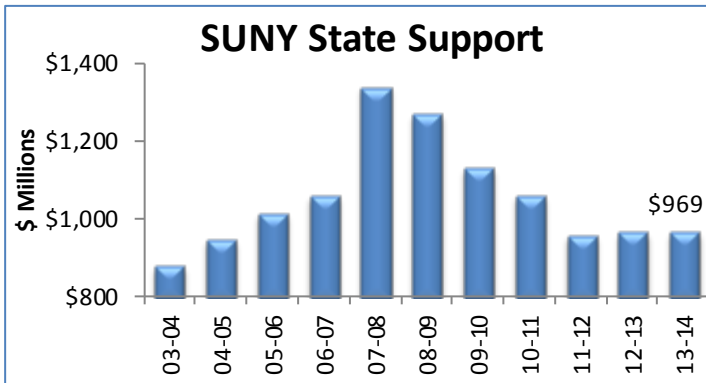
Sources: NYS Division of the Budget; NYS Department of Education.

The Executive Budget Proposal: Higher Education at a Glance

**SUNY Tuition in
2013-14:
\$5,870**

**CUNY Tuition in
2013-14:
\$5,739**

**TAP served nearly 310,000
students last year, with an
average award of over
\$3,000**



Sources: NYS Division of the Budget; Higher Education Services Corporation; State University of New York; City University of New York.

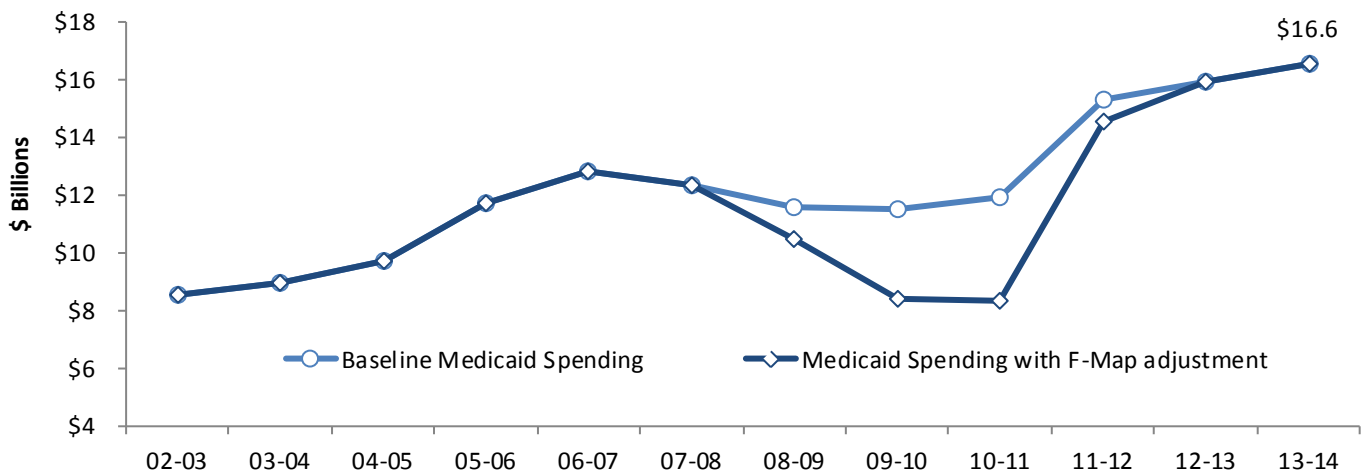
The Executive Budget Proposal: Medicaid at a Glance

Growth in Medicaid spending in SFY 2013-14 is limited to 3.9% or \$659 million

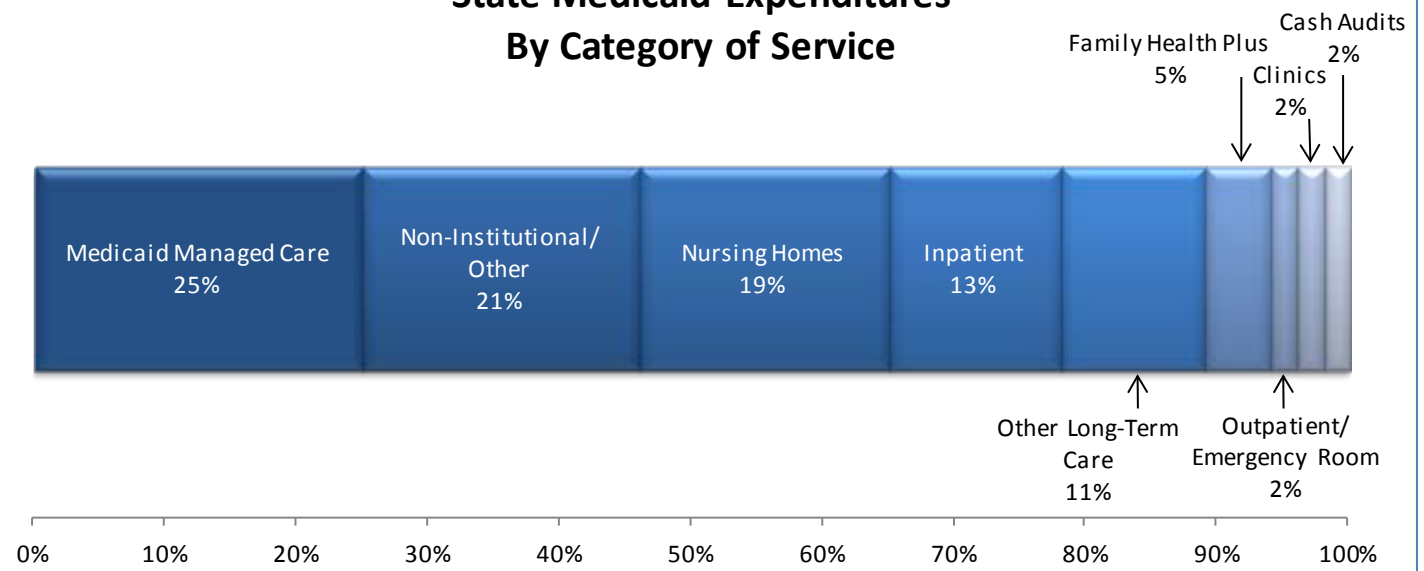
The elderly and disabled comprise 25% of the Medicaid population yet account for 66% of total expenditures

73% of all Medicaid recipients in New York are enrolled in a managed care program

State Share DOH Medicaid Spending with Federal Stimulus (F-MAP) Adjustment



State Medicaid Expenditures By Category of Service

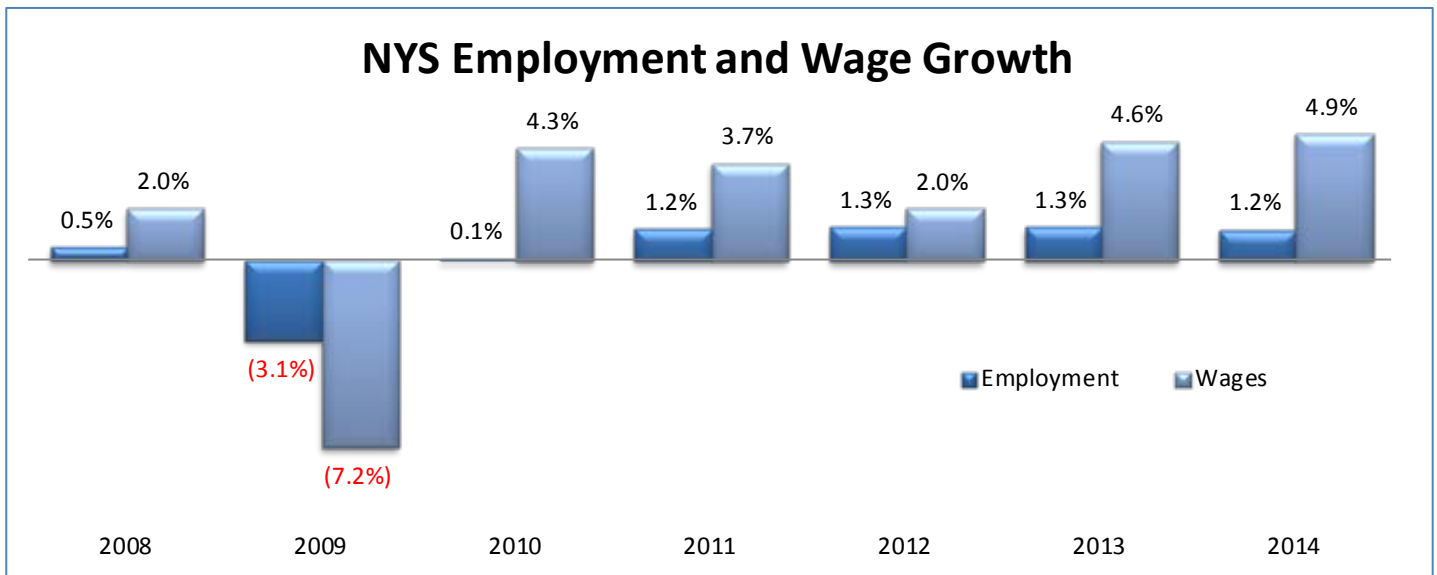


Sources: NYS Division of the Budget; NYS Department of Health.

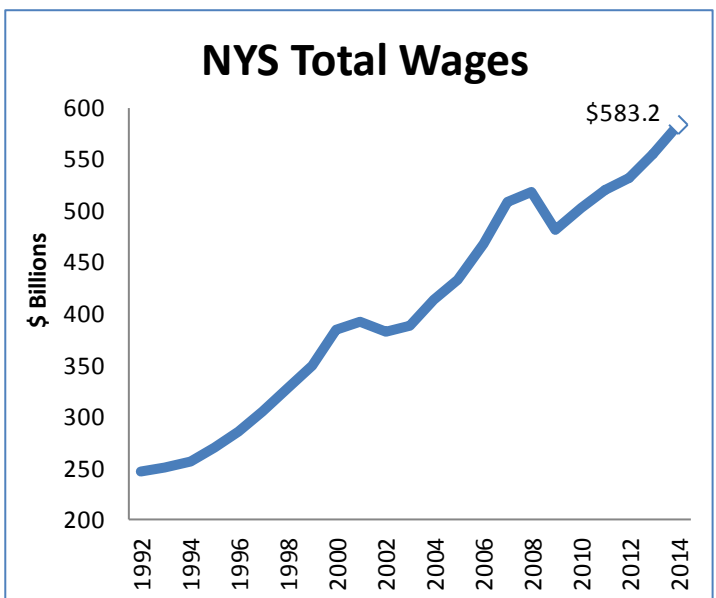
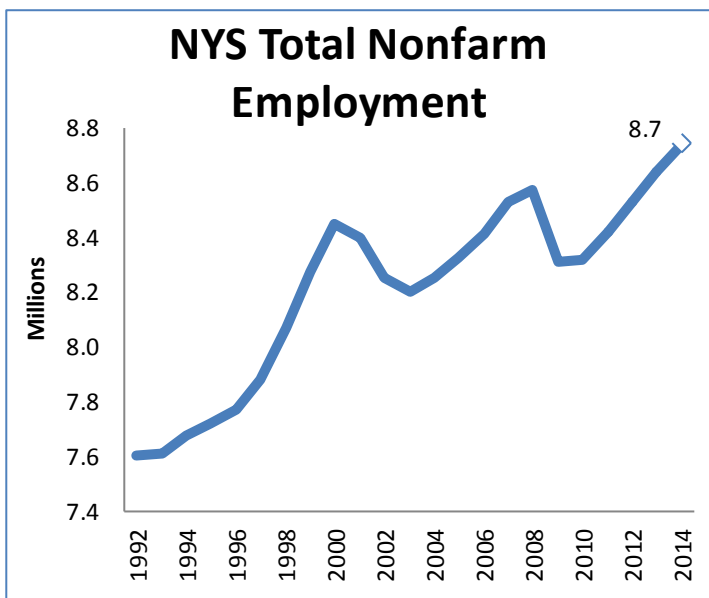
The Executive Budget Proposal: Economy at a Glance

<p>NYS accounts for 6.4% of total U.S. employment</p>	<p>2012 Unemployment NYS: 8.6% U.S.: 8.1%</p>	<p>2012 NYS total employment: 8.53 million</p>	<p>2012 NYS total wages: \$531.4 billion</p>
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Growth in Employment and Wages



Trends in New York State Employment and Wages



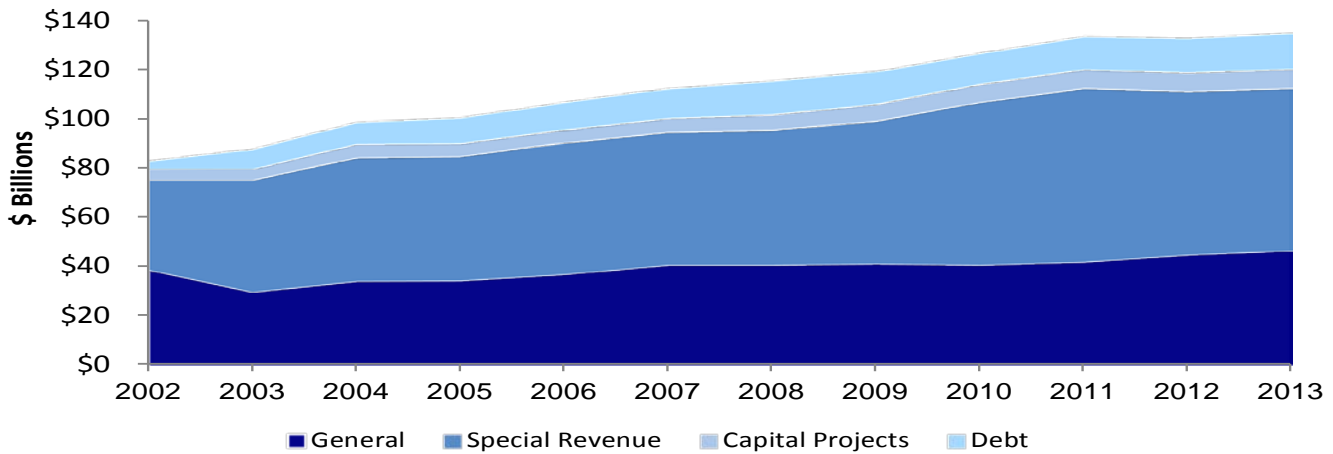
Sources: Bureau of Labor Statistics; NYS Division of the Budget.

The Executive Budget Proposal: Revenues at a Glance

<p>All Funds Revenue Total \$142.453 billion; Growth of 5.7%</p>	<p>Tax Revenue Total \$69.2 billion; Growth of 5.4%</p>	<p>Personal Income Tax Accounts for 61.4% of the Tax Revenue</p>	<p>Federal Funds Total \$49.4 billion; Growth of 11.8%</p>
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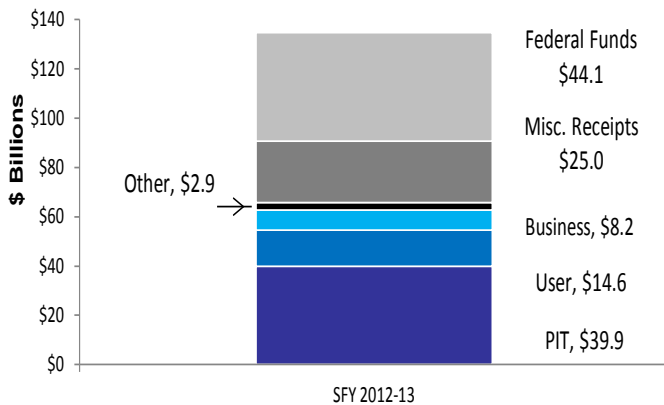
All Funds Receipts Fund Type

Receipts by Fund Type



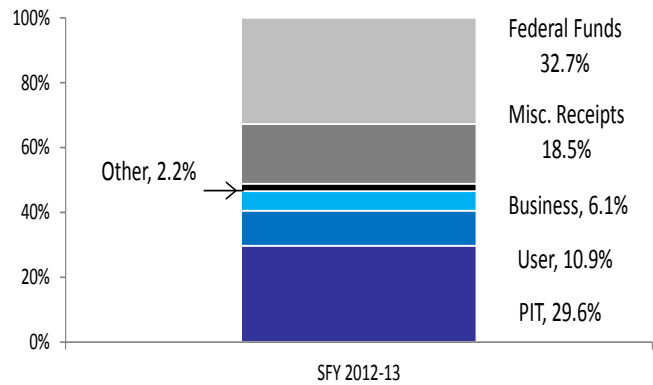
Revenue Sources

NYS All Funds Revenue Sources



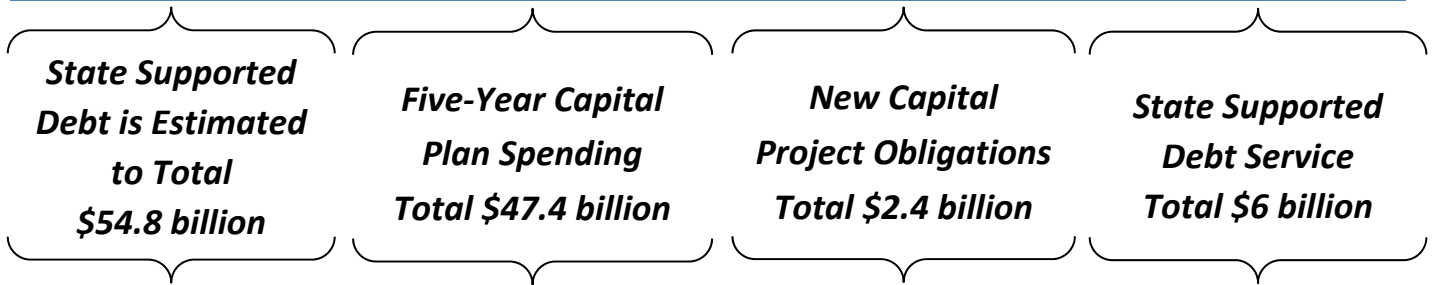
NYS All Funds Revenue Sources

Percentage Shares



Sources: NYS Office of State Comptroller; NYS Division of the Budget.

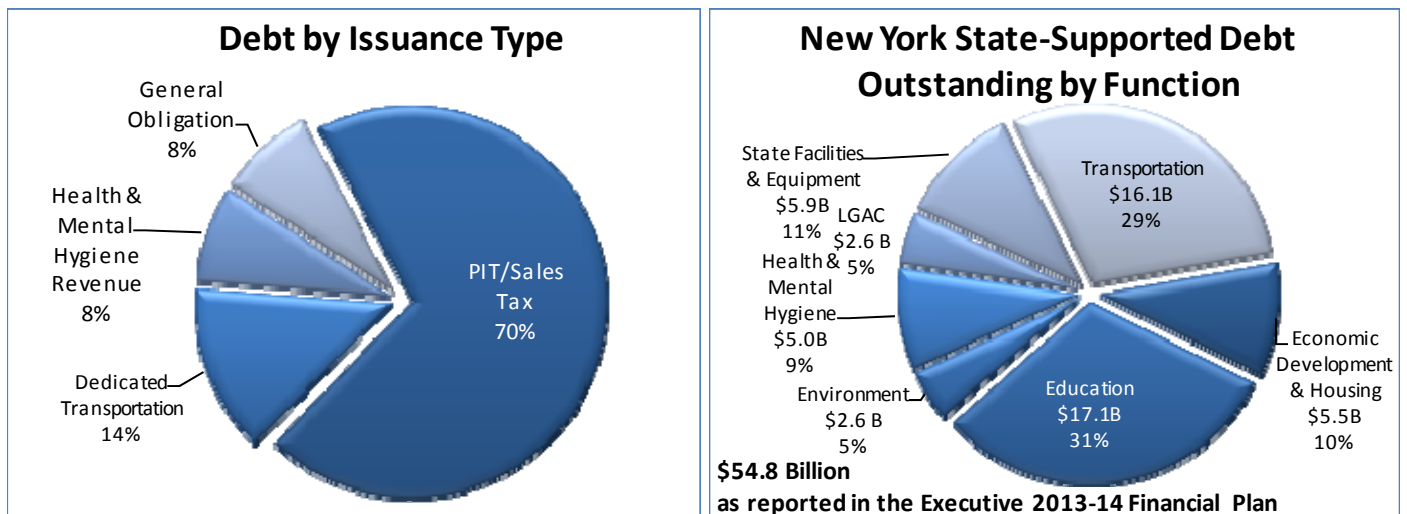
The Executive Budget Proposal: Debt/Capital at a Glance



Capital Spending

Capital Spending by Function SFY 2012-13 through 2017-18 (\$ in Millions)						
Spending	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Transportation	\$4,655	\$4,617	\$4,479	\$4,344	\$4,325	\$4,144
Parks and Environment	\$726	\$672	\$643	\$634	\$602	\$546
Economic Development & Gov't Oversight	\$568	\$736	\$875	\$962	\$643	\$638
Health and Social Welfare	\$618	\$546	\$220	\$235	\$235	\$250
Education - EXCEL	\$100	\$100	\$92	\$0	\$0	\$0
Education - All Other Programs	\$2,002	\$1,895	\$1,911	\$1,855	\$1,705	\$1,336
Public Protection	\$307	\$371	\$347	\$334	\$322	\$303
Mental Hygiene	\$552	\$519	\$639	\$622	\$589	\$615
General Government	\$67	\$97	\$110	\$72	\$80	\$70
Other	\$88	\$208	\$438	\$1,030	\$847	\$540
Total	\$9,682	\$9,761	\$9,754	\$10,087	\$9,347	\$8,441

New York State Supported Debt



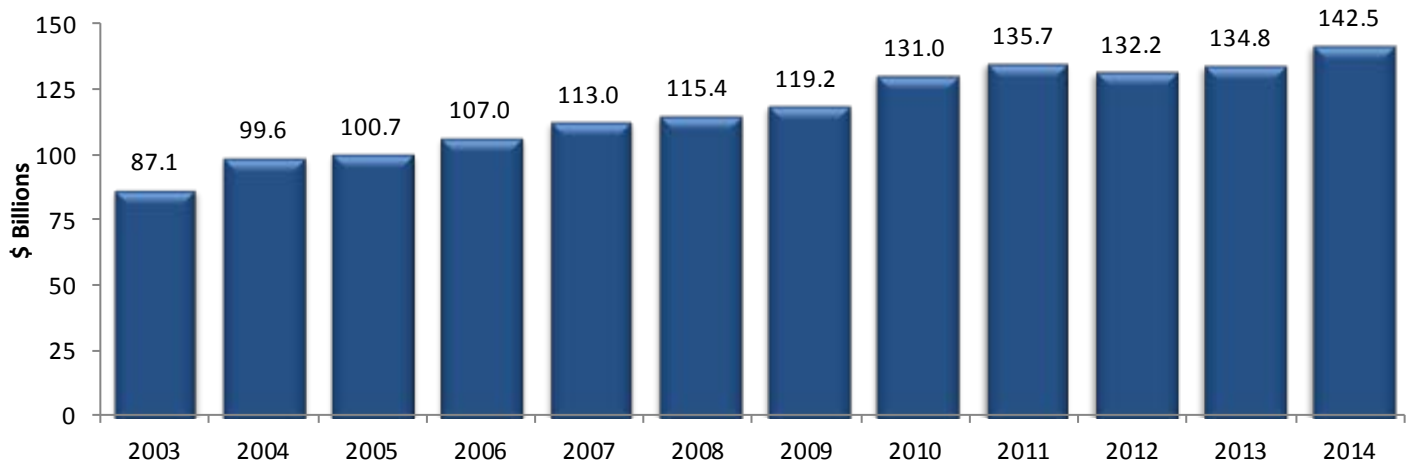
Source: NYS Division of the Budget.



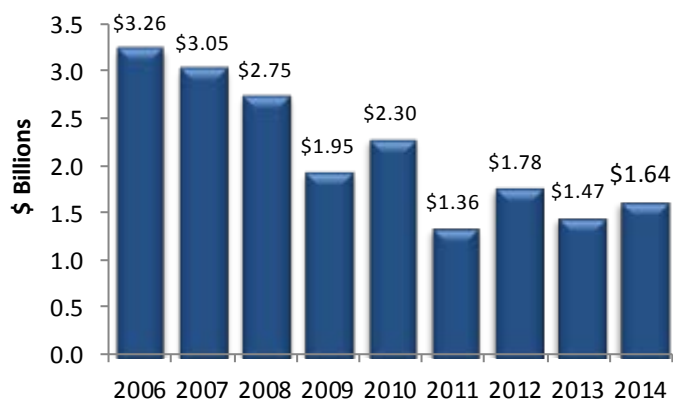
Financial Plan

Financial Plan Snapshot

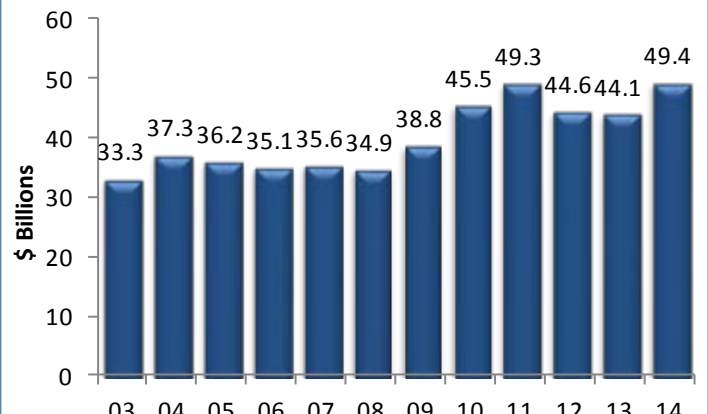
All Funds Receipts



General Fund Reserves



Federal Aid



Out Year General Fund GAPS

(\$ in Millions)

	Before Action	Executive Proposal
2013-14	(1,352)	0
2014-15	(3,979)	(1,953)
2015-16	(5,210)	(3,559)
2016-17	(5,663)	(4,464)

General Fund GAP-Closing Plan 2013-14

(\$ in Millions)

CURRENT SERVICES GAP ESTIMATES	(1,352)
Spending Controls	974
Agency Operation	434
Local Assistance	412
Debt Management	128
Revenue Extenders	331
Other Resources	47
Gross Resources	566
Proposed Investments	(519)
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0

Note: Forecast values are as reported in the Executive Budget.

Source: NYS Division of the Budget, 2013-14 NYS Executive Budget.



FINANCIAL PLAN

Overview of the Executive Budget

Table 1

	Size of Budget (\$ in Millions)			
	2012-13	2013-14	Difference	Percent
General Funds	\$59,154	\$61,006	\$1,852	3.1%
State Operating Funds	\$89,431	\$90,841	\$1,410	1.6%
State Funds	\$95,601	\$97,198	\$1,597	1.7%
All Funds	\$135,452	\$142,594	\$7,142	5.3%

- **An All Funds Budget of \$142.6 billion for State Fiscal Year (SFY) 2013-14:** The Executive proposal is \$7.1 billion above the estimated \$135.5 billion in spending for SFY 2012-13, representing an increase of 5.3 percent. Excluding extraordinary federal aid for Superstorm Sandy and the Affordable Care Act, the All Funds budget is estimated at \$136.5 billion. The All Funds Budget is the broadest measure of spending; accounting for state unrestricted and restricted funds as well as funds received from the federal government.
- **Federal spending increased by \$5.5 billion for SFY 2013-14 from \$39.9 billion to \$45.4 billion:** This increase is primarily due to \$5.1 billion of federal disaster aid for Superstorm Sandy and \$1 billion from the Affordable Care Act.
- **General Fund spending projected at \$61.0 billion:** The General Fund consists of unrestricted taxes and receipts, and spending on state operations and local governments not funded through dedicated revenues. The Executive proposal would increase General Fund spending by \$1.9 billion or 3.1 percent.
- **State Funds projected at \$97.2 billion:** State Funds spending consists of the General Fund plus Debt Service Funds, Capital Projects Funds and Other State Funds. This is an increase of 1.7 percent or \$1.6 billion higher than SFY 2012-13.
- **State Operating Funds spending of \$90.8 billion:** State Operating Funds excludes State Capital Projects Funds and federal spending from All Funds spending. This is an increase of \$1.4 billion or 1.6 percent.

Table 2
Executive Budget Financial Plan
2013-14
(\$ in Millions)

	<u>Executive General Fund</u>	<u>Executive State Funds</u>	<u>Executive All Funds</u>
OPENING BALANCE	<u>1,474</u>	<u>3,312</u>	<u>3,116</u>
RECEIPTS:			
Personal Income Tax	28,471	42,520	42,520
User Taxes and Fees	9,492	15,167	15,167
Business Taxes	6,244	8,460	8,460
Other Taxes	<u>1,154</u>	<u>3,078</u>	<u>3,078</u>
Total Taxes	<u>45,361</u>	<u>69,225</u>	<u>69,225</u>
Licenses, Fees, etc.	680	680	680
Abandoned Property	650	650	650
ABC License Fees	26	1,318	1,318
Motor Vehicle Fees	54	54	54
Reimbursements	272	272	272
Investment Income	5	5	5
Other Transactions	<u>1,414</u>	<u>20,715</u>	<u>20,901</u>
Total Miscellaneous Receipts	<u>3,101</u>	<u>23,694</u>	<u>23,880</u>
Federal Grants	2	87	49,358
PIT in Excess of Revenue Bond Debt Service	8,764		
Sales Tax in Excess of LGAC Debt Service	2,546		
Real Estate Taxes in Excess of CW/CA Debt Service	496		
All Other	<u>903</u>		
Total Transfers from Other Funds	<u>12,709</u>		
TOTAL RECEIPTS	<u>61,173</u>	<u>93,006</u>	<u>142,463</u>
DISBURSEMENTS:			
School Aid	17,173	20,317	23,258
Higher Education	2,755	2,787	2,795
All Other Education	2,070	2,083	3,128
STAR	0	3,419	3,419
Medicaid - DOH	11,099	16,230	42,400
Public Health	791	1,939	3,198
Mental Hygiene	2,140	3,647	3,828
Children and Families	1,619	1,620	2,622
Temporary & Disability Assistance	1,390	1,390	4,688
Transportation	98	4,719	4,759
Unrestricted Aid	767	767	767
All Other	944	2,461	8,657
Total Local Assistance Grants	<u>40,846</u>	<u>61,379</u>	<u>103,519</u>
Personal Service	5,672	12,348	13,029
Non-Personal Service	<u>1,783</u>	<u>5,368</u>	<u>6,503</u>
Total State Operations	<u>7,455</u>	<u>17,716</u>	<u>19,532</u>
General State Charges	4,956	7,076	7,398
Debt Service	1,518	6,016	6,016
Capital Projects	1,256	5,011	6,129
State Share Medicaid	2,580		
Other Purposes	<u>2,395</u>		
Total Transfers to Other Funds	<u>7,749</u>		
TOTAL DISBURSEMENTS	<u>61,006</u>	<u>97,198</u>	<u>142,594</u>
Other Financing Sources (uses):			
Transfers from Other Funds		28,231	27,918
Transfers to Other Funds		(24,309)	(28,006)
Bonds and Note proceeds		338	338
Net Financing Sources		<u>4,260</u>	<u>250</u>
Excess/(Deficiency) of Receipts over Disbursements	<u>167</u>	<u>68</u>	<u>119</u>
CLOSING BALANCE	<u>1,641</u>	<u>3,380</u>	<u>3,235</u>

Closing the SFY 2012-13 Executive Budget Gap

- **The Executive Proposal closes an estimated \$1.35 billion General Fund budget gap in SFY 2013-14:** The Executive has indicated that these actions are comprised of the following: \$974 million in spending control, \$331 million in continued revenue extenders, \$566 million in increased gross resources, and \$519 million in new investments that increase spending or reduce resources.

Table 3

General Fund GAP-Closing Plan 2013-14 (\$ in Millions)	
CURRENT SERVICES GAP ESTIMATES	(1,352)
Spending Controls	974
Agency Operation	<u>434</u>
Executive Agencies	214
Independent Officials	51
Health Insurance Rate Renewal	89
Fringe Benefits	80
Local Assistance	<u>412</u>
COLAs/Trend Factor Elimination	71
Public Health/HCRA/Aging	161
Social Services/Housing	104
Education	61
All Other	15
Debt Management	128
Tax Extenders	<u>331</u>
18-A Utility Assessment	255
Limit on High Income Charitable Contributions	70
Film Credit (extended in 2015)	0
Historic Properties Rehabilitation Credit (extended in 2015)	0
Tax Modernization	6
Other Resources	<u>47</u>
Gross Resources	<u>566</u>
Workers' Compensation Reform	250
Annual Professional Performance Review Noncompliance	240
Wage Garnishment/Driver License Suspension Proposal	35
All Other	41
Proposed Investments	<u>(519)</u>
Debt Reduction Reserve Deposit	(250)
Fiscal Stabilization Aid	(143)
Thruway Authority	(84)
Capital Commitment Plan	(5)
Empire State Development	0
All Other	(37)
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0

- **Spending Controls:** The Executive proposes to reduce the gap using spending controls of \$974 million as follows:
 - Agency Operations (\$434 million or 32 percent of Gap Closing Plan):
 - \$214 million in reductions to Executive agencies through workforce management, facilities closures and operational efficiencies;
 - \$51 million in reductions to the Legislature, Judiciary, State Comptroller, Department of Law and University Systems;
 - \$89 million in reductions from health insurance rate renewal savings for the Empire Plan; and
 - \$80 million in Fringe benefits savings – opting to make monthly pension payments instead of an annual payment, and eliminating Federal Medicare Part B reimbursements for higher income retirees.
 - Local Assistance (\$412 million or 30 percent of Gap Closing Plan):
 - \$71 million reduction from the Human Services cost -of-living increase elimination;
 - \$161 million in Public Health/HCRA/Aging savings through the consolidation of various public health programs;
 - \$104 million in Social Services/Housing savings through supplemental federal TANF funding for Child Care and excess Mortgage Insurance Fund reserves;
 - \$61 million in Education through growth limits on preschool special education and increased lottery receipts; and
 - \$15 million in reductions in all other savings through delays in mental health bed development, fraud protection mechanisms related to STAR, and the elimination of certain legislative grants.
 - Debt Management savings (\$128 million or 9 percent of Gap Closing Plan): The Governor proposes savings through a new sales tax revenue bond credit, continuing competitive bond sales, and refundings that meet the state’s savings criteria.
- **Revenue Extenders:** The Executive proposes the extension of a number of laws that would otherwise expire (an additional \$331 million or 24 percent of Gap Closing Plan).
 - \$255 million in 18-A Utility Assessment on public utilities is extended for five years;
 - \$70 million in Limited High Income Charitable Contributions for taxpayers with incomes over \$10 million is extended for three years; and
 - \$6 million in Tax modernization including mandatory e-filing and e-payment, sales tax payment requirements, and segregated accounts for noncomplying vendors is permanently extended.

- **Other Resources:** The Executive proposes an increase in recurring resources and new investments in the following manner:
 - Resources (\$566 million):
 - \$250 million in State Insurance fund (SIF) reserves would become available as a result of the Governor’s Workers’ Compensation Reform;
 - \$240 million in savings resulting from Annual Professional Performance Review Noncompliance re-estimates from non-compliant school districts;
 - \$35 million from wage garnishment of delinquent taxpayers and the Driver License Suspension Program for delinquent taxpayers with over \$10,000 in unpaid taxes;
 - \$41 million in All Other actions including transfers from public authorities, surcharges to traffic violations, and an increase in the penalty for unstamped cigarettes.
 - Increases in spending (\$519 million):
 - \$250 million in Debt Reduction Reserve Deposit, financed from the \$250 million in SIF reserves cited above;
 - \$143 million in Fiscal Stabilization Aid for a one-time payment to school districts due to fiscal restraints of the current economic climate;
 - \$84 million in payments to the Thruway Authority for costs associated with State Police patrols; and
 - \$42 million in various other spending proposals.

Multi-Year General Fund Gap Estimates

Table 4

Multi -Year General Funds Gaps			
(\$ in Millions)			
	Executive Mid-Year	Before Action	Executive Proposal
2013-14	(982)	(1,352)	0
2014-15	(3,590)	(3,979)	(1,953)
2015-16	(4,370)	(5,210)	(3,559)
2016-17	N/A	(5,663)	(4,464)

- **Executive Budget projects current out-year gaps confronting the State:** Budget gaps for SFY 2012-13 continue to be zero due to receipts and disbursement revisions. Out year gaps before actions are \$1.35 billion for SFY 2013-14, \$4.0 billion for SFY 2014-15, \$5.2 billion for SFY 2015-16 and \$5.7 billion for SFY 2016-17.
- **The Executive Budget proposes to transfer reserves from the State Insurance Fund (SIF):** The Executive proposal would, upon request of the Director of Budget, require that the Workers’ Compensation Board transfer surplus monies as follows:

- in SFY 2013-14, \$250 million to General Fund, and \$500 million to the Transformative Capital Fund;
- in SFY 2014-15, \$500 million to the General Fund;
- in SFY 2015-16, \$250 million to the General Fund;
- in SFY 2016-17, \$250 million to the General Fund; and
- all remaining surplus monies shall remain in the Workers' Compensation Fund or be transferred to the General Fund or to the State Insurance Fund.

The proposed gap closing actions described above reduce the gaps to the following: zero gap in SFY 2013-14, \$2.0 billion gap for SFY 2014-15, \$3.6 billion gap for SFY 2015-16 and \$4.5 billion in SFY 2016-17.

General Fund Reserves

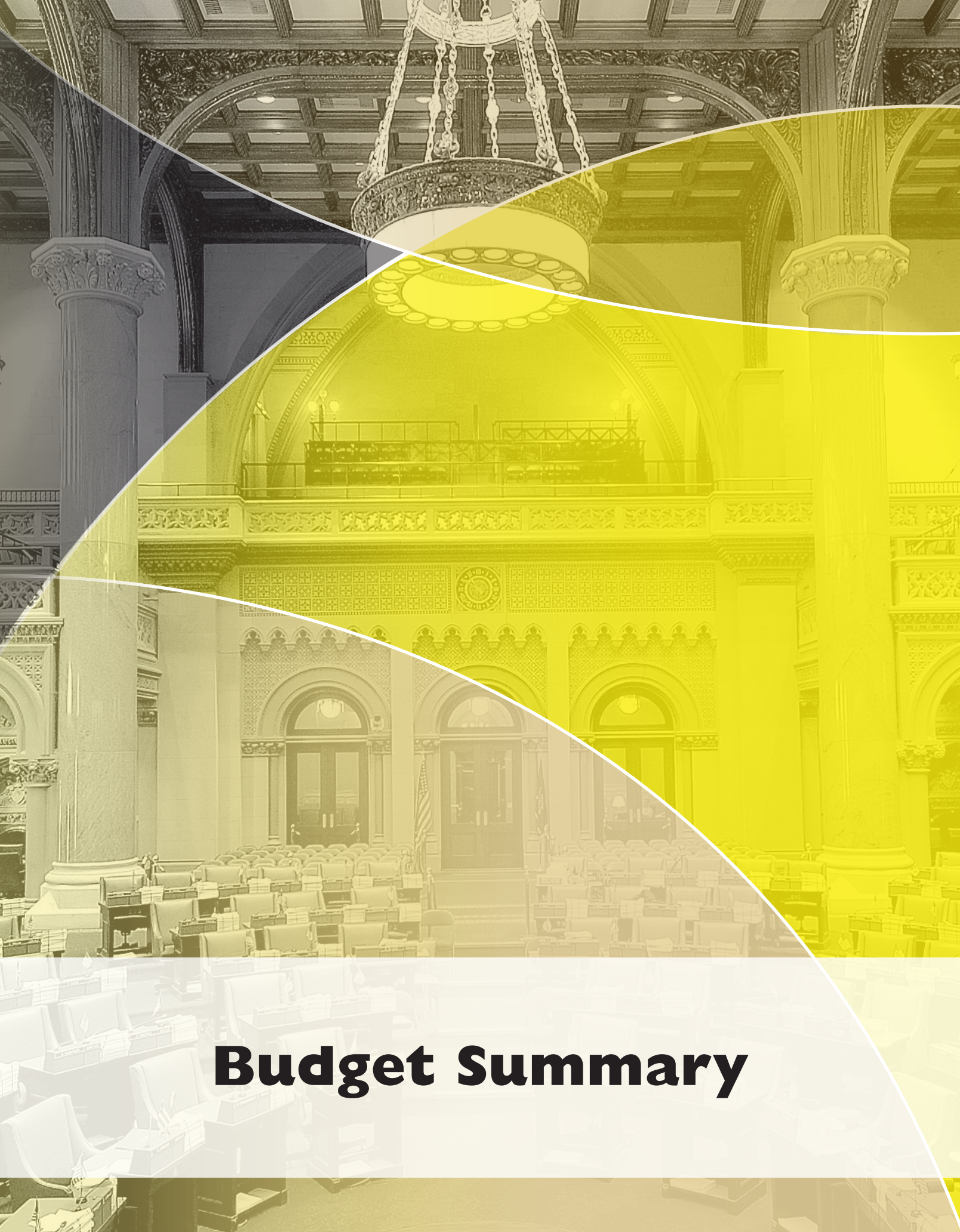
- **The Executive Budget projects \$1.6 billion in reserves at the end of the 2014 fiscal year:** The Tax Stabilization Reserve Fund is a constitutionally restricted fund that can only be used in the event of a revenue shortfall or deficit during a fiscal year. The balance of \$1.1 billion in the Tax Stabilization Reserve Fund is 1.9 percent of the value of the General Fund.

Table 5

Estimated General Fund Closing Balance (\$ in Millions)		
	2012-13	2013-14
Tax Stabilization Reserve Fund	1,131	1,131
Statutory Rainy Day Reserve Fund	175	175
Contingency Reserve Fund	21	21
Community Projects Fund	57	-
Reserved for Prior Year Labor Agreement	77	51
Reserved for Debt Reduction	13	263
Closing Balance	1,474	1,641

Risks to the Financial Plan Identified by the Executive

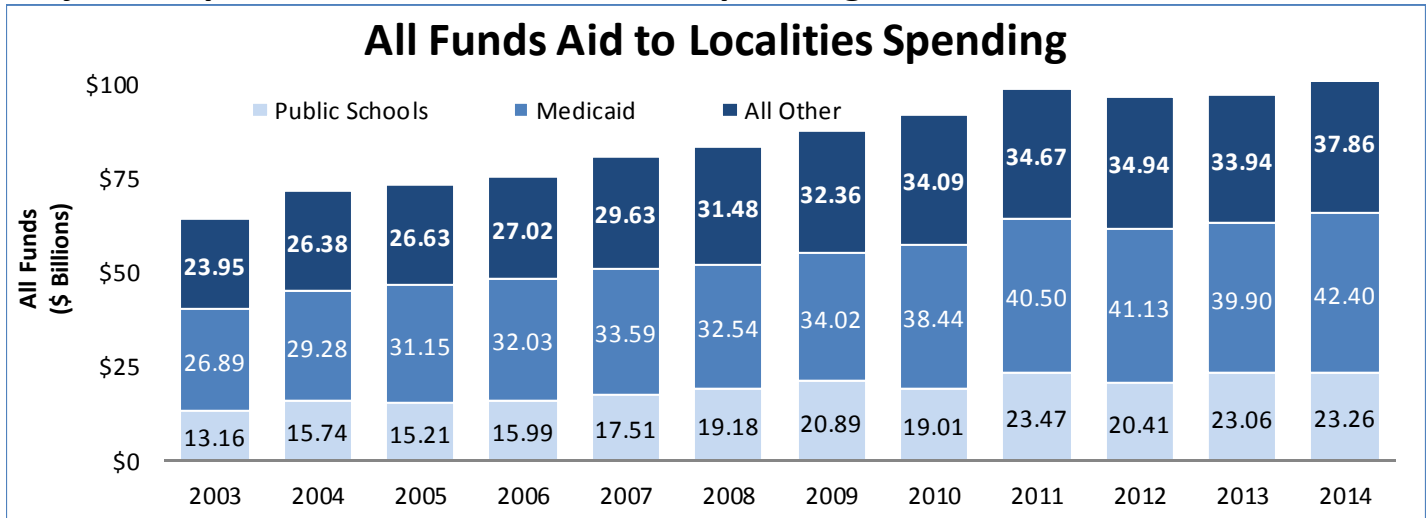
- **Economic Outlook:** This includes uncertainties concerning the economy and receipts forecast in terms of national and international events such as the Eurozone Crisis, changes in consumer confidence, oil supplies and prices, regulatory changes concerning financial sector activities and bonus payouts, interest rates and financial markets, and household debt reduction.
- **Revenue Forecast:** The forecast contains specific transaction risks such as the receipt of certain payments from public authorities; non-forecasted miscellaneous receipts, as such as payments pursuant to the Tribal-State Compact that have not materialized in prior years; and the transfer of available fund balances to the General Fund.
- **Federal Actions:** Any reduction of federal aid, related to sequestration from the Budget Control Act of 2011, or disaster relief for Superstorm Sandy, would adversely impact the proposed Financial Plan.
- **Federal Reimbursement for State Mental Hygiene Services:** On January 11, 2013, based on a request from the federal government, the State submitted an amendment to the State Plan for OPWDD to lower Medicaid rates for services provided by State-operated providers. The State is in ongoing discussions with the federal government concerning alternate funding approaches to potentially mitigate, up to \$1.1 billion in potential reductions in SFY 2013-14.
- **Health Insurance Companies Conversions (HCRA):** Any decrease in the proceeds from the health care conversions could force the state to reduce HCRA spending or finance additional expenses from the General Fund. In SFY 2013-14, \$175 million in proceeds is projected to be used.
- **Debt and Capital Planning:** Implementation of the proposed Financial Plan is dependent on the state's ability to market its bonds successfully. Initially, the state finances most of its capital spending through the General Fund or STIP, which it then reimburses with the sale of its bonds. If the bonds are not sold at the levels or on the time table estimated in the Capital Plan, it could affect the state's cash levels.



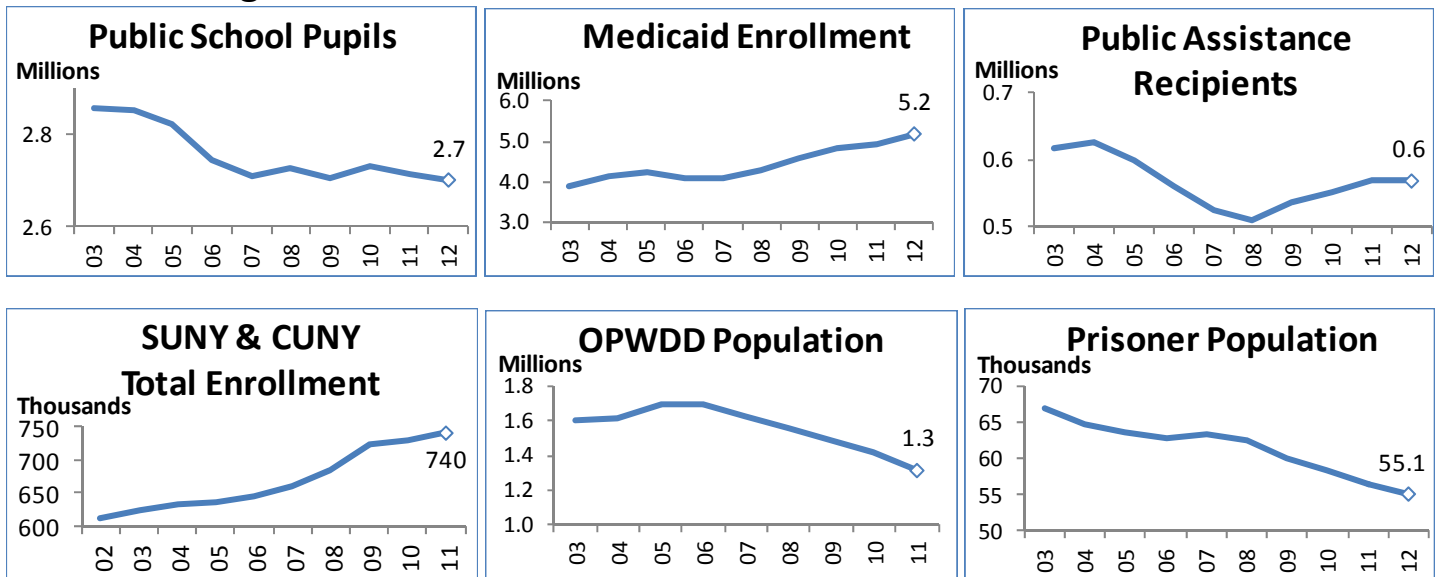
Budget Summary

Budget Snapshot

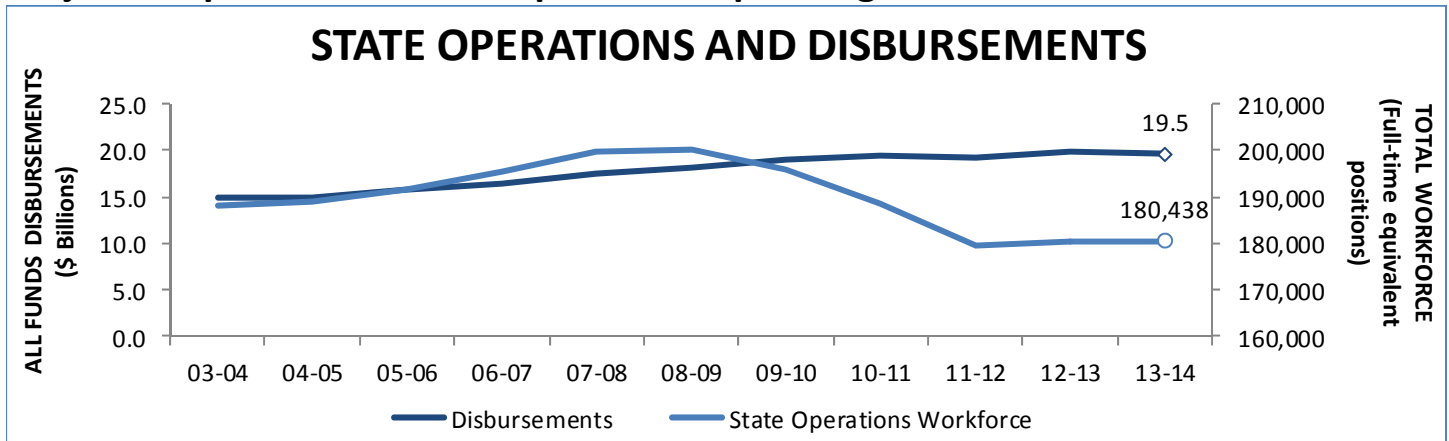
Major Components of Local Assistance Spending



Trends in Program Enrollment



Major Components of State Operations Spending



Sources: Office of the State Comptroller; Division of Budget; and various State agencies.



EDUCATION

The Executive proposes a year to year increase in overall Education funding of \$889 million or 4.4 percent. Education funding would increase from \$20.2 billion to \$21.1 billion.

Table 6

2013-14 Executive School Aid Proposal	
(\$ in Millions)	
Expense Based Aids and Grant Programs	289
Performance and Management Efficiency Grants	50
Gap Elimination Adjustment (GEA) Restoration	<u>272</u>
Subtotal: Year to Year General Support for Public Schools Increase	<u>611</u>
Fiscal Stabilization Funding	203
Education Reform Commission New Proposals:	
Full Day Prekindergarten	25
Extended Learning Time	20
Community Based Schools	15
High Performing Teacher Rewards	11
Early College High School Program	<u>4</u>
Year to Year Increase: Total Education Funding	889

- **General Support for Public Schools:** The Executive proposes a year to year increase in General Support for Public Schools (GSPS) of \$611 million or 3 percent, thereby increasing School Aid from \$20.2 billion in School Year (SY) 2012-13 to \$20.8 billion in SY 2013-14; this increase is based on a personal income growth factor of 3 percent enacted in the 2011-12 Budget. High need districts will receive 75 percent of the allocated increase and 69 percent of total formula based school aids.
 - Eligibility to receive increases in School Aid for the 2013-14 School Year would again be linked to district compliance with Annual Professional Performance Review (APPR) plan, which must be approved by September 1, 2013.
 - Six school districts, including the New York City School District, were unable to reach agreement and finalize an approved APPR plan for the 2012-13 School Year. As a result, these school districts are ineligible to receive State Aid increases for 2012-13, and remaining payments for the 2012-13 school year will be adjusted accordingly. As a result of

noncompliance with the APPR requirements, the New York City School District is slated to lose \$242 million as a mid-year reduction.

- *Formula Aid*: Funding for expense-based aid programs would increase by \$289 million, reflecting present law. Funding is maintained at the 2012-13 level for Foundation Aid and certain grants. The Governor’s budget maintains funding for the Universal Prekindergarten Program at last year’s level of \$385 million.
 - *School Performance Grants*: The 2011-12 Enacted Budget authorized two competitive multi-year grant programs totaling \$500 million. The proposed 2013-14 Executive Budget provides for \$50 million to be disbursed through a competitive grant process for Performance Improvement and Management Efficiency grants in the 2013-14 School Year.
 - *Gap Elimination Adjustment (GEA)*: The Governor’s Budget restores \$322 million for the Gap Elimination Adjustment (GEA) Restoration, which reflects a net impact of \$272 million, due to a \$50 million redirection from High Tax Aid. The GEA restoration takes into account various factors including pupil need and district wealth. High need districts will receive 75 percent of this increase.
- **Fiscal Stabilization Funding**: The Executive Budget provides \$203 million in new “Fiscal Stabilization Funding”, a one-time appropriation to school districts for SY 2013-14, in recognition of extraordinary increases in fixed costs. This additional one percent increase in overall education funding will be allocated pursuant to a chapter.
- **New NY Education Reform Commission Grants**: The Executive proposal provides \$75 million in competitive grants for SY 2013-14, based on the recommendations of the Governor’s Education Reform Commission as follows:
- \$25 million in grants for Full Day Prekindergarten programs, which would target high need students in lower wealth school districts. Funding from this program could be used to expand existing programs or to establish new programs.
 - \$20 million in grants to districts that extend learning time by at least 25 percent, either through an extended school day, additional school days, or a combination of both. The proposed grants would cover the full cost of extended learning time. Districts would receive the greater of \$1,500 per pupil or 10 percent of their average per pupil costs.
 - \$15 million in grants to support the transformation of schools into community schools by integrating social, health, and other services, as well as after-school programming. Grants up to \$500,000 will be made available to each grantee.
 - \$11 million in grants to reward high performing teachers, beginning with math and science teachers. These teachers will receive an annual stipend of \$15,000 for four years.
 - An additional \$4 million in grants to fund investment in Early College High School Programs.

- The Executive Budget will also require the State Education Department to implement recommendations towards requiring prospective teachers to pass a “bar exam” and be subject to a more intensive student-teaching experience.
- The State Education Department will additionally be required to create a school performance management system to streamline school district reporting and increase district transparency and accountability.

➤ **Special Education**

- **Preschool Special Education (4410):** The Executive recommends that a vendor be selected to conduct a large scale audit on fraud and abuse of preschool special education providers.
 - Additionally, the Executive Budget provides \$1 million in targeted grants to counties to develop a fiscal integrity tool to better detect fraud and abuse.
 - To incentivize county oversight of providers, the Executive Budget allows counties to retain 75 percent of audit recoveries, instead of the 40.5 percent currently authorized.
 - The Governor’s budget authorizes New York City to select providers for Preschool Special Education services (from a list of State approved providers), and authorizes the City to set provider rates within State parameters.
- **Private Schools for the Blind and Deaf (4201):** The Executive proposal alters the existing payment method for summer programs for children enrolled in 4201 schools, and instead makes this summer payment consistent with the school year payment schedule.
- **Waivers from Certain Duties:** The Executive proposal authorizes school districts, private schools, and BOCES to apply for one-year waivers from certain special education requirements. Waivers must enhance student achievement and/or opportunities for placement in regular classes and programs and must maintain compliance with Federal standards.

➤ **Other Education Programs:**

- **Nonpublic School Aid:** The Governor’s proposal provides an additional \$4.95 million in nonpublic school aid, for a total of \$128.57 million. This provides an increase of four percent to both the Mandated Services program and the Comprehensive Attendance Policy.
- **Teacher Resource and Computer Training Centers:** The Executive Budget eliminates \$10.2 million in aid for Teacher Resource and Computer Training Centers for the 2013-14 school year.
- **Library Aid:** State funding for library aid is continued at the 2012-13 level of \$81.6 million. Funding to reimburse libraries for MTA taxes is also continued at \$1.3 million.

- **Adult Literacy Education:** The Executive Budget provides \$5.3 million for Adult Literacy Education, reflecting a continuation of the \$1 million increase provided in SFY 2012-13.
- **Fiscal Stabilization Grants:** The Executive Budget reduces Fiscal Stabilization Grants by \$12.28 million to reflect a reduction in debt service for a total of \$32.79 million.
- **State Operations:** The Executive Budget provides an additional \$1.5 million to continue the January Regents exams. In addition, the Budget provides an additional \$1.9 million for Teacher Arbitration Hearings.



HEALTH

The SFY 2013-14 Executive Budget includes \$57.63 billion in All Funds current year support for the Medicaid program across all state agencies, representing an increase of \$3.63 billion or 6.7 percent from SFY 2012-13 spending levels. The Executive proposal assumes \$22.45 billion in State share spending for the Medicaid program, an increase of \$662 million or 3.0 percent from SFY 2012-13 levels.

Table 7

All State Agency Medicaid Expenditure Projections (\$ in Millions)				
	SFY 2012-13	SFY 2013-14	Year-to-Year Change	Percent Change
State Share	21,784	22,446	662	3.0%
Federal Share	24,059	26,296	2,237	9.3%
Local Share	8,153	8,886	733	9.0%
Total	53,996	57,628	3,632	6.7%

- **Extension of the Medicaid Global Cap:** The Executive proposes the continuation of a Medicaid spending cap which limits growth in Department of Health (DOH) State Funds Medicaid spending to the 10-year rolling average of the medical component of the Consumer Price Index, currently estimated at 3.9 percent. DOH Medicaid expenditures are presently capped at \$15.91 billion in SFY 2012-13 and \$16.42 billion in SFY 2013-14. The Executive proposes to extend the global cap for one additional year and to cap SFY 2014-15 DOH Medicaid expenditures at \$16.98 billion. Authorization to allow DOH to reduce payment rates and benefits in the event that Medicaid expenditures exceed the global cap would be reauthorized for one additional year.
- **Medicaid Redesign Team (MRT) - Phase I and Phase II Recommendations:** The Executive Budget continues the savings actions enacted as part of the SFY 2011-12 and SFY 2012-13 budgets, including the 78 discrete cost containment initiatives recommended by the MRT; the additional recommendations developed through the MRT Workgroup process; the elimination of scheduled Medicaid inflationary rate increases; and the implementation of a two percent across-the-board reduction in Medicaid rates. The Executive estimates that these actions will save the State approximately \$17.1 billion over the next five years.

➤ **Medicaid Redesign Team (MRT) - Phase III Recommendations:** In addition to the initiatives implemented over the prior two years, the Executive proposes a cost-neutral series of new MRT initiatives for SFY 2013-14. The Executive proposes new investments to supplement existing MRT programs that include:

- Funding for supportive housing (\$16.35 million);
- Promoting the expansion of health homes, including targeted programs to support Assisted Outpatient Treatment (AOT) for State psychiatric center discharges (\$17.02 million);
- Funding for the Essential Community Provider Network and Vital Access Providers (\$26.0 million);
- Reforming the Indigent Care Pool to comply with Federal Disproportionate Share Hospital (DSH) requirements (\$12.5 million);
- Funding for tobacco cessation counseling (\$1.5 million); and
- All Other Investments (\$35.85 million).

These investments would be offset by a variety of reductions that include:

- the elimination of “prescriber prevails” provision from the Medicaid program (\$10.44 million);
 - the elimination of spousal refusal from Medicaid long term care eligibility determinations (\$34.3 million);
 - reducing the fee for service pharmacy reimbursement rate to Average Wholesale Price (AWP) minus 17 percent to AWP minus 17.6 percent, which reflects the rate achieved by State managed care plans (\$1.8 million); and
 - All Other Reductions (\$62.97 million).
- **Local Medicaid Takeover Expenditure Growth:** The Executive proposal reflects the first year of a three year phase-out of growth in local Medicaid expenditures that was enacted in SFY 2012-13. The State will assume these costs that are currently the responsibility of counties. The annual growth rate in the local share of Medicaid will be two percent in SFY 2013-14, one percent in SFY 2014-15, and would be eliminated in SFY 2015-16. When combined with existing benefit of the three percent local cap and the State’s assumptions of the local share of Family Health Plus, counties will see a total savings of \$1.69 billion in SFY 2013-14.

Table 8

Components of Local Savings – Medicaid Takeover Actions (\$ in Millions)				
	SFY 2012-13	SFY 2013-14	SFY 2014-15	SFY 2015-16
Medicaid 3% Cap	\$1,136	\$1,101	\$1,259	\$1,430
Local Growth Takeover	\$0	\$61	\$187	\$370
Family Health Plus	\$477	\$528	\$219	\$0
Total	\$1,613	\$1,690	\$1,665	\$1,800

- **Extend the Two Percent Across-the-Board Reductions and Permanently Eliminate Medicaid Trend Factor:** The Executive proposes to extend, for two years, the two percent across the board reductions in Medicaid provider reimbursement that was first enacted as part of the SFY 2011-12 budget. In addition, the Executive would permanently eliminate trend factor adjustments for Medicaid providers. In total, these actions result in \$345 million in State savings in SFY 2013-14.
- **New York Health Benefit Exchange:** The Executive proposes legislation to implement the various requirements of the federal Patient Protection and Affordable Care Act (ACA), including statutory changes to conform eligibility and benefits of the State’s existing public health insurance programs, including Medicaid, Child Health Plus (CHP), Family Health Plus (FHP), and Healthy New York. These proposed changes would allow the State’s public health insurance programs to better integrate with the New York Health Benefit Exchange which was established by Executive Order in April 2012.
- **Elimination of Family Health Plus (FHP) Program:** The Executive proposes to eliminate the existing FHP program, effective January 1, 2015, and transfer FHP enrollees with incomes up to 138 percent of the federal poverty level (FPL) to the existing Medicaid program. All FHP enrollees with incomes between 139 percent and 150 percent of FPL would become eligible to purchase federally subsidized insurance through the New York Health Benefit Exchange. This proposal would have no impact on the SFY 2013-14 financial plan but it would result in \$76.63 million in additional State costs in SFY 2014-15 resulting from changes in the enrollee benefit package.
- **Modify the Early Intervention (EI) Program:** The Executive proposes to require commercial health insurance carriers to include EI service providers in their networks, and to require consumers to use providers in their insurance networks. In addition, the Executive proposes to streamline eligibility determinations to achieve program efficiencies. This proposal would increase State costs by \$790,000 in SFY 2013-14 but would provide more than \$60 million in savings to the counties over the next five years.
- **Modify the General Public Health Work Program (GPHW):** The Executive proposes a variety of changes to the GPHW program which provides State aid reimbursement to Local Health Departments for a core set of public health services. Specifically, the Executive proposes to encourage the use of private health insurance coverage; to increase the base grant funding to counties; and to invest a new \$1 million in pay-for-performance contracts. This proposal would

have no impact on the SFY 2013-14 financial plan but it would result in \$3.5 million in State savings in SFY 2014-15 and would provide \$16 million in county savings over the next five years.

- **Restructure Health Care Program Funding:** The Executive proposes to consolidate 89 separate health awareness and prevention programs into six competitive pools totaling \$355.2 million, and to reduce total funding for these programs by \$40 million. These consolidated pools would include:
 - Chronic Disease program (\$63 million);
 - Environmental Health and Infectious Disease program (\$19.8 million);
 - Maternal, Child Health and Nutrition program (\$114.8 million);
 - HIV and AIDS program (\$90.7 million);
 - Health Quality/Outcomes/Advocacy program (\$30.7 million); and
 - Workforce Training program (\$36.2 million).
- **Excess Medical Malpractice Pool:** The Executive proposes to modify the existing Excess Medical Malpractice Pool program to prioritize support for doctors in the highest risk specialties that practice at community hospitals in highest risk areas. This proposal would reduce funding for this program to \$114.7 million, which represent a \$12.7 million, or 10 percent, reduction from SFY 2012-13 levels.
- **Transfer Child Health Plus (CHP) Rate Setting to DOH:** The Executive proposes to transfer CHP rate setting functions from the Department of Financial Services (DFS) to DOH, which would align rate setting with DOH's current oversight of the program and which would be consistent with Medicaid Managed Care and FHP. This proposal would generate \$16.2 million in State savings in SFY 2013-14.
- **Coordinate Health Insurance Purchasing:** The Executive proposes that DOH and the Department of Civil Service, who both negotiate and purchase health insurance, adopt common approaches to take advantage of efficiencies resulting from best practices, including the alignment of hospital reimbursement policies, the expansion of patient centered medical home models, and the promotion of evidence based strategies to enhance wellness and reduce health care costs.



HIGHER EDUCATION

The Executive provides \$3.21 billion in General Fund support for Higher Education, a reduction of \$10 million from Academic Year 2012-13. The changes are as follows:

Table 9

Proposed Initiatives: Higher Education	
(\$ in Millions)	
	SFY 2013-14 Actions
Reduce SUNY Hospital Subsidy	(30)
Tuition Assistance Program (TAP) Increases	17
Community College Net Change	1
TOTAL	(12)

- **Support for SUNY/CUNY Operations:** The Executive recommends State operating support of \$969.1 million for State-operated campuses of the State University of New York (SUNY) and \$524.5 million for the Senior Colleges of the City University of New York (CUNY) in the 2013-14 Academic Year. These are the same levels of support these institutions received in the 2012-13 Academic Year.
- **Tuition Revenue:** The Executive budget provides tuition revenue appropriations of \$1.57 billion at SUNY and \$964.79 million at CUNY. This is an increase of \$106 million for SUNY and \$61 million at CUNY from the previous year. In-state undergraduate tuition at SUNY will be \$5,870 and \$5,730 at CUNY for Academic Year (AY) 2013-14. Tuition for both institutions will be \$300 higher than in AY 2012-13 in accordance with Chapter 260 of the Laws of 2011.
- **Maintaining State Support for SUNY and CUNY Community Colleges:** The Executive recommends maintaining base aid for SUNY and CUNY Community Colleges at \$2,272 per full-time equivalent (FTE) student. As a result, the Executive proposal for State support for SUNY Community Colleges in the 2013-14 Academic Year is \$431.1 million, which is a decrease of \$8.1 million from Academic Year 2012-13. The Executive provides \$191.3 million in State support at CUNY Community Colleges, which is an increase of \$10.2 million over Academic Year 2012-13.
- **Linking Base Aid to Workforce Measures:** The Executive proposal would require community college programs to prepare students for certain occupations that meet current or emerging workforce needs or vocations that are offered in partnership with employers in order to receive

base aid. In addition, the Executive also proposes to create a new \$5 million performance based funding program to reward community colleges that enable students to find jobs in their chosen occupation, provide training for careers, and help students graduate.

- **Opportunity Programs:** The Executive budget maintains funding for each of the following opportunity programs at 2012-13 enacted funding level:
 - Higher Education Opportunity Program (HEOP): \$24.3 million;
 - Science and Technology Entry Program (STEP): \$10.8 million;
 - Collegiate Science and Technology Entry Program (CSTEP): \$8.2 million;
 - Liberty Partnerships Program: \$12.5 million;
 - Educational Opportunity Program (EOP): \$21.1 million;
 - Search for Education, Elevation, and Knowledge (SEEK): \$18.4 million; and
 - College Discovery: \$883,390.

- **NYSUNY 2020:** The Executive proposal includes a \$55 million appropriation for a third round of NYSUNY 2020 Challenge Grants. The Executive also includes appropriations to continue projects from the initial round of SUNY 2020 including:
 - an \$88 million appropriation for the University at Albany for the design and construction of an emerging technology and entrepreneurial complex. The debt service for this project will be paid for by private sources;
 - a \$30 million capital appropriation for campus wide projects at Stony Brook; and
 - a \$25 million appropriation to allow Binghamton University to receive funding from external sources for their Smart Energy Research and Development Facility.

The Executive also proposes reappropriation changes to allow the University at Albany to access funds from a prior capital appropriation to be used for NYSUNY 2020 purposes.

- **NYCUNY 2020:** The Executive proposes a new NYCUNY 2020 grant program for CUNY schools and provides \$55 million for this purpose.

- **New Higher Education Capital:** In addition to the NYSUNY and NYCUNY 2020 funds the Executive proposal includes \$38.5 million for projects at SUNY Community Colleges and \$8.1 million for CUNY Community Colleges. SUNY's Residence Hall Rehabilitation Fund is appropriated at \$50 million and CUNY is appropriated \$21 million for payment to the Dormitory Authority for the state share of CUNY capital projects. This brings total Higher Education capital funding to \$411 million for SFY 2013-14. The Executive also proposes to extend the New York Higher Education Capital Matching Grant Program (HeCap) to March 31, 2014.

Table 10

Higher Education Capital	
(\$ in Millions)	
	SFY 2013-14 Actions
NYSUNY and NYCUNY 2020 Challenge Grant Program (as appropriated in UDC)	110
University at Albany Emerging Technology and Entrepreneurial Complex	88
SUNY Residence Halls	50
SUNY and CUNY Community Colleges	46
SUNY and CUNY Construction Funds	41
University at Stony Brook Critical Maintenance	30
Reimbursement to DASNY for CUNY Capital Projects	21
NYSUNY 2020 Projects at Binghamton University	25
TOTAL	411

- **General Fund Subsidy for SUNY Health Science Centers:** The Executive Budget provides \$60 million to the three SUNY Health Science Centers representing a \$29.8 million decrease from SFY 2012-13 funding levels.
- **Tuition Assistance Program:** The Executive budget recommends \$950.4 million for the Tuition Assistance Program (TAP) for the 2013-14 Academic Year. This represents a \$17 million increase to the program, reflecting the scheduled tuition increases at SUNY state-operated campuses and CUNY senior colleges. The Executive proposes no programmatic changes to TAP.



HOUSING

In SFY 2013-14, the Executive proposal provides \$154 million in investments in housing programs, an 11.9 percent increase over SFY 2012-13.

Table 11

Proposed Initiatives: Housing	
(\$ in Millions)	
	SFY 2013-14 Actions
Community Preservation Program	12
Rural Rental Assistance Program	20
Transfer Mitchell-Lama to Homes and Community Renewal (House NY)	18
Various Housing Capital Programs (House NY)	74
HHAP Transfer to Homes and Community Renewal	30
TOTAL	154

- **Utilize the Mortgage Insurance Fund to fund Community Preservation Program and Rural Rental Assistance Program:** The Governor consolidates funding for the Neighborhood and Rural Preservation Program into a new “Community Preservation Program” at \$12 million, a decrease of \$2.2 million from the combined SFY 2012-13 level. The Executive proposes \$20.4 million for the Rural Rental Assistance Program, an increase of \$800,000 over the SFY 2012-13 level. The Executive proposes funding the Community Preservation Program and Rural Rental Assistance Program by utilizing the resources of the Mortgage Insurance Fund (MIF) in SFY 2013-14.
- **Expand Affordable Housing Opportunities:** The Executive Budget proposes a new “House NY” program that would invest \$1 billion over five years to preserve and create 14,300 affordable housing units statewide. Of the House NY investments, \$92.2 million is proposed for SFY 2013-14, including:
 - *Mitchell-Lama Affordable Housing Program Transfer:* The Mitchell-Lama affordable housing asset portfolio would be transferred from the Empire State Development Corporation to Homes and Community Renewal (HCR) to preserve over 8,600 units of affordable rental housing throughout the State at a total investment of \$706 million over five years. The Executive proposes funding \$18 million to acquire and revitalize Mitchell-Lama projects in SFY 2013-14.
 - *Funding for Existing Capital Programs:* The Executive includes an investment of \$231 million in continued assistance for various existing housing and community development programs

over five years. In SFY 2013-14, the Executive provides \$74.2 million, which maintains the SFY 2012-13 funding level, as follows:

- Affordable Housing Corporation: \$25 million;
 - Low Income Housing Trust Fund: \$32.2 million;
 - Housing Opportunities for the Elderly: \$400,000;
 - Public Housing Modernization: \$6.4 million;
 - Homes for Working Families: \$7 million;
 - Access to Home: \$1 million; and
 - Main Street Program: \$2.2 million.
- **Transfer and Streamline Administration of the Homeless Housing Development Program:** The Executive proposes a transfer of the \$30 million Office of Temporary and Disability Assistance administered Homeless Housing Assistance Program (HHAP) to Homes and Community Renewal (HCR).



HUMAN SERVICES

In SFY 2013-14, the Executive provides \$11 million in net reductions related to human services, and proposes several programmatic initiatives that do not directly impact the financial plan, such as raising the minimum wage, and reforming the Unemployment Insurance and Workers' Compensation systems.

Table 12

Proposed Initiatives: Human Services	
(\$ in Millions)	
	SFY 2013-14 Actions
Juvenile Justice Reform	
Expand Close to Home Initiative	3
Close/Downsize OCFS Facilities	(1)
Human Services	
Defer 2013-14 Cost of Living Adjustment (COLA) and Trends	(13)
TOTAL	(11)

Juvenile Justice

- **Expansion of the “Close to Home” Initiative:** The Close to Home initiative was enacted in SFY 2012-13 to place New York City youth in juvenile justice facilities closer to their home community. The Executive proposes to further reform juvenile justice services to include youth from counties outside New York City who would otherwise be placed in non-secure facilities administered by the Office of Children and Family Services (OCFS) in relocation efforts. The Executive Budget includes \$3 million in net investments to support this proposal.
- **Close/Downsize OCFS Facilities:** The Executive proposal includes a savings of \$1 million in SFY 2013-14 from downsizing juvenile justice facility capacity, by reducing facility capacity by 88 beds and 15 after care slots to reflect the impact of the expansion of the Close to Home initiative.
- **Deferral of Human Services COLA:** The Executive proposes to defer the SFY 2013-2014 COLA, which was previously planned at a rate of 1.4 percent for OCFS programs. This proposal would also defer payment of inflationary costs for various programs including foster care, resulting in a \$13 million reduction.

- **Pay for Success Program:** The Executive proposes \$100 million over the next five years for “Pay for Success” Program contracts to assist in creating outcome-based programs focusing on the areas of health, education, juvenile justice, and public safety. Such initiatives will require service providers to meet performance measures and to satisfy fiscal savings requirements in order to secure funding from the State. Results will be monitored by independent parties to ensure the accuracy of providers’ reports and outcomes and no State funds will be released until positive outcomes are achieved. Payments to service providers are not anticipated to begin until SFY 2015-16.
- **Minimum wage:** The Executive proposes to raise the minimum hourly wage from \$7.25 to \$8.75, effective July 1, 2013 with no indexing to inflation. Similarly, the Executive would raise the minimum hourly wage for food service workers from \$5.00 to \$6.03.
- **Unemployment Insurance Benefit System:** The Executive proposal would change New York’s Unemployment Insurance (UI) system by:
 - increasing the maximum weekly benefit to workers from \$405 currently to \$420 in 2014, with annual increases according to a schedule through 2026, and annually adjusted to 50 percent of the average weekly wage thereafter;
 - increase the minimum weekly benefit from \$65 to \$100;
 - modifying the wage base, from \$8,500 to \$10,300 in 2014 with incremental increases thereafter;
 - amending the schedule for determining employer liability; and
 - permanently extending the authority of the Department of Labor to assess a surcharge on employers for payment of interest due on UI benefit loans.
- **Workers’ Compensation:** The Executive Budget would reform the Workers’ Compensation Board’s assessment process and adjust benefits for injured workers by:
 - amending the assessment process so that employers would pay assessments directly to the Board through their carrier;
 - establishing a bonding program to address insolvent group self-insured trusts;
 - eliminating mandatory deposits into the Aggregate Trust Fund and close the Reopened Case Fund;
 - amending the assessment reserves required to be held by the State Insurance Fund;
 - authorizing the Board to release up to \$250 million for the debt reduction fund and up to \$500 million for capital as well; and
 - increasing the minimum workers’ compensation benefit amount from \$100 per week to \$150 per week.

- **Temporary Assistance for Needy Families (TANF):** The Executive would provide \$1.26 billion in funding for TANF benefits and \$1.39 billion in other TANF funding commitments. All funding for TANF initiatives is eliminated in the Executive Budget except for the following:
- Flexible Fund for Family Services: \$964 million, the same level as provided in SFY 2012-13;
 - Child Care Subsidies: \$395 million, an increase of \$70.4 million over SFY 2012-13. The Executive provides a decrease from the General Fund of the same amount. Overall, child care subsidies would be funded at \$842.83 million, a decrease of \$5.33 million from SFY 2012-13;
 - Summer Youth Employment Program: \$25 million, the same level provided in SFY 2012-13; and
 - Food Banks: a new \$2 million is provided under TANF. These funds will complement resources available under Department of Health, and will be awarded to regional food banks on a competitive basis.



MENTAL HYGIENE

In SFY 2013-14, the Governor recommends All Funds appropriations of \$8.3 billion for the various mental hygiene agencies, an increase of \$25 million or 1.7 percent from SFY 2012-13.

Table 13

Summary of Mental Hygiene All Funds Spending (\$ in Millions)				
Agency	SFY 2012-13	SFY 2013-14	Year-to-Year Change	Percent Change
OPWDD	4,357	4,286	(71.2)	(1.6)
OMH	3,259	3,318	59.1	1.8
OASAS	609	616	7.4	1.2
CQCAPD	17	9	(7)	(44.7)
Justice Center	-	37	37.3	-
DDPC	4	4	-	0.0
Total	8,245	8,270	25.0	0.3

- **Justice Center for the Protection of People with Special Needs:** The Executive proposes \$37.3 million in All Funds support for the newly-created Justice Center, which would become operational on June 30, 2013. The proposed budget would support 280 new positions at the Justice Center, the creation of a 24 hour hotline for investigations, the development of a registry of workers found guilty of abuse and/or neglect and the consolidation of background check functions of various State agencies.
- **Office of Mental Health (OMH) Facility Reorganization:** The Executive proposes to extend the authorization granted in last year’s budget to allow OMH to reduce bed capacity with 45 days prior notice and to close facilities with 75 days prior notice. The Executive proposal would extend this authority to reorganize the State operated hospital system into regional centers of excellence for the diagnosis and treatment of complex behavioral health illnesses. The Executive intends to reinvest \$5 million of the \$25 million in savings from this reorganization into a comparable level of community-based services.
- **“Kendra’s Law” Assisted Outpatient Treatment (AOT):** The Executive proposes to support the implementation of recent changes in Kendra’s Law by providing a \$10 million increase under Medicaid to provide integrated health home services to individuals receiving court-ordered outpatient psychiatric services and those who are being discharged from State psychiatric hospitals. In addition to this new support, the State would continue its base appropriation of \$22.6 million for AOT treatment in the OMH budget.

- **OMH Supportive Housing:** The Executive proposes a multi-year plan to develop 8,400 new supportive housing units for individuals with a serious mental health illness. Specifically, the Executive proposes the development of 1,000 supported housing units for individuals currently residing in nursing homes, 4,000 supported housing units for individuals currently residing in adult homes, and 3,400 beds for the homeless housing program in New York City. These bed expansions would be supported by an additional \$46.09 million in SFY 2013-14 and would supplement the approximately 36,000 existing beds that are operated and licensed by OMH.
- **Office for People with Developmental Disabilities (OPWDD) Facility Closures and Reorganization:** The Executive Budget continues to support OPWDD's ongoing plans to downsize institutional programs and to transition institutionalized individuals to more integrated and appropriate community-based services. The Budget implements the previously-announced closures of the Finger Lakes and Taconic Campuses and continues to support the development of community based services provided by nonprofit providers. The Executive estimates \$26.93 million in savings from these deinstitutionalization efforts.
- **Defer Scheduled Cost of Living Adjustments (COLA) and Rate Increases:** The Executive proposes to delay, for one year, the scheduled 1.4 percent annual human services COLA and maintain existing rates for programs operating under OMH and OPWDD. The Executive proposes \$53.4 million in savings across mental hygiene agencies from this action.
- **Licensure Exemptions:** The Executive proposes language that would make permanent the current temporary licensure exemption for social workers and mental health professionals providing services in certain settings.
- **Mental Hygiene Agency Administrative and Local Efficiencies (\$70.7 million in savings):** The Executive proposal reflects the continued activities by the various mental hygiene agencies to achieve savings from administrative and local efficiencies, including consolidation of offices, re-estimates in growth rates, and annualization of prior year cost containment initiatives.
- **OPWDD Federal Rate Reductions:** On January 11, 2013, based on a request from the federal government, the State submitted an amendment to the State Plan for OPWDD to lower Medicaid rates for services provided by State-operated providers. The State is in ongoing discussions with the federal government concerning alternate funding approaches to potentially mitigate up to \$1.1 billion in potential reductions in SFY 2013-14.



PUBLIC PROTECTION

In State Fiscal Year (SFY) 2013-14, the Executive recommends All Funds expenditures of \$9.6 billion, a net increase of \$2.99 billion, across the various Public Protection Agencies. This substantial increase results primarily from appropriations made for disaster relief related to Superstorm Sandy.

Table 14

Public Protection: Summary of All Funds Expenditures				
(\$ in Millions)				
Agency	SFY 2012-13	SFY 2013-14	Year to Year Change	Percent Change
Department of Corrections and Community Supervision	3,035	2,864	(171)	-5.6%
Division of Criminal Justice Services	283	249	(34)	-12.0%
Division of Homeland Security and Emergency Services	370	416	46	12.4%
Miscellaneous Disaster Assistance Funding	1,983	5,132	3,149	158.8%
Division of State Police	703	701	(2)	-0.3%
Office of Indigent Legal Services	62	63	1	1.6%
Other Public Protection Agencies	205	201	(4)	-2.0%
Grand Total - Public Protection Agencies	6,641	9,626	2,985	44.9%

- **Recovery from Superstorm Sandy:** The Executive estimates that the multi-year response and recovery costs related to Superstorm Sandy will total approximately \$32 billion. The proposed SFY 2013-14 budget includes \$5 billion in State and Federal funds to support the first year of these costs, with additional commitments in subsequent years to support the continued recovery. The Executive’s financial plan assumes that all State costs related to Superstorm Sandy will be offset by federal funds.
- **NY Secure Ammunition and Firearms Enforcement (SAFE) Act:** The Executive proposal includes \$35.9 million to support the implementation of the NY Safe Act. Specifically, \$32.7 million in capital is provided to support the creation of an electronic gun license database within the Division of State Police; and \$3.2 million in General Fund support to provide additional staff to oversee the five-year recertification of all pistol licenses, engage in new enforcement activities, and support school safety improvement teams.

- **Prison Closures:** The Executive proposes the closure of two women’s prisons: Bayview Correctional Facility in Manhattan and Beacon Correctional Facility in Dutchess County. The Executive would eliminate the one-year notification requirement for these prison closures, and would instead provide the Legislature with 60 days’ notice. The proposed closures would eliminate approximately 430 beds, and would save \$18.7 million in 2013-14 and \$62.1 million in SFY 2014-15.

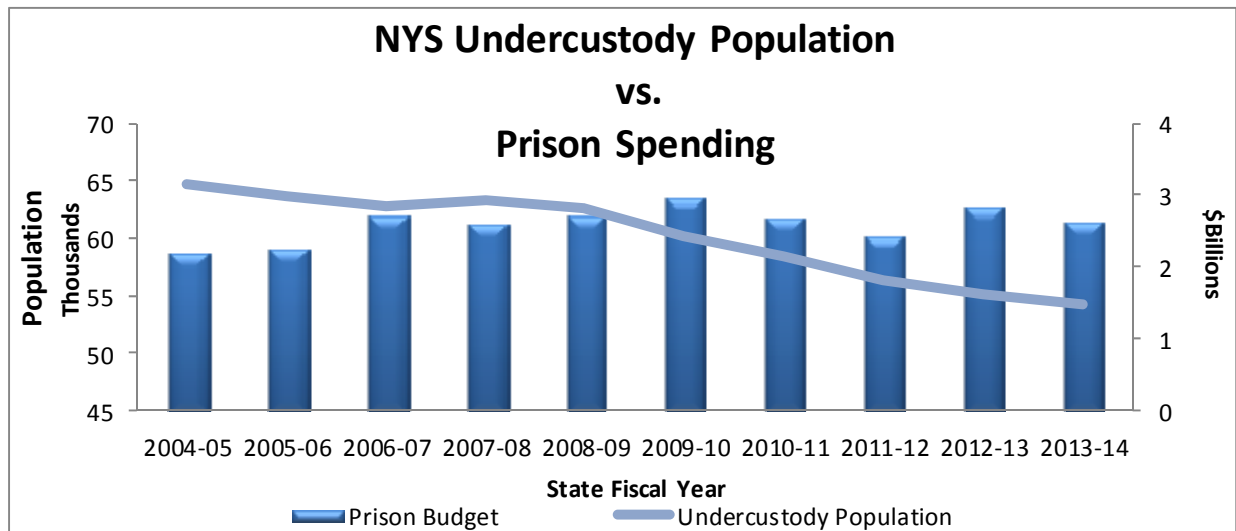


Figure 1

- **Statewide Interoperable Communication Grants:** The Executive Budget proposes to accelerate \$66 million in grants to counties to support development of improved public safety communications networks that were originally planned for the next fiscal year. This acceleration, in addition to \$36 million in grants previously scheduled to be disbursed would bring the total awards for this purpose to \$102 million in SFY 2013-14.
- **Enhance Local Disaster Response Capabilities:** The Executive proposal would require the Division of Homeland Security and Emergency Services (DHSES) to collaborate with SUNY to develop training programs for local emergency management officials, which would focus on incident command, response, recovery, and State emergency protocols. The Executive also proposes to include schools in the Inter-municipal Aid Program (IMAP) for disaster response which establishes financial and workforce rules that all participating municipalities must follow when they assist one another in disaster response activities.
- **Restructuring Alternatives to Incarceration (ATI) Programs:** The Executive proposes to consolidate \$11.4 million in existing ATI program funding and to target these funds to programs serving high risk offenders. To maintain current funding levels, the Executive proposes to include \$7 million in General Fund support to replace prior-year Federal Byrne/JAG funding formerly provided through the American Recovery and Reinvestment Act of 2009.

- **Modify the Traffic Adjudication Process:** The Executive proposes to restrict plea bargaining in cases involving serious traffic infractions and to make prior plea information more easily available on the motorists' abstract, so that it may be evaluated by prosecutors and judges when considering whether to offer or accept a plea bargain. The Executive also proposes a new \$80 surcharge for those violations to which speeding tickets are most commonly pled. These additional surcharges are estimated to generate \$16 million in SFY 2013-14 and \$25 million in SFY 2014-15.



TRANSPORTATION

In State Fiscal Year (SFY) 2013-14, the Governor recommends \$300 million in new capital funding for projects undertaken by the Department of Transportation and \$85 million in support for Thruway Authority operations. The Executive provides \$9.186 billion in All Funds support for the Department of Transportation in SFY 2013-14, which is a \$431 million decrease compared to SFY 2012-13.

Table 15

Proposed New State Financial Assistance for the Thruway Authority	
(\$ in Millions)	
State takeover of personnel costs for State Police Thruway Patrols	55.2
State appropriation for operating expenses of the Thruway Authority	24.0
Exemption from an annual assessment due from the Authority to the State	<u>5.2</u>
TOTAL	84.4

- **New State Financial Assistance for the Thruway Authority:** The Executive recommends approximately \$85 million in new funding for the Thruway Authority, including the State takeover of personnel costs of the Division of State Police for Thruway patrols (\$55 million); an exemption from an annual assessment due from the Authority to the State (\$5.2 million); and a Thruway Authority appropriation for operating expenses (\$24 million). This support would eliminate the need for a previously-proposed commercial toll increase.
- **Continued Transportation Capital Spending:** The Executive Budget proposes capital expenditures of \$4.6 billion in SFY 2013-14, representing a year to year decrease of \$38 million, or less than one percent. Capital expenditures for SFY 2013-14 would include:
 - \$4.2 billion for the Department of Transportation (DOT) to support road and bridge capital programs;
 - \$201 million for the Department of Motor Vehicles (DMV) to fund agency operations;
 - \$184 million for the Metropolitan Transportation Authority (MTA) to support the authority's 2010-14 capital program; and
 - \$1.8 million for the Thruway Authority (TA) to support the Canal Development Program.

➤ **State Road and Bridge Capital Plan:** The Executive proposes Road and Bridge Capital Plan obligations of \$3.68 billion in SFY 2013-14, a decrease of \$854 million. This net year-to-year decrease primarily reflects the non-recurrence of 2012-13 New York Works infrastructure funding (\$1.16 billion). The year-to-year reduction is mitigated by \$300 million in new State bonding authority through the Capital Projects Fund, including:

- \$200 million under the New York Works program; and
- \$100 million in new commitments to be awarded competitively through the Regional Economic Development Councils.

Major components of the \$3.68 billion Capital Plan include a letting level of \$1.95 billion, \$402 million for CHIPS and Marchiselli, \$398 million for State Forces Engineering, and \$320 million in preventative maintenance. The plan continues to spend New York Works infrastructure funding from SFY 2012-13 and reflects an additional \$100 million of core program spending agreed to last year.

➤ **State Funding for the MTA:** The Executive proposal continues to support the final three years of the MTA 2010-2014 capital program accordingly:

- \$150 million will be disbursed from a \$770 million appropriation that was enacted in SFY 2012-13; and
- \$570 million will be provided from the continued spend-down of the MTA's 2005-09 capital program which is supported by proceeds of the Rebuild and Renew New York Bond Act of 2005.
- The proposal also supports MTA's operating budget with a \$307 million transfer from the General Fund to fully offset MTA Mobility Tax revenue reductions resulting from actions taken during the December 2011 Special Legislative Session.
- In December, 2012, the MTA sought an amendment to increase the 2010-2014 MTA Capital Plan by \$4.76 billion in order to pay for the repair and restoration of MTA assets damaged as a result of Superstorm Sandy. This amendment increased the total 2010-2014 Capital Plan from \$24.274 billion to \$29.029 billion.

➤ **Rail Program:** The Executive proposes a \$10 million capital appropriation for rail projects and \$44.3 million for Amtrak service subsidies, an increase of \$28 million.

➤ **Transit Operating Assistance:** The Executive proposes \$4.75 billion in support for transit systems, including almost \$4.3 billion directed to the MTA, an increase of \$295 million from SFY 2012-13. Non-MTA downstate transit systems would receive \$285 million, an increase of \$23.5 million from SFY 2012-13, and upstate transit systems would receive level funding of \$175.5 million. These funds provide for ongoing operational support for mass transit systems throughout the State.

- **Continued Local Capital Construction Programs Funding:** The Executive proposal would continue authorization levels of \$363.1 million for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program.
- **DMV Customer Service:** The Executive Budget includes \$4.5 million to support a new DMV customer service initiative. This would include mobile device apps and a website redesign, self-service kiosks, technological improvements for the call center and the offering of Saturday hours in certain offices.
- **Rockaway Bridge:** The Executive proposal includes \$2.5 million to reimburse the MTA for lost toll revenue on the Rockaway bridges during November 2012. The tolls were suspended on the Marine Parkway and Cross Bay Bridges to assist the storm recovery efforts.
- **Savings Actions:** The Executive proposal recommends \$34.8 million in reductions to be achieved through operational and administrative efficiencies at DOT (\$32.2 million) and the DMV (\$2.6 million). These actions include: attrition which would reduce the DOT workforce by 22 full-time equivalent (FTE) positions and the DMV workforce by four FTE positions; restacking and shared services initiatives including the transfer of 133 FTEs from the DOT to the Office of Information Technology Services; reductions in maintenance non-personal services, and re-estimates of Amtrak corridor subsidies.



STATE OPERATIONS AND WORKFORCE

In State Fiscal Year (SFY) 2013-14, the Executive proposes \$434 million in State Operations and Workforce reductions across all State agencies, an action that closes 32 percent of the current year budget gap.

Table 16

State Agency Operations and Workforce	
(\$ in Millions)	
	SFY 2013-14 Reductions
Executive Agencies	(214)
Independent Officials/University System	(51)
Health Insurance Rate Renewal	(89)
Fringe Benefits/Fixed Costs	(80)
TOTAL	(434)

- **Executive Agencies:** The Governor proposes \$214 million in savings, or 2.1 percent of State Operations spending, from to Executive agencies State Operations resulting from continued workforce management, recent closures of facilities, and the elimination of excess capacity, all of which are expected to result in lower personal service and fringe benefits costs. Additional savings are expected through operational efficiencies as agencies continue to redesign operations to improve service delivery, reduce costs, and the elimination of duplicative functions, consistent with a zero-growth directive from the Division of the Budget.
- **Independent Officials/University Systems:** The Executive proposes \$51 million in savings, or 2.1 percent of State Operations spending from the Legislature, Judiciary, State Comptroller, and the Department of Law, whose budgets do not propose spending increases for SFY 2013-14.
- **Health Insurance Rate Renewal:** The Executive proposes health insurance spending for state employees of \$3.04 billion. The Executive proposes \$89 million in savings, or 2.9 percent of total health insurance spending, related to health insurance rate renewals due to a lower than anticipated health insurance rate increase for the Empire Plan during 2013.
- **Fringe Benefits/ Fixed Costs:** The Executive proposes to save \$80 million in fringe benefit costs through the elimination of Federal Medicare Part B reimbursements for single retirees with an income of over \$85,000 and married retirees with incomes above \$170,000, and interest savings derived by making monthly payments to the State's pension system.

- **State Operations Interchange:** The Executive budget would reauthorize language included in the State Operations appropriations bill that would allow for the interchange of funds among certain agencies to support the consolidation of common administrative and information technology functions. Interchange language to allow mental hygiene and human service agencies to coordinate services for vulnerable persons would be continued as well. New authorization is sought to allow for the interchange of appropriations among certain agencies to consolidate laboratory services.
- **Workforce Summary:** The Executive proposes a State workforce of 180,438 for SFY 2013-14. This represents a net decrease of 127 full time equivalents (FTEs) below SFY 2012-13, with facility closures at the Office of Children and Family Services (OCFS), the Office of Mental Health (OMH) and the Department of Corrections and Community Supervision (DOCCS).
- **Proposals to Merge or Consolidate State Agencies, and to Eliminate Certain Boards and Commissions:** Following the enactment of the SFY 2012-13 budget, the Executive implemented a consolidation of certain functions common to all state agencies as follows:
 - Over 3,300 Information Technology professionals were transferred to the Office of Information Technology Services, pursuant to actions taken in SFY 2012-13; and
 - By the end of 2013-14, the finance and/or human resources activities of over 50 agencies will have been consolidated into the Business Services Center within the Office of General Services.

The Executive proposes to merge and consolidate additional state agency functions in SFY 2013-14 as follows:

- Merge 29 agency print shops into four agencies;
- State Medicaid Administration activities would be streamlined under the Department of Health;
- The operations of the Commission on Quality of Care and Advocacy for Persons with Disabilities would be shifted to the recently created Justice Center for the Protection of People with Special Needs;
- Merge the Office of the Welfare Inspector General with the Office of the Inspector General;
- Transfer the Homeless Housing Assistance program from the Office of Temporary Disability Assistance to the Division of Homes and Community Renewal;
- Merge the Governor's Office of Employee Relations (GOER) with the Department of Civil Service to create a single state Employee Workforce Development Center;

- Coordinate and consolidate statewide lab functions;
 - Coordinate health insurance purchasing between the Department of Health and the Department of Civil Service; and
 - Consolidate State warehouse functions beginning with new policies to ensure a sound and reliable inventory system.
- **Pension Contribution Stabilization Option:** The Executive proposal would offer local governments and school districts a plan which offers a stable pension contribution option. Under this proposal, local governments and school districts would be given the option to “lock in” long-term, stable rate pension contributions for a period to be determined by the Comptroller and the Teachers’ Retirement System. The initial rates would be as follows:
- 12 percent for the New York State and Local Employees’ Retirement System (NYSLERS);
 - 12.5 percent for the New York State Teachers’ Retirement System (NYSTRS); and
 - 18.5 percent for the New York State and Local Police and Fire Retirement System (NYSLPFRS).

By comparison, the stable rates would be less than the scheduled contribution rates of 20.9 percent for the NYSLERS, 16.5 percent for NYSTRS and 28.9 percent for the NYSLPFRS.

After five years, the Comptroller and the Teachers’ Retirement system could elect to increase the rate by up to two percentage points. After ten years, the rates could again be increased or decreased by up to two percentage points.

Table 17
Workforce Impact Summary
All Funds
FY 2012 Through FY 2014

	FY 2012 Actuals (02/29/12)	Starting Estimate (03/31/13)	Other Placements	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/14)
Major Agencies									
Children and Family Services, Office of	3,093	3,263	(224)	(226)	75	0	(200)	(575)	2,688
Corrections and Community Supervision, Department of	29,387	29,337	0	(2,072)	2,206	0	0	134	29,471
Education Department, State	2,590	2,664	0	(208)	309	0	0	101	2,765
Environmental Conservation, Department of	2,981	2,916	0	(52)	52	0	0	0	2,916
Financial Services, Department of	1,337	1,243	0	(78)	172	0	0	94	1,337
General Services, Office of	1,298	1,352	0	(15)	94	0	8	87	1,439
Health, Department of	4,761	4,635	0	(1,097)	1,486	0	(4)	385	5,020
Information Technology Services, Office of	537	3,835	0	0	55	0	0	55	3,890
Labor, Department of	3,717	3,621	0	(308)	299	0	0	(9)	3,612
Mental Health, Office of	14,822	14,453	(384)	(1,087)	1,598	0	0	127	14,580
Motor Vehicles, Department of	2,378	2,219	0	(73)	69	0	0	(4)	2,215
Parks, Recreation and Historic Preservation, Office of	1,735	1,719	0	(52)	52	0	0	0	1,719
People with Developmental Disabilities, Office for	20,299	19,834	0	(1,832)	586	0	(3)	(1,249)	18,585
State Police, Division of	5,187	5,232	0	(273)	449	0	0	176	5,408
Taxation and Finance, Department of	4,910	4,175	0	(86)	287	0	3	204	4,379
Temporary and Disability Assistance, Office of	2,039	1,860	0	(180)	221	0	(11)	30	1,890
Transportation, Department of	8,974	8,359	0	(293)	271	0	0	(22)	8,337
Workers' Compensation Board	1,306	1,195	0	(15)	41	0	(1)	25	1,220
Subtotal - Major Agencies	111,351	111,912	(608)	(7,947)	8,322	0	(208)	(441)	111,471
Minor Agencies	8,228	7,816	0	(309)	415	0	208	314	8,130
Subtotal - Subject to Direct Executive Control	119,579	119,728	(608)	(8,256)	8,737	0	0	(127)	119,601
University Systems									
City University of New York	12,961	13,024	0	0	0	0	0	0	13,024
State University Construction Fund	151	152	0	0	0	0	0	0	152
State University of New York	42,800	43,249	0	0	0	0	0	0	43,249
Subtotal - University Systems	55,912	56,425	0	0	0	0	0	0	56,425
Independently Elected Agencies									
Audit and Control, Department of	2,410	2,614	0	0	0	0	0	0	2,614
Law, Department of	1,697	1,798	0	0	0	0	0	0	1,798
Subtotal - Independently Elected Agencies	4,107	4,412	0	0	0	0	0	0	4,412
Grand Total	179,598	180,565	(608)	(8,256)	8,737	0	0	(127)	180,438

Workforce Impact Summary (continued)

All Funds

FY 2012 Through FY 2014

	FY 2012 Actuals	Starting Estimate	Other Placements	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate
Minor Agencies									
Adirondack Park Agency	55	54	0	0	0	0	0	0	54
Aging, Office for the	105	100	0	(11)	11	0	0	0	100
Agriculture and Markets, Department of	482	471	0	(20)	20	0	0	0	471
Alcoholic Beverage Control, Division of	116	127	0	0	0	0	0	0	127
Alcoholism and Substance Abuse Services, Office of	816	764	0	(66)	66	0	0	0	764
Arts, Council on the	27	28	0	(4)	4	0	0	0	28
Budget, Division of the	300	290	0	(17)	17	0	0	0	290
Civil Service, Department of	386	324	0	0	26	0	0	26	350
Correction, Commission of	28	29	0	0	0	0	0	0	29
Criminal Justice Services, Division of	583	423	0	0	20	0	0	20	443
Deferred Compensation Board	4	4	0	0	0	0	0	0	4
Economic Development, Department of	140	152	0	(1)	0	0	0	(1)	151
Elections, State Board of	56	58	0	0	0	0	0	0	58
Employee Relations, Office of	39	50	0	0	0	0	0	0	50
Environmental Facilities Corporation	78	0	0	0	0	0	0	0	0
Executive Chamber	127	136	0	(24)	24	0	0	0	136
Financial Control Board, New York State	14	14	0	0	0	0	0	0	14
Gaming Commission, New York State	0	434	0	0	0	0	0	0	434
Higher Education Services Corporation, New York State	483	460	0	(13)	0	0	0	(13)	447
Homeland Security and Emergency Services, Division of	409	388	0	(23)	23	0	(1)	(1)	387
Housing and Community Renewal, Division of	723	688	0	(45)	40	0	9	4	692
Hudson River Valley Greenway Communities Council	1	1	0	0	0	0	0	0	1
Human Rights, Division of	187	168	0	(10)	6	0	0	(4)	164
Indigent Legal Services, Office of	4	10	0	0	0	0	0	0	10
Inspector General, Office of the	60	68	0	0	0	0	4	4	72
Interest on Lawyer Account	8	8	0	0	0	0	0	0	8
Judicial Commissions	48	0	0	0	0	0	0	0	0
Judicial Conduct, Commission on	0	49	0	0	1	0	0	1	50
Justice Center for the Protection of People with Special Needs	0	0	0	0	0	0	280	280	280
Labor Management Committees	75	77	0	0	0	0	0	0	77
Lieutenant Governor, Office of the	5	7	0	(1)	1	0	0	0	7
Lottery, Division of the	318	0	0	0	0	0	0	0	0
Medicaid Inspector General, Office of the	562	476	0	(30)	40	0	0	10	486
Military and Naval Affairs, Division of	397	426	0	0	0	0	0	0	426
Prevention of Domestic Violence, Office for	23	27	0	(1)	1	0	0	0	27
Public Employment Relations Board	32	33	0	0	0	0	0	0	33
Public Ethics, Joint Commission on	33	45	0	0	8	0	0	8	53
Public Service Department	461	496	0	(24)	24	0	0	0	496
Quality of Care and Advocacy for Persons With Disabilities, Commission on	80	80	0	0	0	0	(80)	(80)	0
Racing and Wagering Board, State	102	0	0	0	0	0	0	0	0
State, Department of	568	537	0	(19)	49	0	0	30	567
Statewide Financial System	109	115	0	0	30	0	0	30	145
Tax Appeals, Division of	25	27	0	0	0	0	0	0	27
Veterans' Affairs, Division of	88	98	0	0	0	0	0	0	98
Victim Services, Office of	67	70	0	0	4	0	0	4	74
Welfare Inspector General, Office of	4	4	0	0	0	0	(4)	(4)	0
Subtotal - Minor Agencies	8,228	7,816	0	(309)	415	0	208	314	8,130



ENVIRONMENT, AGRICULTURE AND ENERGY

In State Fiscal Year (SFY) 2013-14, the Executive provides \$90 million in New York Works capital funding for environment, parks and agriculture, which is \$106 million below appropriations for these purposes made in SFY 2013-14.

Table 18

New York Works Infrastructure Investment	
(\$ in Millions)	
Office of Parks, Recreation and Historic Preservation	45.0
Department of Environmental Conservation	40.0
Department of Agriculture and Markets	2.5
Olympic Regional Development Authority	<u>2.5</u>
TOTAL	\$90.0

- **New York Works Program:** The Executive Budget proposal provides \$90 million in new capital appropriations, including:
- \$45 million for the Office of Parks, Recreation and Historic Preservation (OPRHP) to support health and safety projects and critical infrastructure rehabilitation, which is \$44.27 million below SFY 2012-13 funding levels,
 - \$40 million for the Department of Environmental Conservation to address capital needs including projects at its recreational facilities, funding for the Environmental Restoration Program (Municipal Brownfields), e-business initiatives, capping high-risk abandoned oil and gas wells, and capital grants for clean water infrastructure projects. This is \$61.74 million below SFY 2012-13 funding levels,
 - \$2.5 million for the Olympic Regional Development Authority for infrastructure projects, which is \$2.5 million below SFY 2012 funding levels, and
 - a new \$2.5 million to the Department of Agriculture and Markets for State Fairground rehabilitation.

- **Environmental Protection Fund (EPF):** The Executive Budget includes \$153 million for the programs supported by the EPF, an increase of \$19 million from SFY 2012-13. Of the increase, \$15 million is supported by the transfer of unclaimed bottle bill deposit receipts and \$4 million is funded by increased enforcement of the unclaimed deposit program.

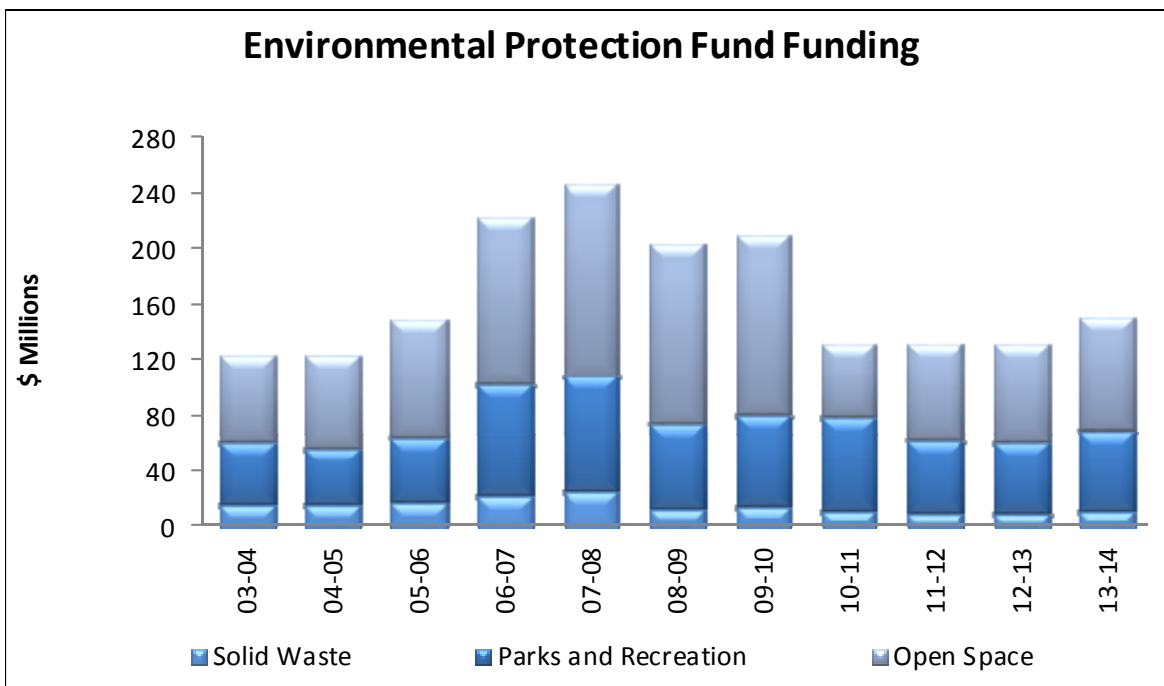


Figure 2

- **Cleaner, Greener Communities Program:** The Executive proposes to transfer \$15 million from the Regional Greenhouse Gas Initiative (RGGI) into the General Fund, which would in turn be replaced by \$25 million in bonded capital. The \$10 million net increase would be used for grants to private, not-for-profit and municipal entities to fund energy efficiency and renewable energy projects.
- **Energy Highway:** The Executive Budget proposes an appropriation of \$3.25 million in intervenor funds to support additional line-siting projects as part of the Energy Highway Initiative.
- **Utility Enforcement:** The Executive Budget would initiate the Moreland Commission recommendations to strengthen the Public Service Commission’s oversight and enforcement mechanisms to ensure that public utility companies are held accountable and responsive to regulators and customers.
- **New York Grown Agricultural Products:** The Executive Budget includes \$40,000 for a new program to evaluate and test hop varieties.
- **18(a) Utility Assessment:** The Executive Budget would continue the current 18(a) utility assessment through March 31, 2019. The current assessment expires on March 31, 2014 and generates \$510 million annually.

- **Agricultural Programs:** The Executive eliminates a variety of agricultural support programs totaling \$4.93 million including: Long Island Rabies (\$100,000), Northern New York Agricultural Development (\$500,000), Equine Encephalitis (\$150,000), the Tractor Rollover Program (\$100,000), and the Maple Producers Program (\$100,000).



ECONOMIC DEVELOPMENT

The Executive provides \$508.3 million in new appropriations for various economic development initiatives within the Department of Economic Development (DED) and the Empire State Development Corporation (ESDC), a 22.02 percent overall decrease from SFY 2012-13 spending levels. In addition, a \$720 million capital appropriation is proposed for the Transformative Projects Program which brings the total of proposed initiatives in Economic Development to \$1.23 billion.

Table 19

Proposed Initiatives: Economic Development	
(\$ in Millions)	
Transformative Projects Program	720.0
New York Works Economic Development Fund Program	165.0
Regional Economic Development Councils	150.0
NY-SUNY and NY-CUNY 2020 Challenge Grant Programs	110.0
Buffalo Regional Innovation Cluster	75.0
Western New York Football Retention Efforts	60.0
NY Innovation Venture Capital Fund	50.0
Market New York Program	5.0
Taste-NY Program	2.0
Innovation Hot Spots Program	1.3
TOTAL	1,228.3

- **Transformative Projects Program:** The Executive Budget includes a \$720 million appropriation to promote transformative economic development and infrastructure initiatives, and may support projects that adapt infrastructure to extreme weather events and climate change. A minimum of \$360 million of the appropriation would be made available for competitive allocation by the Regional Economic Development Councils.
- **New York Works Economic Development Fund:** The Executive proposes \$165 million in new capital funding to support job creation and retention efforts and capital investments that facilitate business expansion and the attraction of new businesses.
- **Regional Economic Development Councils:** The Executive recommends a continued capital appropriation of \$150 million to support a third round of competitive Regional Council awards. In addition, \$70 million in Excelsior tax credits would also be made available for allocation through a competitive process.

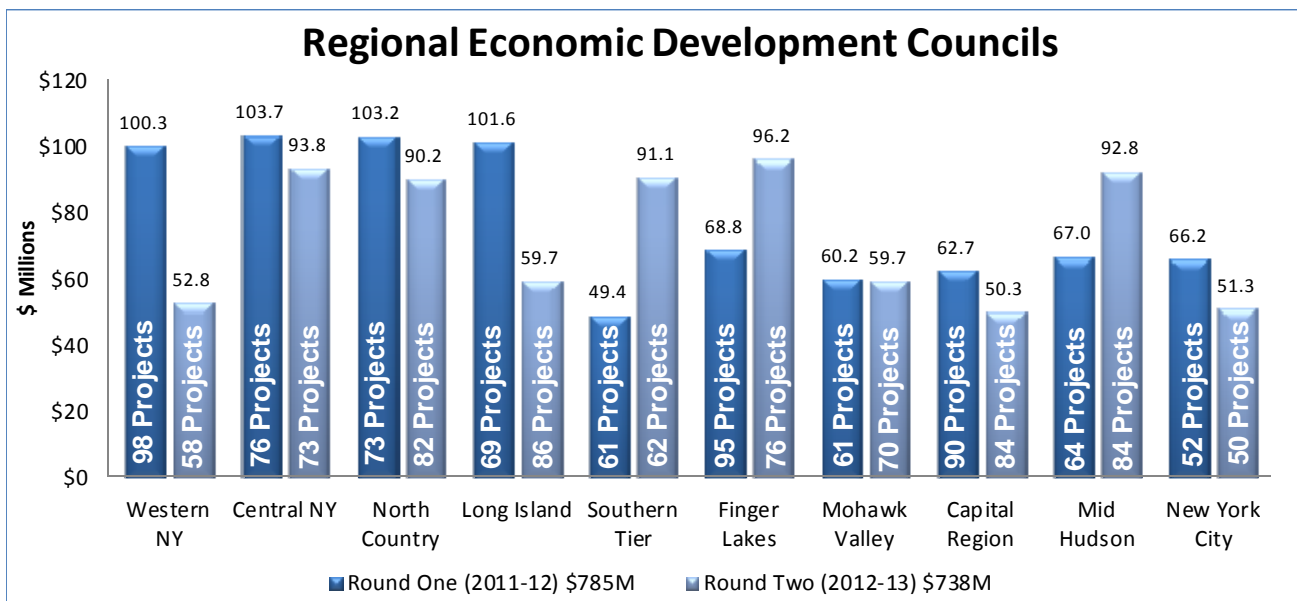


Figure 3

- **NY-SUNY and NY-CUNY 2020 Challenge Grant Programs:** The Executive proposal includes a \$55 million appropriation for a third round of NY-SUNY 2020 Challenge Grants. The Executive also proposes a new NY-CUNY 2020 grant program for CUNY schools and provides \$55 million for this purpose.
- **Buffalo Regional Innovation Cluster:** The Executive provides \$75 million in capital and \$25 million in Excelsior tax credits as a second installment toward a multi-year benefit package for the City of Buffalo and the Western New York Region. The Western New York Regional Council is responsible for developing a plan to leverage these funds through public-private partnerships.
- **Western New York Football:** The Executive proposes appropriations totaling \$60.5 million to support the retention of football in Western New York, which includes: \$53.9 million for renovation of the Ralph Wilson Stadium; as well as \$4.4 million in local assistance and \$2.2 million in working capital.
- **NYS Innovation Venture Capital Fund:** The Executive proposes \$50 million in support for a new NYS Innovation Venture Capital Fund which would provide funding for new business creation and growth as well as funds to spur the introduction of goods and services to market. This Fund would be supported by a \$40 million transfer from the New York Power Authority, an \$8 million suballocation from the State Small Business Credit Initiative, and a \$2 million allotment from the Small Business Technology Investment Fund.
- **New York Open for Business:** With New York Power Authority resources totaling \$50 million, the New York Open for Business initiative will receive continued support to provide marketing efforts to promote the benefits of investing and doing business in New York State.
- **Market New York:** The Executive provides \$5 million in new competitive funding to support tourism marketing plans that promote regional attractions through regional collaborations.

- **Taste-NY:** The Executive provides a \$2 million appropriation for a new “Taste-NY” program to promote locally grown or produced food products, beer, wine and/or spirits through a strategy that combines the development of retail venues with marketing and branding.
- **Innovation Hot Spots Program:** Under this proposal, \$1.25 million will be awarded for the operating costs of high tech incubators in five “Innovation Hot Spots,” as designated by the Regional Economic Development Councils. Designated Hot Spots would become tax free zones to promote an entrepreneurial environment.
- **Continuing Support for Existing Programs:** The Executive maintains funding for various economic development programs at prior year’s levels totaling \$42.4 million. This includes support for Centers for Advanced Technology (\$13.8 million), Manufacturing Extension Partnership Program (\$6 million), Centers of Excellence (\$5.2 million), as well as other economic development programs and services.



LOCAL GOVERNMENTS

Table 20

Impact of 2013-14 Executive Budget Recommendations on Local Governments						
Local Fiscal Years Ending 2014						
(\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid	561.0	224.0	337.0	0.0	0.0	0.0
- Allocated School Aid	561.0	224.0	337.0	0.0	0.0	0.0
Revenue Actions	27.4	21.6	0.1	4.8	0.5	0.4
- Suspended Delinquent Taxpayers' Drivers Licenses	11.0	8.3	0.1	2.0	0.3	0.3
- Extend Charitable Deduction Limit	7.5	7.5	0.0	0.0	0.0	0.0
- Extend Tax Modernization Provisions	3.8	1.5	0.0	2.0	0.2	0.1
- Allow for Warrantless Wage Garnishment	2.0	2.0	0.0	0.0	0.0	0.0
- Close Royalty Income Loophole	1.3	1.3	0.0	0.0	0.0	0.0
- Expand Sales Tax Registration Clearance	0.9	0.5	0.0	0.4	0.0	0.0
- Expand Tobacco Retailer Registration Clearance	0.9	0.5	0.0	0.4	0.0	0.0
Human Services	0.3	0.0	0.0	0.3	0.0	0.0
- Expand Juvenile Justice Close To Home Initiative	0.3	0.0	0.0	0.3	0.0	0.0
Health/ Medicaid	5.9	2.5	0.0	3.4	0.0	0.0
- Reform Early Intervention	4.3	2.3	0.0	2.0	0.0	0.0
- Increase GPHW Base Grant	1.3	0.1	0.0	1.2	0.0	0.0
- Provide GPHW Incentive Payments	0.3	0.1	0.0	0.2	0.0	0.0
Transportation	21.1	9.4	0.0	11.7	0.0	0.0
- Increase Transit Assistance (NYC, Suffolk, Nassau, Rockland, Westchester)	21.1	9.4	0.0	11.7	0.0	0.0
Subtotal	615.7	257.5	337.1	20.2	0.5	0.4
- School Aid - Fiscal Stabilization Fund	203.0	TBD	TBD	0.0	0.0	0.0
- School Aid - State of the State Initiatives	75.0	TBD	TBD	0.0	0.0	0.0
- School Aid - Performance Grants	50.0	TBD	TBD	0.0	0.0	0.0
Total 2013-14 Executive Budget Actions	943.7	257.5	337.1	20.2	0.5	0.4

For local government fiscal years ending in 2014, the Executive Budget would increase overall Local Aid by \$943.7 million. The largest component of the impact on local governments is the proposed increase of \$561 million in School Aid. The Executive Budget further proposes an additional \$203 million in Fiscal Stabilization Funds, \$75 million for new school aid initiatives noted in the State of the State, and \$50 million for Performance Grants.

Some significant actions of the Executive Budget that would affect local governments are:

- **Stable Pension Contribution:** The Executive proposes a Stable Rate Pension Contribution Option for municipalities. This new option would allow local governments and school districts to “lock in” a lower stable pension contribution rate for a period of time approved by the Comptroller and Teachers’ Retirement System. The Executive Stable Rate Pension contribution options are in the table below:

Table 21

Pension Contribution Rates		
	Current	Proposed
Employees' Retirement System (ERS)	20.9%	12%
Teachers' Retirement System (TRS)	16.5%	12.5%
Police & Fire Retirement System (PFRS)	28.9%	18.5%

- **Early Intervention and General Public Health Work Program:** The Executive Budget proposes a series of program modifications to expand insurance coverage and streamline eligibility determinations to Early Intervention recipients. The Executive proposes various fiscal incentives and relief to counties that administer the General Public Health Work Program.
- **Reporting Requirements:** The Executive proposes to eliminate all reporting requirements on local governments and schools districts as of April 1, 2014. The Executive proposes the Mandate Relief Council be responsible for approving the continuation of such reports.
- **Preschool Special Education Reform:** The Executive proposes to increase recoveries from fraudulent and inappropriate spending by providers, in counties and New York City from 40.5 to 75 percent of all recoveries from local audits. In addition, New York City would be given the authority to competitively negotiate rates with Preschool Special Education providers.
- **Local Sales Tax Rate Renewals:** The Executive proposes to allow counties to renew the current (biennial) sales tax authority without further State legislation, by a majority vote of the county legislative body.
- **Binding Arbitration Reform for Fiscally Distressed Municipalities:** The Executive proposes to reform the arbitration panel determinations for local governments deemed fiscally distressed and limit future arbitration awards from increasing the cost of the employees' collectively bargained compensation package by more than two percent per year.

Municipal Aid

- **Aid & Incentives for Municipalities (AIM) – Local Aid:** The Executive Budget for State Fiscal Year (SFY) 2013-14 would provide \$714.7 million in AIM for cities, towns and villages, maintaining the same level of funding from the prior fiscal year.
- **Aid & Incentives for Municipalities (AIM) – Local Government Efficiency Grants:** The Executive proposes to provide \$4 million for Local Government Efficiency Grants. This grant program would provide local governments with funding for costs associated with efficiency projects such as consolidation or shared services. The Executive proposes to increase the local match for Local Government Efficiency Grants from 10 percent to 50 percent. The maximum state award would be reduced from \$25,000 to \$12,500 per municipality, and from \$200,000 to \$100,000 per grant.

- **Local Government Performance and Efficiency Program:** The Executive Budget proposal maintains \$40 million for competitive one-time awards of up to \$25 per capita, not to exceed \$5 million, for local governments that have achieved efficiencies and performance improvements.
- **Citizens Reorganization Empowerment Grants:** The Executive Budget would maintain funding for grants of up to \$100,000 for local governments to cover costs associated with studies, plans and implementation efforts related to local government reorganization activities. The Executive proposes the local match for planning or study grants to increase from 10 percent to 50 percent. Upon approval, the 40 percentage increase in local match would be refunded. The 10 percent local match for planning or study grants for citizen petition or for implementation grants remains unchanged. These grants would share a \$35 million appropriation with the Citizen Empowerment Tax Credits.
- **Other Local Government Programs:** The Executive proposes to decreased Miscellaneous Financial Assistance for Madison and Oneida counties by \$40,000 to \$1.98 million. The Executive would maintains all other programs at the existing levels, including Video Lottery Terminal (VLT) Impact Aid, Small Government Assistance Grants for Essex, Franklin and Hamilton counties, and Efficiency Incentive Grants for Erie County and the City of Buffalo.

Table 22

2013-14 Executive Budget---Aid and Incentives for Municipalities Proposal

Municipality	2012-13	Proposed YTY Dollar Change from	2013-14 Proposed
	AIM Enacted Budget	2012-13	AIM Funding
BUFFALO	161,285,233	0	161,285,233
YONKERS	108,215,479	0	108,215,479
ROCHESTER	88,234,464	0	88,234,464
SYRACUSE	71,758,584	0	71,758,584
NIAGARA FALLS	17,794,424	0	17,794,424
UTICA	16,110,473	0	16,110,473
ALBANY	12,607,823	0	12,607,823
TROY	12,279,463	0	12,279,463
SCHENECTADY	11,205,994	0	11,205,994
BINGHAMTON	9,249,457	0	9,249,457
ROME	9,083,340	0	9,083,340
MOUNT VERNON	7,155,691	0	7,155,691
NEW ROCHELLE	6,162,927	0	6,162,927
LACKAWANNA	6,309,821	0	6,309,821
WHITE PLAINS	5,463,256	0	5,463,256
AUBURN	4,982,093	0	4,982,093
WATERTOWN	4,703,208	0	4,703,208
JAMESTOWN	4,572,280	0	4,572,280
NEWBURGH	4,464,656	0	4,464,656
ELMIRA	4,578,801	0	4,578,801
POUGHKEEPSIE	4,248,021	0	4,248,021
NORTH TONAWANDA	4,335,111	0	4,335,111
LONG BEACH	3,152,704	0	3,152,704
KINGSTON	3,069,151	0	3,069,151
GLEN COVE	2,837,667	0	2,837,667
AMSTERDAM	2,866,670	0	2,866,670
MIDDLETOWN	2,705,826	0	2,705,826
COHOES	2,742,886	0	2,742,886
LOCKPORT	2,650,525	0	2,650,525
PLATTSBURGH	2,648,880	0	2,648,880
ITHACA	2,610,398	0	2,610,398
TONAWANDA	2,602,104	0	2,602,104
OSWEGO	2,451,698	0	2,451,698
GLOVERSVILLE	2,302,592	0	2,302,592
PEEKSKILL	2,219,384	0	2,219,384
OLEAN	2,239,826	0	2,239,826
ONEONTA	2,231,857	0	2,231,857
CORTLAND	2,018,330	0	2,018,330
GENEVA	1,942,613	0	1,942,613
BATAVIA	1,750,975	0	1,750,975
OGDENSBURG	1,708,659	0	1,708,659
SARATOGA SPRINGS	1,649,701	0	1,649,701
ONEIDA	1,700,877	0	1,700,877
FULTON	1,626,822	0	1,626,822
GLENS FALLS	1,607,009	0	1,607,009
DUNKIRK	1,575,527	0	1,575,527
BEACON	1,537,478	0	1,537,478
CORNING	1,499,556	0	1,499,556
HORNELL	1,497,788	0	1,497,788
HUDSON	1,456,991	0	1,456,991
PORT JERVIS	1,406,263	0	1,406,263
JOHNSTOWN	1,388,910	0	1,388,910
WATERVLIET	1,210,193	0	1,210,193
RYE	1,208,024	0	1,208,024
RENSSELAER	1,137,317	0	1,137,317
CANANDAIGUA	1,119,304	0	1,119,304
NORWICH	1,089,279	0	1,089,279
SALAMANCA	928,131	0	928,131
LITTLE FALLS	866,034	0	866,034
MECHANICVILLE	662,392	0	662,392
SHERRILL	372,689	0	372,689
Cities Total	647,093,629	0	647,093,629
TOWNS	47,783,780	6,652	47,790,432
VILLAGES	19,854,292	(6,652)	19,847,640
Total	714,731,701	0	714,731,701



SUPERSTORM SANDY

Superstorm Sandy made landfall in the State of New York in October 2012, resulting in an unprecedented level of damage to communities in the City of New York, Long Island and the lower Hudson Valley. Since that time, the President has called upon Congress to pass a \$60 billion aid package to support recovery, response and mitigation efforts. Of this amount, and assuming Congressional enactment, the Executive projects that the State of New York, its municipalities, homeowners, businesses, public authorities and service providers may be able to access up to \$30 billion.

State Appropriations: Since not every federal assistance program requires a State pass-through, the Executive Budget proposes appropriations of \$20.6 billion for a range of disaster response, recovery and hazard mitigation efforts, many of which were recommended by a series of commissions formed in the wake of Superstorm Sandy (see discussion below). These appropriations are intended to authorize spending over several state fiscal years, including \$1.5 billion for costs incurred in the current fiscal year and \$5.1 billion in State Fiscal Year 2013-14.

Table 23

Federal Appropriations - Disaster Relief (\$ in Millions)		
Bill	Purpose	Amount
State Operations (Misc. appropriation)	Superstorm Sandy Recovery relief, and to mitigate the impact of future natural or man-made disasters.	8,000
Aid to Localities (DHSES appropriations)	Federal share/participation in disaster relief.	12,650
TOTAL		20,650

Capital Assistance: The Executive proposal includes a \$450 million capital appropriation to repair and restore State properties impacted by Superstorm Sandy. The proposed Capital Plan estimates capital outlays for such costs of \$416 million over the next five state fiscal years.

Table 24

Superstorm Sandy Capital Appropriations - State (\$ in Millions)		
Bill	Purpose	Amount
Capital (Misc. appropriation)	Advance payments for restoration of State properties - Transformative Capital Fund	450

The Executive assumes that Federal aid will cover about \$393 million in capital recovery costs to repair state assets, leaving the State share of capital costs at \$23 million.

Table 25

Superstorm Sandy Capital Obligations (\$ in Millions)					
New Obligations 2014	Capital Spend Out				
	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018
450	166	72	55	81	41

- **Disaster Relief Commissions:** Following Superstorm Sandy, Governor Cuomo convened four commissions that were charged to study the State’s collective response to Sandy as well as other recent natural disasters. The NYS Ready, NYS Respond, NYS 2100, and Moreland Act Commissions presented their findings in January 2013, and made a series of recommendations to improve the State’s readiness for future natural or man-made disasters, which include:
- *Community Reconstruction and Mitigation Plans:* These plans will be created by each Community Reconstruction Zone, and Community Development Block Grant (CDBG) program criteria and target numbers will be used to govern the program.
 - *Recreate NY Smart Home and Recreate NY Home Buy-Out Programs:* These programs will ensure that New York rebuilds to modern building standards and, in locations where rebuilding is impractical, provide a voluntary home buyout alternative.
 - *Rebuilding and Hardening of Critical Infrastructure:* Investments will be made in the areas of transportation, fuel supply, water supply, wastewater treatment systems, and electric distribution and flood protection systems.
 - *Repair and Build Natural Infrastructure to Protect Coastal Communities:* Restore damaged beaches, dunes and berms, and build new natural infrastructure to reduce the impact of wave action, storm surges, and rising sea levels.
 - *Repair and Rebuilding Health Care Systems:* Improvements will be made at hospitals, nursing homes and clinics to ensure these facilities are more resilient to future storms.
 - *Financial Assistance:* Resources will be made available for businesses, local governments and others affected by the storm.
 - *Universal Protocols for Emergency Response:* Improves coordination among State and local emergency response professionals and would develop a training program which covers incident command, response, recovery, and State emergency protocols.
 - *Specialized Training for National Guard Members:* Training will be provided in key emergency response categories.

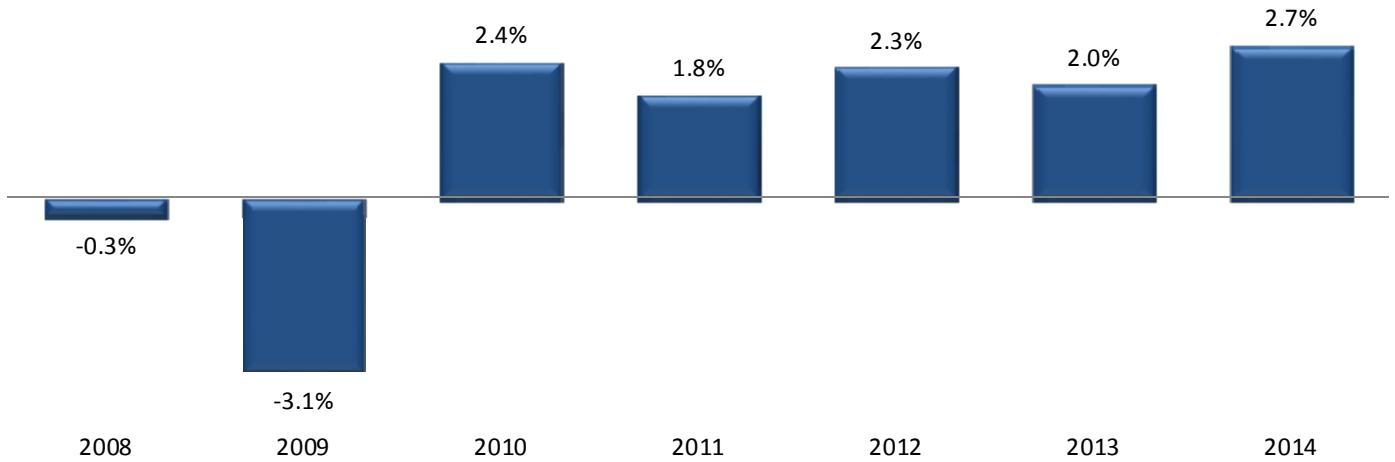
- *Design/Build Projects*: would be authorized to allow for a more expeditious disaster recovery effort.
- *Strengthen the oversight and enforcement mechanisms of the Public Service Commission*: measures are advanced to ensure public utility companies are held accountable and responsive to regulators and customers.



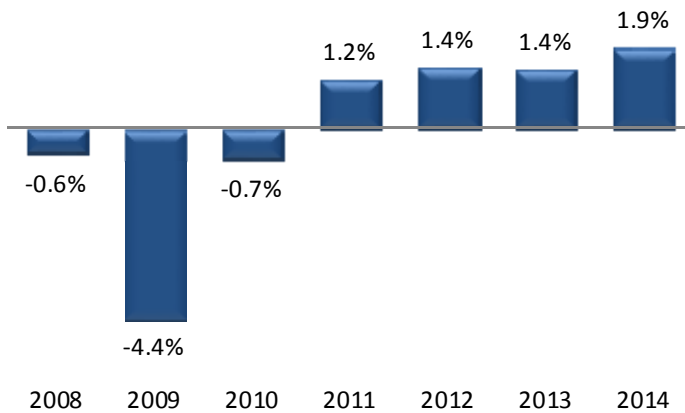
Economy

Economic Snapshot

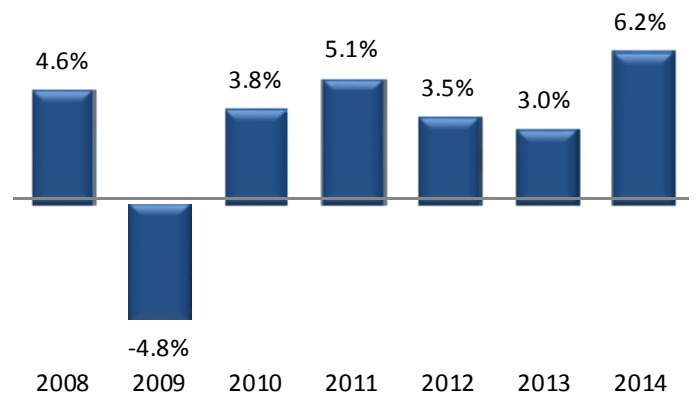
U.S. GDP Growth



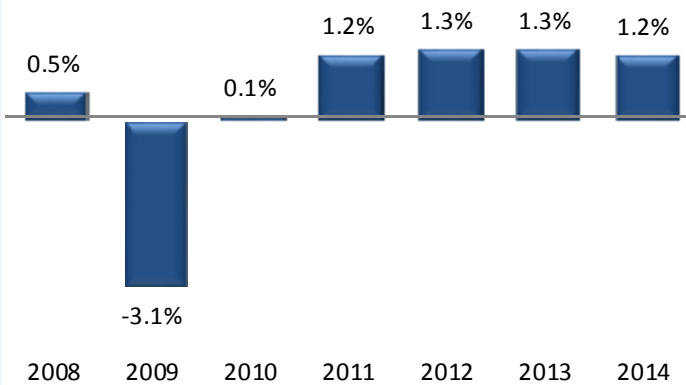
U.S. Employment Growth



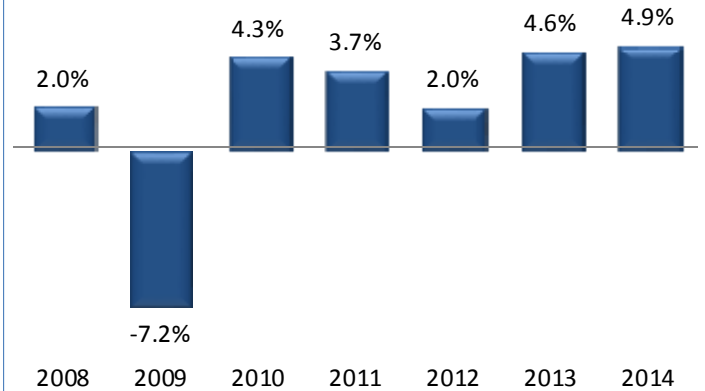
U.S. Personal Income Growth



NYS Employment Growth



NYS Wage Growth



Note: Forecast values are as reported in the Executive Budget.

Sources: NYS Division of the Budget, 2013-14 NYS Executive Budget; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics.



ECONOMY

ECONOMIC FORECAST SUMMARY

The National Economy: The U.S. economy continued to struggle to gain momentum in 2012. The Executive estimates that the economy, as measured by Gross Domestic Product (GDP) grew 2.3 percent in 2012. The Executive forecasts GDP for 2013 to slow to 2.0 percent as the economy is affected by the fiscal drag from the American Taxpayer Relief Act of 2012. However, a solid housing recovery, strong auto demand, the unwinding of the effects from the drought and hurricane, and the ongoing expansion of energy production will contribute to growth.

Table 26

U.S. Economic Forecast Comparison			
	2012	2013	2014
Real Gross Domestic Product (GDP)			
(2005 chained percent change)			
Division of the Budget	2.3	2.0	2.7
Blue Chip Consensus	2.2	2.0	2.6
Moody's Economy.com	2.3	2.1	NA
Global Insight	2.2	1.9	2.7
Macroeconomic Advisers	2.3	2.3	2.9
Consumer Price Index (CPI)			
(percent change)			
Division of the Budget	2.1	2.1	2.2
Blue Chip Consensus	2.1	1.9	2.1
Moody's Economy.com	2.1	2.1	NA
Global Insight	2.1	1.4	1.8
Macroeconomic Advisers	2.1	1.5	1.8
Unemployment Rate			
(percent)			
Division of the Budget	8.1	7.6	7.1
Blue Chip Consensus	8.1	7.7	7.3
Moody's Economy.com	8.1	7.7	NA
Global Insight	8.1	7.7	7.4
Macroeconomic Advisers	8.1	7.7	7.4
Note: Numbers are as reported in the Executive Budget 2013-14 released on January 22, 2013. Source: New York State Division of the Budget.			

- **Consumption:** Despite an improvement in household balance sheets, the Executive posits continued slow consumer spending as contractionary fiscal policy depresses disposable income.

Real consumption spending is projected by the Executive to grow 1.9 percent in 2013, following growth of 1.9 percent in 2012.

- **Investment:** The Executive estimates that nonresidential fixed investment spending grew by 7.5 percent in 2012. Nonresidential investment spending is forecast to slow to 4.6 percent in 2013. The slowdown in 2013 is driven by smaller gains in equipment and software spending, and nonresidential structure spending. The Executive forecasts residential fixed investment spending to have double-digit growth rates through the beginning of 2015 as the housing market continues on an expansionary path.
- **Government Spending:** The Executive forecasts that overall government spending will fall by 0.9 percent in 2013, following a decline of 1.2 percent in 2012. In addition, the Executive projects that state and local government spending, adjusted for inflation, will decline another 1.0 percent in 2013 after falling 1.4 percent in 2012. According to the Executive, the smaller decline in state and local government spending in 2013 can be attributed to many states' revenues returning to, or projected to return to, peak collection by the close of their current fiscal years.
- **Employment:** Employment is expected to grow by 1.4 percent in 2013, the same as in 2012. The Executive anticipates that the unemployment rate will fall to 7.6 percent in 2013 from 8.1 percent in 2012 implying a continued high degree of slack in the labor market.
- **Inflation:** The Executive forecasts inflation, as measured by the Consumer Price Index (CPI), to grow 2.1 percent in 2013, following the same growth rate of 2012. The Executive suggests that inflation remains anchored as domestic demand continues to be weak and that has limited producers' ability to pass price increases through to consumers.
- **Corporate Profits:** The Executive projects corporate profits will grow by 4.7 percent in 2013, following growth of 6.3 percent in 2012. The Division of Budget reasons that fiscal austerity is expected to put downward pressure on domestic nonfinancial profits, while changes in government regulations and falling interest rate margins will restrain domestic financial profits, and profits at international companies will only gradually improve.
- **Stock Market:** The Executive suggests recent movements in stock prices are more a reflection of the fear surrounding the European sovereign debt crisis and domestic political strife than a reflection of corporate earnings. However, in the long run, equity market price growth is expected to be consistent with growth in corporate earnings. With corporate earnings expected to be weak and risk premiums expected to decline, the Executive projects equity market growth in 2013 of 7.8 percent, following growth of 8.8 percent in 2012.

The New York State Economy: The forecast contained in the Executive Budget indicates that for the State the recession ended in December 2009. The Executive forecasts payroll employment and wages in the State to improve in 2013.

- **Employment:** According to the Executive, the State labor market enjoyed strong broad-based private sector employment growth in 2012 until the occurrence of Superstorm Sandy. Total State nonfarm employment grew an estimated 1.3 percent in 2012, 0.1 percentage point below than the nation’s 1.4 percent growth. The Executive forecasts that New York State employment will grow 1.3 percent in 2013, slower than the nation’s employment growth of 1.4 percent (see Figure 4).

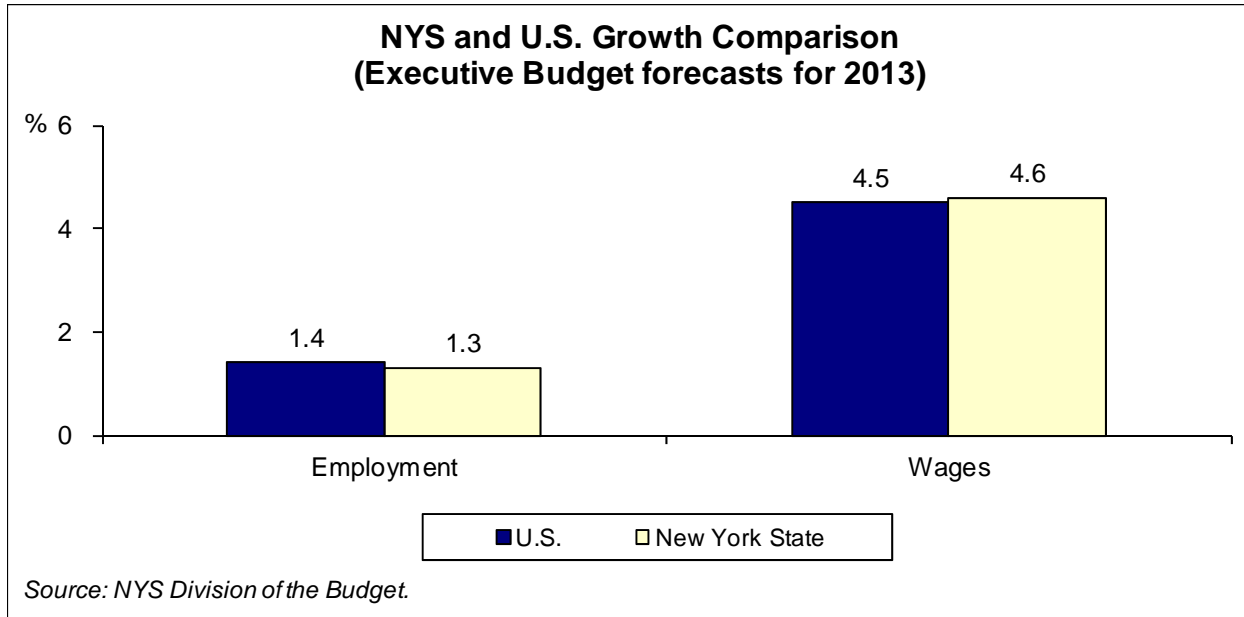


Figure 4

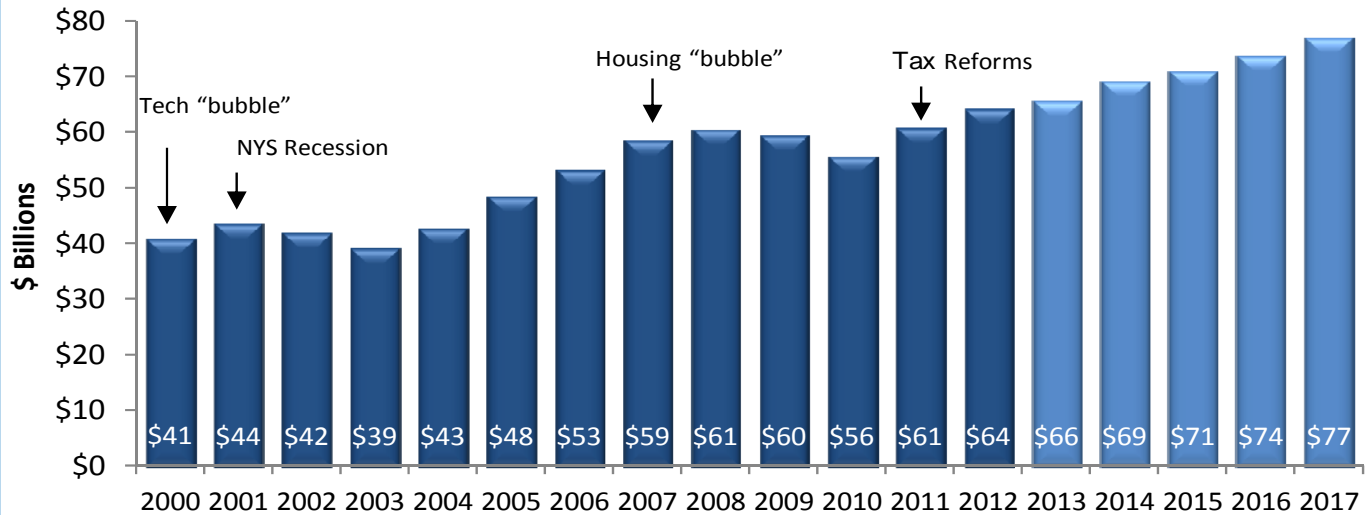
- **Wages:** The Executive estimates that New York State wages grew 2.0 percent in 2012, while national wages grew 3.2 percent. The Executive forecasts that State wage growth will improve to 4.6 percent in 2013 as a result of moderate recovery in finance and insurance bonuses, improving global growth, and improved prospects for public sector wages.
- **Risks:** The Executive acknowledges several risks to the economic forecast presented in the budget. The Executive states that the forecast is based on the assumption that the debt ceiling will be resolved without a major disruption to either the financial markets or the real economy. Uncertainty surrounding the current environment, particularly the foreclosure backlog, global growth, and energy prices present particular risk for the nation as well as the New York State outlook.



Revenue

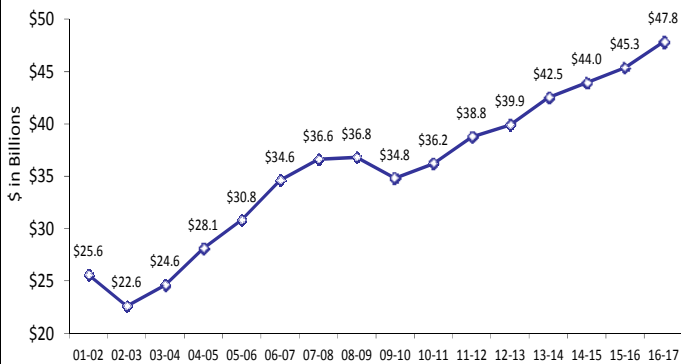
Revenue Snapshot

NYS Total Tax Receipts (SFYs 2000 to 2017)

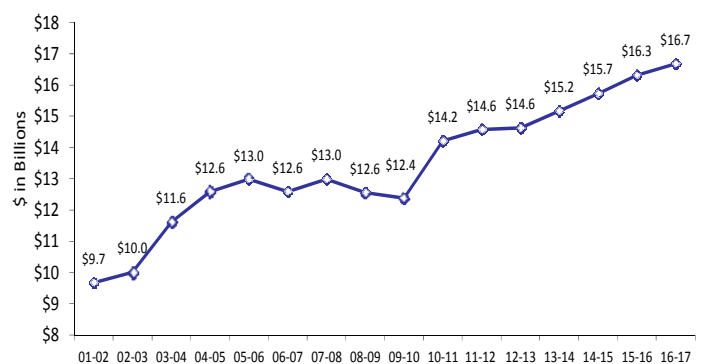


Note: Numbers for 2013 through 2017 are forecasts.

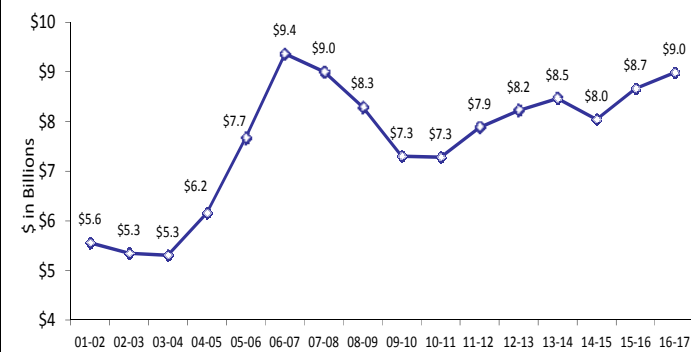
Personal Income Tax Receipts, FY 2002 to 2017



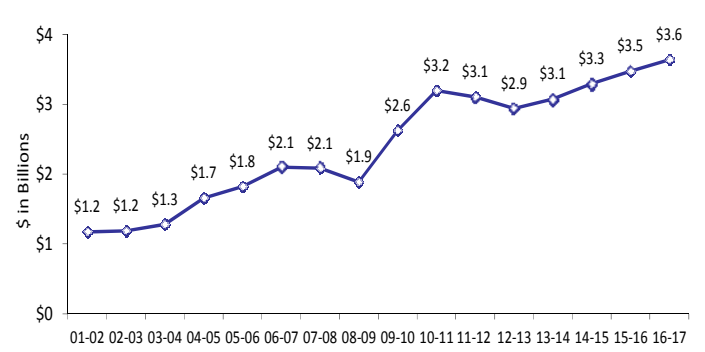
User Tax Receipts, FY 2002 to 2017



Business Tax Receipts, FY 2002 to 2017



Other Tax Receipts, FY 2002 to 2017



Note: Forecast values are as reported in the Executive Budget.

Source: NYS Division of the Budget, 2013-14 NYS Executive Budget.



REVENUE

Table 27

Revenue Forecast Summary (\$ in Millions)					
	2011-12	2012-13	2012-13	Change from	Percent
	Actual	Mid-Year Executive	Executive	2011-12	Growth
Personal Income Tax	38,767	40,161	39,900	1,133	2.9%
User Taxes	14,571	14,784	14,630	59	0.4%
Business Taxes	7,877	8,210	8,226	349	4.4%
Other	3,082	2,986	2,939	(143)	-4.6%
Total Taxes	64,297	66,141	65,695	1,398	2.2%
Miscellaneous Receipts	23,837	24,708	25,000	1,163	4.9%
Federal Funds	44,611	42,503	44,131	(480)	-1.1%
Total	132,745	133,352	134,826	2,081	1.6%

SFY 2012-13 Estimate

- **The Executive estimates SFY 2012-13 All Funds receipts will total \$134.8 billion, or 1.6 percent over the SFY 2011-12 level, an additional \$2.081 billion in receipts.** The majority of the additional revenue, compared to SFY 2011-12, is due to Personal Income Tax receipts growth of 2.9 percent, or \$1.133 billion.
- **The Executive’s current receipts estimate is \$1.47 billion higher than its Mid-Year Financial Plan Update.** This increase is primarily attributed to a \$1.63 billion increase in Federal Funds.
- **The Executive’s current tax receipts estimate is \$445 million lower than its Mid-Year Financial Plan Update.** This decline is primarily attributed to a \$261 million decline in Personal Income Tax receipts estimates and a \$154 million decline in the estimate for User taxes.

Table 28

Revenue Forecast Summary (\$ in Millions)					
	2013-14 Mid-Year Executive	2013-14 Executive	Difference from Executive Mid-Year	Change From 2012-13	Percent Growth
Personal Income Tax	43,172	42,520	(652)	2,620	6.6%
User Taxes	15,304	15,167	(137)	537	3.7%
Business Taxes	8,440	8,460	20	234	2.8%
Other	3,096	3,078	(18)	139	4.7%
Total Taxes	70,012	69,225	(787)	3,530	5.4%
Miscellaneous Receipts	24,036	23,880	(156)	(1,120)	-4.5%
Federal Funds	44,267	49,358	5,091	5,227	11.8%
TOTAL	138,315	142,463	4,148	7,637	5.7%

SFY 2013-14 Forecast

- **The All Funds receipts forecast for SFY 2013-14 is \$142.5 billion or \$7.64 billion over the prior year, or 5.7 percent.** This increase is largely attributed to a \$5.23 billion increase in Federal Funds to cover costs from Superstorm Sandy and the Affordable Care Act.
- **The All Funds tax receipts forecast for SFY 2013-14 is \$69.225 billion or \$3.53 billion over the prior year, or 5.4 percent.** This increase is largely attributed to a \$2.62 billion increase in Personal Income Tax collections over the prior year. This tax revenue forecast is \$787 million below the Mid-Year Financial Plan Update primarily attributable to downward revisions in the Personal Income Tax and User taxes.

Table 29

Executive Revenue Actions				
(\$ in Millions)				
	2013-14	2014-15	2015-16	2016-17
Personal Income Tax	\$100	\$167	\$167	\$97
User Taxes and Fees	31	39	39	39
Business Taxes	0	28	28	28
Other Actions	11	26	26	26
Tax Reductions	0	(1)	(1)	(196)
Total	\$142	\$259	\$259	(\$6)

Tax and Assessment Actions

The Executive proposes the following revenue actions:

- **Charitable Contributions:** Extends for three years, beginning tax year 2013, the current limitation on charitable contribution deductions for New York State and New York City taxpayers with adjusted gross income over \$10 million (\$70 million in SFY 2013-14, \$140 million in SFY 2014-15 and 2015-16, \$70 million in SFY 2016-17);
- **Make Tax Modernization Provisions Permanent:** The tax modernization provisions, including mandatory e-filing and e-payment for preparers and taxpayers, sales tax payment requirements, and segregated accounts for non-complying vendors, would become permanent. Under current law these provisions are due to expire December 31, 2013 (\$4 million in SFY 2013-14 and \$16 million thereafter in personal income tax; \$2 million SFY 2013-2014 and \$6 million thereafter in user and sales tax);
- **Allow Warrantless Wage Garnishment:** Allow Department of Taxation and Finance (DTF) to garnish wages of delinquent taxpayers without filing a warrant with the Department of State or County Clerks. Wages would only be garnished if a taxpayer rejects DTF's efforts to negotiate a repayment agreement (\$10 million in SFY 2013-14 and thereafter);
- **Establish a Statewide STAR Anti-fraud Protection Program:** Establish an anti-fraud protection program to combat STAR fraud and waste by empowering DTF to confirm eligibility via the tax return. Currently, there is no existing statewide mechanism for assessors to determine whether a homeowner is illegally receiving a STAR exemption on two homes, or on a home that is not the homeowner's primary residence, both of which are prohibited. To maximize the effectiveness of the agency's fraud detection efforts, DTF would simplify and redesign the STAR application form and request basic beneficiaries to re-register for the program (\$1 million in SFY 2013-14 and 2014-15);
- **Suspend Delinquent Taxpayers' Driver's Licenses:** The Executive proposes to suspend, with certain exceptions, the New York State driver's licenses of taxpayers who owe taxes in excess of \$10,000. A "past-due tax liability" refers to any tax liability that has become fixed and final

such that the taxpayer no longer has any right to administrative or judicial review (\$15 million SFY 2013-14 personal income tax, \$11 million SFY 2013-14, \$6 million thereafter);

- **Reform the IDA State Sales Tax Exemption:** Currently, Industrial Development Authorities (IDAs) are allowed to use State resources for economic development purposes without consulting with the state. The Executive Budget limits the industries to which IDAs can offer State sales and other use benefits to those key sectors (scientific research and development, software development, agriculture, back office operations, distribution centers, financial services data centers, and manufacturing) that are eligible to receive New York's Excelsior tax credits. Additionally, IDA projects involving State sales tax exemptions would require the approval of the Regional Economic Development Council and in cases where an IDA recaptures State sales tax from under-performing projects, IDAs would be required to return the proceeds to the State (\$7 million in SFY 2013-14 and \$13 million thereafter);
- **Increase civil penalties for the possession of unstamped cigarettes** (\$9 million SFY 2013-14, \$12 million SFY 2014-15);
- **Update Criteria for Refusal and Revocation of a Sales Tax Certificate of Authority:** Expand criteria to refuse to issue sales tax Certificates of Authority (CoA) to include all delinquent taxes, and increase penalties for operating without a CoA (\$1 million in SFY 2013-14 and thereafter);
- **Cigarette and tobacco retail registration compliance:** Authorize the DTF to deny a certificate of registration for the sale of cigarettes and other tobacco products to retailers that are tax delinquent (\$1 million in SFY 2013-14 and thereafter);
- **Local Sales Tax Autonomy:** Authorize counties to impose their current additional sales and compensating use taxes for two-year periods with a majority vote of the local legislative body (no fiscal impact);
- **Royalty Loophole:** The Executive Budget proposes to close a loophole that currently allows New York companies that earn royalty income to avoid paying taxes on that income. The proposal would require New York taxpayers to show on their tax return that the taxpayer's non-New York parent company included the royalty income in its tax liability. The demonstration would absolve taxpayers of the obligation to pay taxes on their royalty income (no fiscal in SFY 2013-14, \$28 million in SFY 2014-15); and,
- **MTA surcharge:** Extend the MTA business tax surcharge for an additional five years through tax year 2018.

Other Actions

The Executive also proposes the following:

- **Modify Quick Draw Eligibility:** Allow businesses of less than 2,500 square feet without a license for on-premise alcohol consumption that sell lottery tickets to offer Quick-Draw (\$12 million SFY 2013-14, \$24 million thereafter);

- **Racing Industry Safety Reform:** Fund enhanced oversight of racing industry with funding generated by Video Lottery Terminals activity by shifting one percent of the purse money to the oversight fund for horse safety efforts (\$2 million annually);
- **Monticello Video Lottery Shares:** Extend by one-year the current distribution percentages for net machine income earned at the Monticello Video Lottery Terminal (VLT) facility (SFY 2013-14 revenue reduction of \$3 million); and,
- **Pari-Mutuel account shares:** Make permanent various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law which have been extended for one-year periods in numerous years (no fiscal impact).

Tax Reductions

The Executive proposes the following tax reductions:

- **“Innovation Hot Spots”** tax free zones would be created for inventors and entrepreneurs that are affiliated with higher education incubators or non-profit incubators associated with universities or colleges; qualified inventors and entrepreneurs would be free of sales and business taxes for the first five years of existence (no fiscal impact);
- **Taste-NY facilities:** In high traffic rest areas, train stations and airports across New York, the State will establish “Taste-NY”-branded retail stores, carts, and next-generation luxury vending machines to sell predominantly New York State products free of all sales tax to the consumer;
- **Electric Vehicle Recharging Equipment credit:** Create a tax credit for Plug-in Electric Vehicles (PEV) charging stations. The tax credit would be 50 percent of the taxpayer cost up to \$5,000 per charging station (no fiscal impact in SFY 2013-14, revenue reduction of \$1 million SFY 2014-15 and 2015-16, and \$3 million revenue reduction in SFY 2016-17);
- **New York State Film Production credit:** Extends the Empire State film production tax credit for an additional five years, beginning in calendar year 2015. Restrictions on claiming the post-production portion of the credit would be reduced and additional reporting would be required to document the effectiveness of the credit in creating jobs (\$173 million in SFY 2016-17); and,
- **Historical Commercial Properties Rehabilitation credit:** Extend the existing \$5 million per project tax credit for five years (2015-2019) and makes the credit refundable beginning in tax year 2015 (a \$20 million revenue reduction in SFY 2016-17).

Casino Gambling

- The Executive Budget proposes that 90 percent of any additional state revenue from state approved casino gambling go toward elementary-secondary education and would be outside of the income growth cap. The remaining ten percent would be available to local government tax relief.

Table 30
REVENUE ACTIONS, TAX REFORM AND STAR
(\$ in Millions)

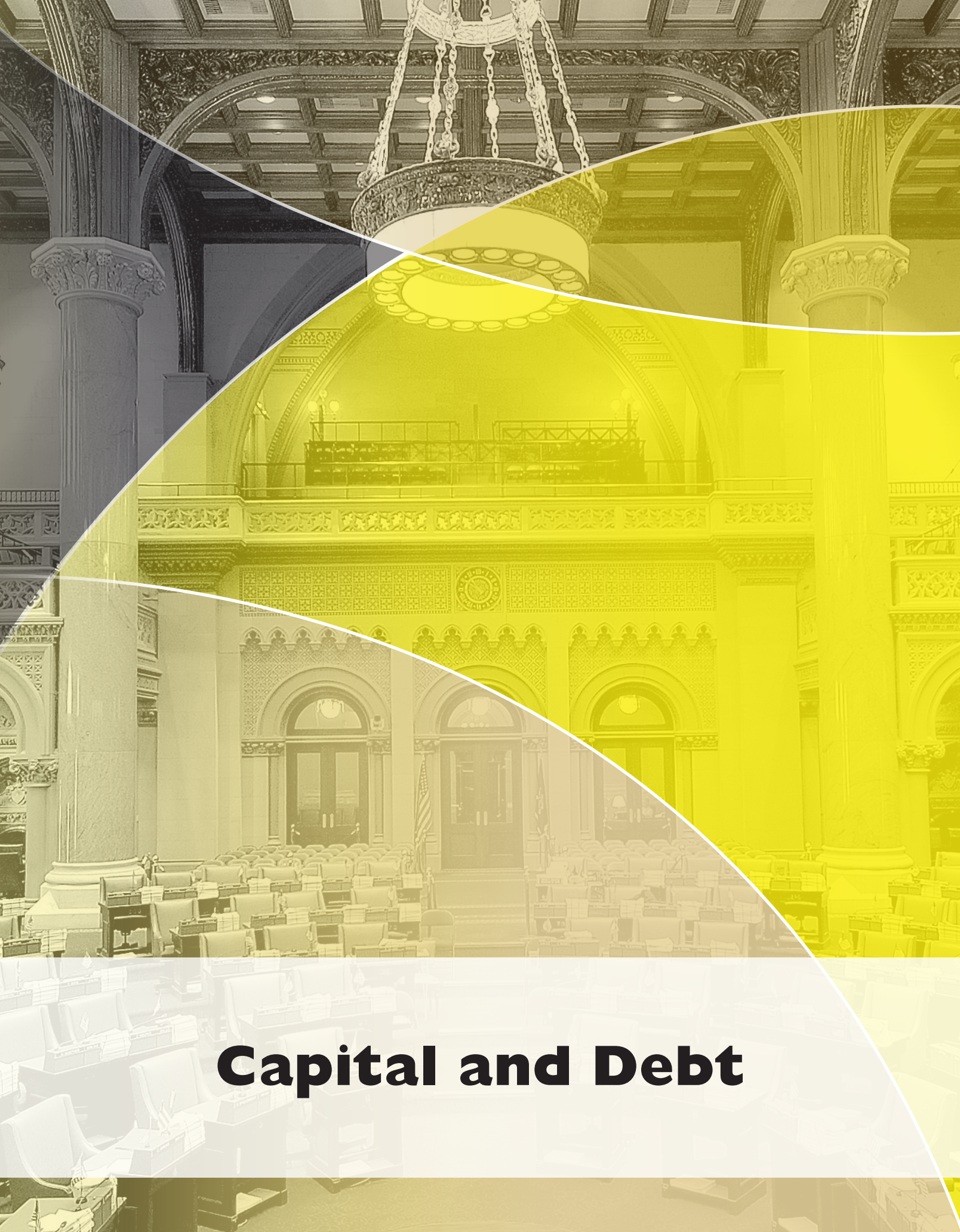
	General Fund		All Funds	
	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Tax and Assessment Actions				
Total Tax and Assessment Action	0	0	0	0
Expanded Tax Credits and Exemptions				
Establish the New York Innovation Hot Spots program	0	0	0	0
Establish tax-free sales at Taste-NY facilities	0	0	0	0
Establish the Charge NY electric vehicle recharging equipment credit	0	(1)	0	(1)
Extend, enhance and improve transparency for the New York Film Production tax credit	0	0	0	0
Extend and enhance the Historic Commercial Properties Rehabilitation credit	0	0	0	0
TOTAL	0	(1)	0	(1)
Revenue Extenders				
Extend the high income charitable contribution deduction limitation for three years	70	140	70	140
Extend utility assessment	236	472	236	472
Extend Monticello VLT Rates	0	0	(3)	0
Make certain tax rates and authorizations for account wagering permanent	0	0	0	0
Extend the MTA business tax surcharge for five years	0	0	0	0
Make Waste Tire fee permanent	0	0	9	24
TOTAL	306	612	312	636
Loophole Closing Actions				
Close royalty income loophole	0	25	0	28
Reform the IDA state sales tax exemption	7	13	7	13
TOTAL	7	38	7	41
Tax Enforcement Actions				
Expand the cigarette and tobacco retailer registration clearance process	1	1	1	1
Increase the civil penalty for possessing unstamped cigarettes	2	3	9	12
Update criteria for refusal and revocation of a sales tax Certificate of Authority	1	1	1	1
Suspend delinquent taxpayers' driver's licenses	25	5	26	6
Allow warrantless wage garnishment	10	10	10	10
TOTAL	39	20	47	30
Other Revenue Actions				
Make tax modernization provisions permanent	6	22	6	22
Eliminate remaining square footage Quick-Draw restriction	0	0	12	24
Require the racing industry to pay for safety reforms	0	0	2	2
Recover State revenue lost through vehicle and traffic ticket plea bargaining	16	25	16	25
Establish a statewide STAR anti-fraud protection program	0	0	1	1
TOTAL	22	47	37	74
Technical Corrections				
Make technical amendments to the tax classification of uncompressed natural gas	0	0	0	0
TOTAL REVENUE ACTIONS	374	716	403	780

Table 31

All Funds Receipts SFY 2012-13				
(\$ in Millions)				
	2011-12	2012-13		Percent
	Actual	Estimate	Change	Growth
Personal Income Tax	\$38,769	\$39,900	\$1,131	2.9%
Gross Receipts	46,030	47,117	1,087	2.4%
Withholding	31,199	31,928	729	2.3%
Estimated Payments	11,628	11,862	234	2.0%
Vouchers	8,097	8,669	572	7.1%
IT 370s	3,532	3,193	(339)	-9.6%
Final Payments	2,117	2,153	36	1.7%
Delinquencies	1,086	1,174	88	8.1%
Total Refunds	7,261	7,091	(170)	-2.3%
Prior Year Refunds	4,693	4,600	(93)	-2.0%
Current Refunds	1,750	1,750	0	0.0%
Previous Refunds	454	597	143	31.5%
State/City Offsets	366	268	(98)	-26.8%
Collections	38,769	39,900	1,131	2.9%
User Taxes and Fees	14,570	14,630	60	0.4%
Sales and Use Tax	11,875	11,994	119	1.0%
Motor Fuel Tax	501	490	(11)	-2.2%
Cigarette Tax	1,633	1,561	(72)	-4.4%
Highway Use	132	141	9	6.8%
Alcoholic Beverage Tax	238	249	11	4.6%
Auto Rental Tax	104	109	5	4.8%
Taxi Surcharge	87	86	(1)	-1.1%
Business Taxes	7,877	8,226	349	4.4%
Corporate Franchise	3,176	2,991	(185)	-5.8%
Utility Tax	797	839	42	5.3%
Insurance Tax	1,413	1,448	35	2.5%
Bank Tax	1,392	1,823	431	31.0%
Petroleum Business Tax	1,100	1,125	25	2.3%
Other	3,082	2,939	(143)	-4.6%
Real Property Gains	0	0	0	0.0%
Estate and Gift	1,078	1,075	(3)	-0.4%
Real Estate Transfer	610	685	75	-0.3%
Pari Mutuel	17	18	1	5.9%
Other	0	0	0	0.0%
Payroll Tax	1,376	1,160	(216)	-15.7%
Total Taxes	\$64,297	\$65,695	\$1,398	2.2%
All Funds Misc Receipts	23,837	25,000	1,163	4.9%
Federal Grants	44,611	44,131	-480	-1.1%
Total All Funds Receipts	\$132,746	\$134,825	\$2,079	1.6%

Table 32

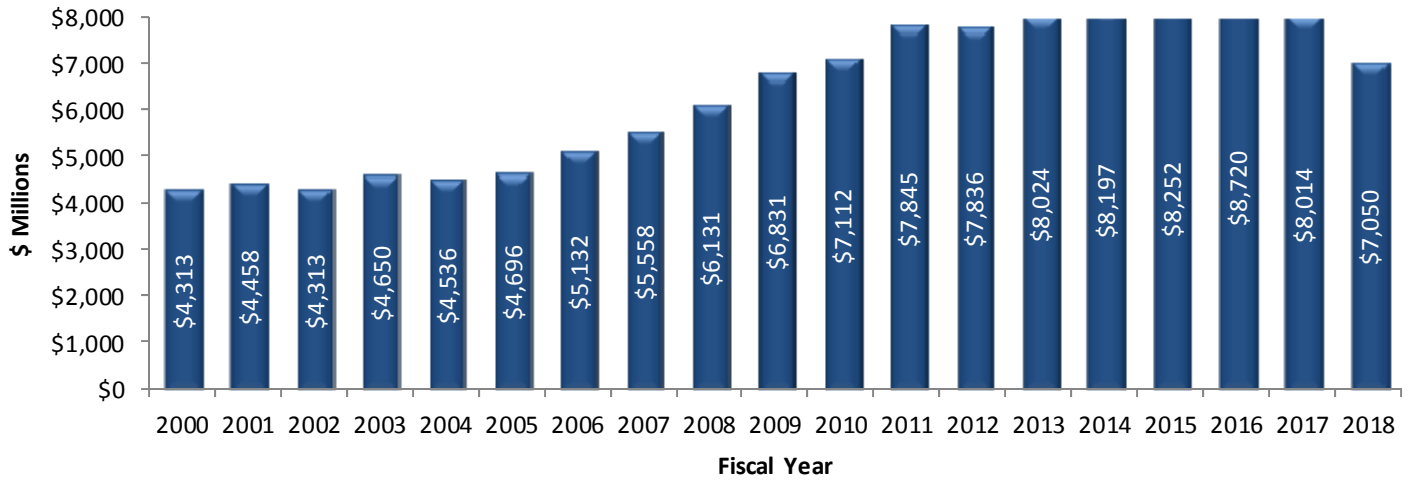
Total Collections SFY 2013-14				
(\$ in Millions)				
	2012-13	2013-14		Percent
	Estimate	Forecast	Change	Growth
Personal Income Tax	39,900	42,520	2,620	6.6%
Gross Receipts	47,117	49,848	2,731	5.8%
Withholding	31,928	33,666	1,738	5.4%
Estimated Payments	11,862	12,708	846	7.1%
Vouchers	8,669	9,168	499	5.8%
IT 370s	3,193	3,541	348	10.9%
Final Payments	2,153	2,266	113	5.2%
Delinquencies	1,174	1,208	34	2.9%
Total Refunds	7,217	7,328	111	1.5%
Prior Year Refunds	4,600	4,879	279	6.1%
Current Refunds	1,751	1,750	(1)	-0.1%
Previous Refunds	597	476	(121)	-20.3%
State/City Offset	268	223	(45)	-16.8%
Collections	39,900	42,520	2,620	6.6%
User Taxes and Fees	14,630	15,167	537	3.7%
Sales and Use Tax	11,994	12,533	539	4.5%
Motor Fuel Tax	490	500	10	2.0%
Cigarette Tax	1,561	1,535	(26)	-1.7%
Highway Use	141	140	(1)	-0.7%
Alcoholic Beverage Tax	249	249	0	0.0%
Auto Rental Tax	109	114	5	4.6%
Taxi Surcharge	86	96	10	11.6%
Business Taxes	8,226	8,460	234	2.8%
Corporate Franchise	2,991	3,310	319	10.7%
Utility Tax	839	811	(28)	-3.3%
Insurance Tax	1,448	1,531	83	5.7%
Bank Tax	1,823	1,618	(205)	-11.2%
Petroleum Business Tax	1,125	1,190	65	5.8%
Other	2,938	3,078	140	4.7%
Estate and Gift	1,075	1,135	60	5.6%
Real Estate Transfer	685	705	20	2.9%
Pari Mutuel	18	18	0	0.0%
Payroll Tax	1,160	1,219	59	5.1%
Total Taxes	\$65,695	\$69,225	\$3,530	5.4%
All Funds Misc Receipts	25,000	23,880	-1,120	-4.5%
Federal Grants	44,131	49,358	5,227	11.8%
Total All Funds Receipts	\$134,826	\$142,463	\$7,637	5.7%



Capital and Debt

Debt/Capital Snapshot

Capital Project Spending

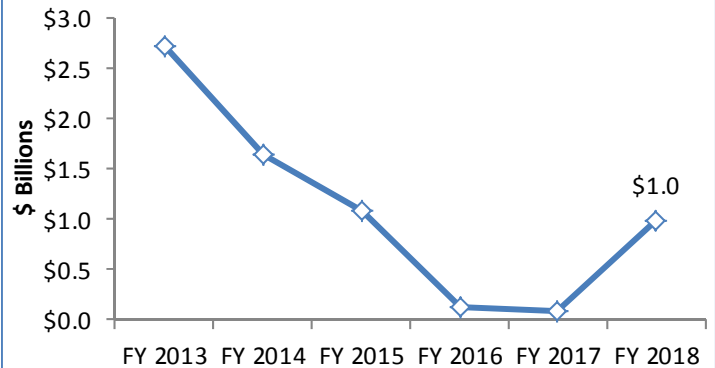


Projected State-Supported Debt Outstanding

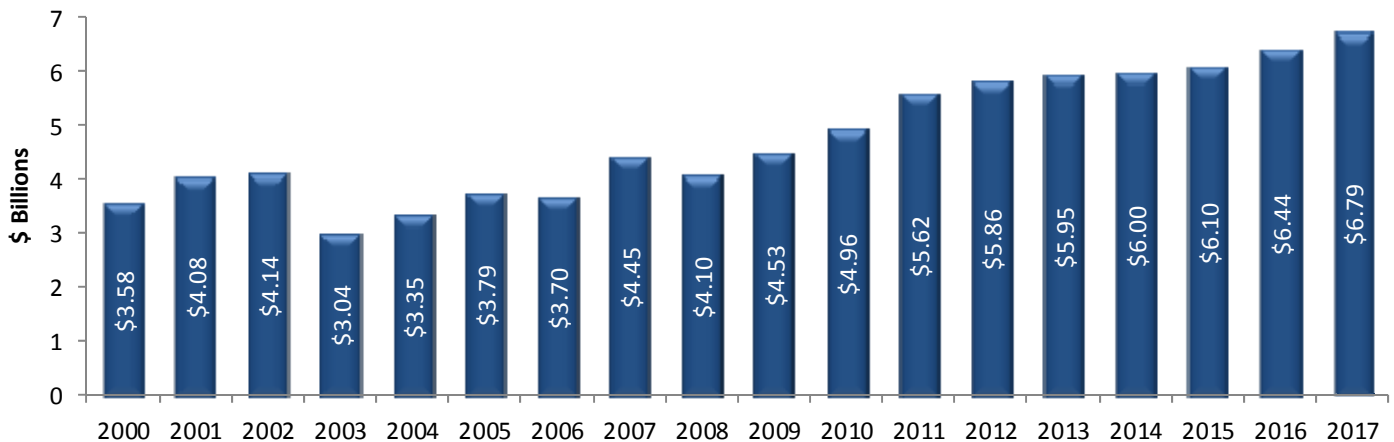
(\$ in Thousands)

	SFY 2012-13	Projected SFY 2013-14
General Obligation	\$3,584,854	\$3,628,805
LGAC	2,835,683	2,592,380
PA Debt-Other Lease-Purchase & Contractual Obligation (Revenue Bonds)	<u>\$47,013,285</u>	<u>\$48,609,106</u>
Total State-Supported Debt	\$53,433,822	\$54,830,291

Debt Outstanding Remaining Capacity



Debt Service



Note: Forecast values are as reported in the Executive Budget.

Source: NYS Division of the Budget, 2013-14 NYS Executive Budget.



CAPITAL PROGRAM AND FINANCING PLAN

Table 33

Capital Spending by Function and Financing Source						
Capital Program and Financing Plan						
SFY 2013-14 through 2017-18						
(\$ in Millions)						
Spending	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Transportation	\$4,655	\$4,617	\$4,479	\$4,344	\$4,325	\$4,144
Parks and Environment	\$726	\$672	\$643	\$634	\$602	\$546
Economic Development & Gov't Oversight	\$568	\$736	\$875	\$962	\$643	\$638
Health and Social Welfare	\$618	\$546	\$220	\$235	\$235	\$250
Education - EXCEL	\$100	\$100	\$92	\$0	\$0	\$0
Education - All Other Programs	\$2,002	\$1,895	\$1,911	\$1,855	\$1,705	\$1,336
Public Protection	\$307	\$371	\$347	\$334	\$322	\$303
Mental Hygiene	\$552	\$519	\$639	\$622	\$589	\$615
General Government	\$67	\$97	\$110	\$72	\$80	\$70
Other	<u>\$88</u>	<u>\$208</u>	<u>\$438</u>	<u>\$1,030</u>	<u>\$847</u>	<u>\$540</u>
Total	<u>\$9,682</u>	<u>\$9,761</u>	<u>\$9,754</u>	<u>\$10,087</u>	<u>\$9,347</u>	<u>\$8,441</u>
Off-Budget Spending	(1,658)	(1,564)	(1,503)	(1,367)	(1,334)	(1,391)
Net Cash Spending	<u>\$8,024</u>	<u>\$8,197</u>	<u>\$8,252</u>	<u>\$8,720</u>	<u>\$8,014</u>	<u>\$7,050</u>

The Five-Year Capital Plan

- **The Executive is proposing a \$47.4 billion Five-Year Capital Plan:** The new capital plan is \$3.4 billion or 7.7 percent over the Enacted Capital Plan of SFY 2012-13. This new Five-Year Capital Plan reprioritizes and accelerates existing projects and implements a portion of the New York Works program.
 - The Executive's proposal of \$9.8 billion Capital Plan spending for SFY 2013-14 reflects an increase of 1 percent, or \$78.2 million, from SFY 2012-13.
 - Increases in Capital projects spending for SFY 2013-14 include an increase in Economic Development and Government Oversight by 30 percent or \$167.9 million, Public Protection programs by 21 percent or \$64.3 million, General Government programs by 45 percent or \$30.2 million and Other by 137 percent or \$120.3 million.

- Decreases in proposed Capital projects spending in SFY 2013-14 include a decrease of \$37.8 million or one percent in Transportation, \$54.1 million or seven percent in Parks and Environment, \$72 million or 12 percent in Health and Social Welfare, \$107.4 million or five percent in Education programs, and \$33.1 million or six percent in Mental Hygiene.

Table 34

Capital Program and Financial Plan				
Financing Source				
SFY 2013-14				
(\$ in Thousands)				
Financing Source	FY 2013	FY 2014	Annual \$ Change	Annual % Change
Authority Bonds	\$5,078	\$5,117	\$39	1%
Federal Pay-As-You-Go	\$1,854	\$1,840	(\$15)	-1%
State Pay-As-You-Go	\$2,350	\$2,466	\$116	5%
General Obligation Bonds	\$400	\$338	(\$62)	-16%
Total	\$9,682	\$9,761	\$78	1%

Financing the Capital Plan for 2013-14

- **The Executive proposes to finance the Five-Year Capital program with a combination of pay as you go (PAYGO) funding and bonded resources:** The Capital Program for SFY 2013-14 of \$9.8 billion is proposed to be financed as follows:
 - \$2.5 billion or 25.3 percent in State PAYGO;
 - \$1.8 billion or 18.9 percent in Federal PAYGO;
 - \$0.38 billion or 3.5 percent in General Obligation; and
 - \$5.1 billion or 52.4 percent in Public Authority bonding.

Table 35

New Capital Obligations
SFY 2013-14 Executive Budget
(\$ in Millions)

	SFY 2014		Capital Spend Out			
	<u>New</u>					
	<u>Obligations</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>
Superstorm Sandy and Transformative Initiatives	<u>\$1,170</u>	\$266	\$287	\$302	\$173	\$108
Superstorm Sandy	\$450	\$166	\$72	\$55	\$81	\$41
Transformative Projects	\$720	\$99	\$216	\$246	\$92	\$67
Transportation	<u>\$300</u>	\$71	\$81	\$81	\$41	\$27
Core Investments	\$200	\$47	\$54	\$54	\$27	\$18
Competitive Grants Via Regional Economic Councils	\$100	\$24	\$27	\$27	\$14	\$9
Economic Development	<u>\$471</u>	\$119	\$115	\$138	\$30	\$30
Buffalo Bills Stadium Improvements	\$54	\$54	\$0	\$0	\$0	\$0
Buffalo Bills Operating Support	\$2	\$2	\$0	\$0	\$0	\$0
Buffalo Regional Innovation Cluster	\$75	\$0	\$25	\$25	\$25	\$0
Economic Development Fund	\$165	\$55	\$55	\$55	\$0	\$0
Regional Councils Initiative	\$150	\$8	\$23	\$45	\$5	\$30
Climate Change Programs	\$25	\$0	\$13	\$13	\$0	\$0
Higher Education	<u>\$278</u>	\$48	\$58	\$48	\$69	\$44
CUNY 2020	\$55	\$13	\$15	\$15	\$7	\$5
SUNY 2020	\$55	\$13	\$15	\$15	\$7	\$5
CUNY & SUNY Maintenance	\$50	\$12	\$14	\$14	\$7	\$5
SUNY 2020 Project at UAlbany	\$88	\$0	\$0	\$0	\$47	\$29
SUNY Stony Brook	\$30	\$10	\$15	\$5	\$0	\$0
Parks and the Environment	<u>\$90</u>	\$21	\$24	\$24	\$12	\$8
Parks, ORDA and Agriculture & Markets	\$50	\$12	\$14	\$14	\$7	\$5
Department of Environmental Conservation	\$40	\$9	\$11	\$11	\$5	\$4
Public Protection	<u>\$45</u>	\$25	\$14	\$5	\$1	\$0
Pistol Permit Database Project	\$33	\$12	\$14	\$5	\$1	\$0
Aviation Plan	\$13	\$13	\$0	\$0	\$0	\$0
General Government	<u>\$75</u>	\$38	\$38	\$0	\$0	\$0
Office of General Services	\$15	\$8	\$8	\$0	\$0	\$0
IT Initiative Capital Funding	\$60	\$30	\$30	\$0	\$0	\$0
Total	<u>\$2,429</u>					

New Capital Initiatives

➤ The Executive proposes \$2.4 billion in new capital investment:

- The Executive proposal includes the creation of a new fund, the New York State Transformative Capital Fund, with two sub-accounts, the Storm Recovery Account and Transformative Capital Account.
 - **Superstorm Sandy (\$450 million)** – The Executive estimates spending \$416 million over the next five years to repair and restore State properties damaged as a result of Superstorm Sandy.
 - **Transformative Initiatives (\$720 million)** – The Executive Budget includes a \$720 million appropriation to promote transformative economic development and infrastructure initiatives. A minimum of \$360 million of the appropriation would be made available for transformative economic development projects that would be selected through a competitive process administered by the Regional Economic Development Councils.

Transportation- \$300 million

- The Executive proposes \$300 million of incremental DOT commitments as part of New York Works Plan for highway and bridge infrastructure. This \$300 million includes \$100 million to be allocated to Regional Economic Development Councils.

Economic Development- \$471 million

- The Executive proposes to allocate \$56 million to upgrade Ralph Wilson Stadium; \$75 million for the Buffalo Regional Innovation Cluster; \$165 million in new commitments for the New York Works Economic Development Fund; \$150 million for the Regional Economic Development Councils initiatives; \$25 million for NYSERDA for the Cleaner Greener Communities Program.

Higher Education- \$278 million

- The Executive proposes \$110 million for NYSUNY 2020 grants and a new NYCUNY 2020 program; \$50 million to fund critical maintenance for the SUNY and CUNY Community Colleges; and \$118 million to support the SUNY Albany 2020 initiative and \$30 million for strategic investments at Stony Brook.

Other Programs - \$210 million

The Executive proposes the following:

- \$90 million of new capital funding in Parks and Environment;
- \$45.2 million of new commitments to State Police in Public Protection; and
- \$75 million for capital renovation projects.

New Debt Initiatives

Sales Tax Revenue Bond Program

- The Executive Budget proposes to create a new Sales Tax Revenue Bond Program. This would mirror financing structures for Personal Income Tax (PIT) and Local Government Assistance Corporation (LGAC) revenue bonds, providing the State with increased efficiencies and a lower cost of borrowing. The Executive expects to transition all state financing into three bond programs: Voter-Approved General Obligation Bonds, PIT Revenue Bonds, and new Sales Tax Revenue Bonds.

The Sales Tax Revenue Bond account would be created within the Debt Service Fund providing payment of Debt Service bonds. The new sales tax revenue bonds would be secured by the pledge of payments from this fund, which would receive one percent of the State's four percent sales and use tax receipts. The Sales Tax Revenue Bond fund will have the same provisions as PIT and LGAC bonds and features a "locked box" for transfers back to the General Fund of any amount not needed for costs related to debt service.

The sales tax revenue bonds would be used interchangeably with PIT bonds to finance State capital needs, and provide a vehicle to end the use of older, higher cost debt structures. Based on current projections and anticipated coverage requirements, the State expects to issue about \$1 billion of sales tax revenue bonds annually.

SUNY Dormitory Facilities Bonding Program

- The Executive proposes to create a new self-supporting program to finance SUNY Dormitory Facilities, and eliminates any State support. The new bonding program would be supported solely by third party revenues generated by student rents. The revenues would flow directly to DASNY for the payment of debt service without an appropriation. Unlike the existing program, the new program would not benefit from the SUNY general obligation pledge, effectively eliminating any State support, direct or indirect, for the new bonds. New SUNY Dormitory Facilities capital needs would be funded through the new credit. The existing SUNY Dormitory Facilities bonds would continue to be counted as State-supported debt until such bonds are refunded into the new program or defeased.

Competitive Bond Sales

- Issuing bonds on a competitive basis is an effective way to (i) lower borrowing costs, (ii) provide an essential benchmark for bonds sold on a negotiated basis, and (iii) increase transparency related to the bond sale process. For SFY 2012-13, the State set a goal of issuing 50 percent of its bond sales on a competitive basis. To date, 25 percent or \$1.2 billion of all issuances have been sold competitively. These sales provided consistently low interest costs compared to market indices and provided lower issuance costs. Market conditions permitting, the State intends to maintain the goal of selling at least 50 percent of bonds on a competitive basis in SFY 2013-14, while continuing to maintain a significant presence of roughly \$2.5 billion in the negotiated market.

Table 36

Projected State Related Debt Outstanding (\$ in Millions)		
	Estimated SFY 2012-13	Projected SFY 2013-14
General Obligation	3,585	3,629
LGAC	2,836	2,592
PA Debt -Other Lease-Purchase & Contractual Obligation (Revenue Bonds)	47,013	48,609
State-supported Debt	53,434	54,830
Other State Obligations:		
Tobacco	2,411	2,080
All Other	776	699
State-related Debt	56,621	57,609

State-supported debt includes debt paid by state resources and has a budgetary impact on the state financial plan.

State Supported Debt

- **State-supported debt outstanding will total \$54.8 billion, an increase of \$1.4 billion over SFY 2012-13:** The amount of debt outstanding by function are as follows:
 - Economic Development and Housing programs totaling \$5.5 billion, a decrease of \$311 thousand or 0.06 percent;
 - Environment totaling \$2.6 billion, an increase of \$140.3 million or 5.7 percent;
 - Health and Mental Hygiene totaling \$5 billion, an increase of \$324 million or 6.9 percent;
 - Transportation totaling \$16.1 billion, an increase of \$330 million or 2 percent;
 - State Facilities and Equipment totaling \$5.9 billion, a decrease of \$48 million or 0.8 percent;
 - Education totaling \$17.1 billion, an increase of \$894 million or 5.5 percent; and
 - LGAC with a total of \$2.6 billion, a decrease of \$243 million or 8.6 percent.

Table 37

New York State-Supported Debt Outstanding by Function SFY 2013-14 (\$ in Millions)		
Economic Development & Housing	5,548	10.12%
Environment	2,566	4.68%
Health & Mental Hygiene	4,997	9.11%
Transportation	16,141	29.44%
State Facilities & Equipment	5,887	10.74%
Education	17,099	31.19%
LGAC	2,592	4.73%
Total State-Supported Debt	54,830	

- **Transportation and Education, which make up 29 percent and 31 percent of debt outstanding, are the largest components of the State’s obligations:** The remaining obligations by function of debt outstanding are: 11 percent in State Facilities and Equipment; 5.1 percent in LGAC; 9.1 percent in Health and Mental Hygiene; 5 percent in Environment; and 10 percent in Economic Development and Housing.

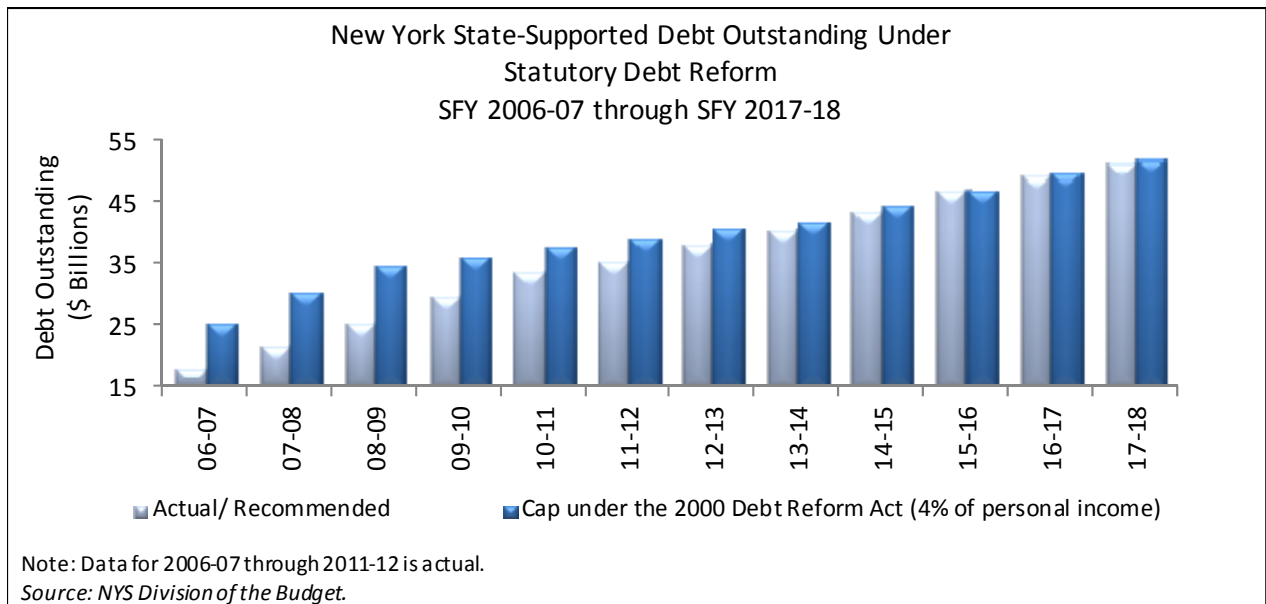


Figure 5

- **The State cap on the amount of debt outstanding is limited to four percent of Personal Income:** The amount of debt outstanding projected under the statutory cap for SFY 2013-14 is \$1.6 billion below the statutory cap.
- **The Executive estimates \$2.7 billion of available room under the debt outstanding cap for SFY 2012-13 reducing to \$82 million in SFY 2016-17:** The Executive Budget proposes to increase its bonded capital spending commitments making it crucial to manage in its capital

spending priorities and debt financing practices to adjust to available debt capacity and remain within the statutory limits.

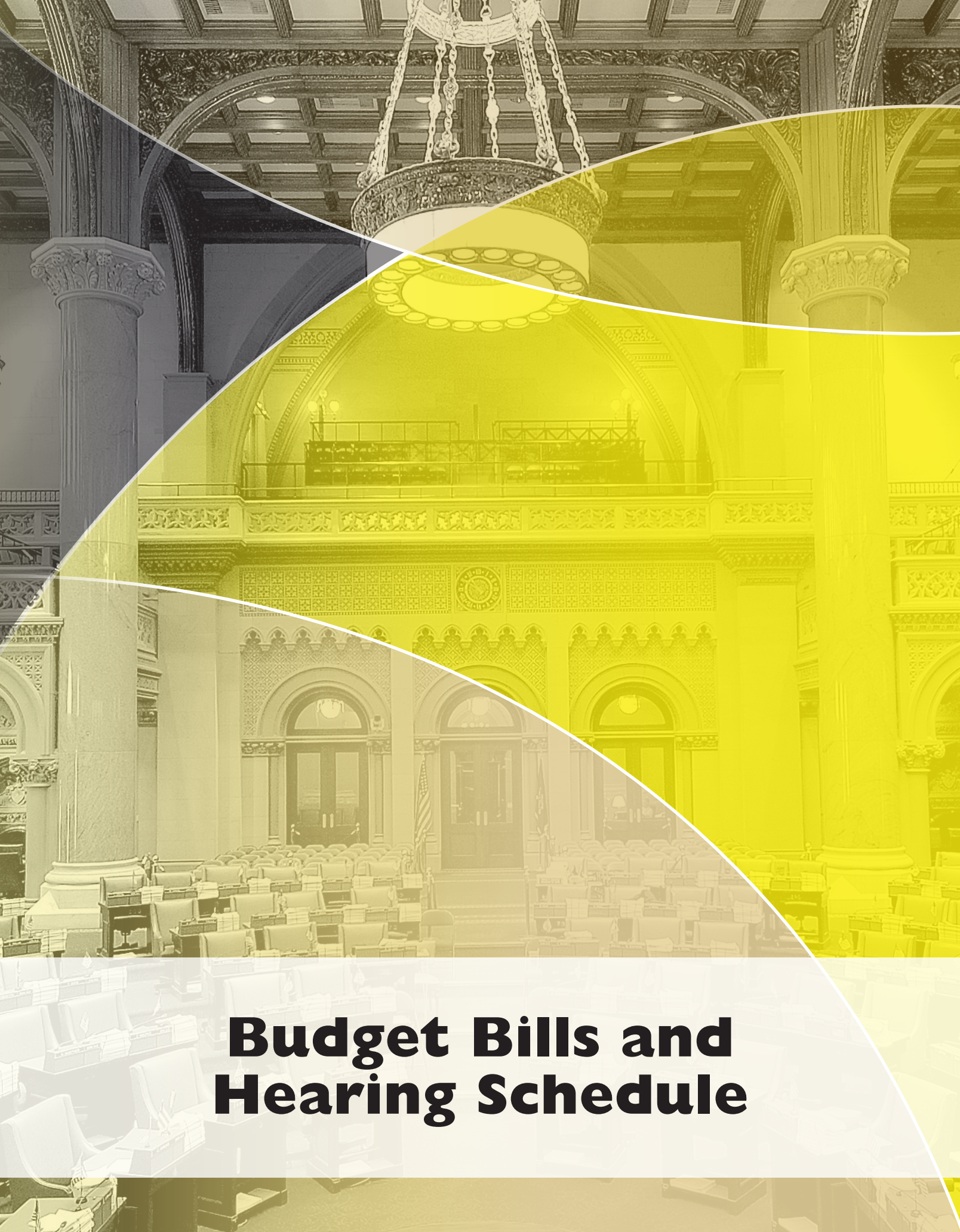
State-Related Debt

Table 38

State-related Debt Outstanding (Other State Debt Obligations in Addition to State-supported) (\$ in Millions)		
	Estimated SFY 2012-13	Estimated SFY 2013-14
Contingent Contractual		
DASNY/MCFFA Secured Hospitals Program	451	395
Tobacco Settlement Financing Corporation	2,411	2,080
Moral Obligation		
HFA Moral Obligation Bonds	14	9
MCFFA Nursing Homes & Hospitals	2	1
State Guaranteed		
Job Development Authority (JDA)	15	12
State Funded		
MBBA Prior Year School Aid Claims	294	281
Total	3,188	2,779

- **The Executive defines State-related debt to include the following debt obligations in addition to State-supported debt:** Contingent Contractual Obligation (Tobacco Settlement Financing Corporation, DASNY/MCFFA Secured Hospital Program), Moral Obligation (Housing Finance Agency Moral Obligation Bonds, MCFFA Nursing Homes and Hospitals), State Guaranteed Debt (Job Development Authority) and State Funded Debt (MBAA Prior Year School Aid Claims).
 - Other state debt obligation in all areas are estimated to total \$2.78 billion, a decrease of \$408.9 million or 13 percent from SFY 2012-2013.
 - Contingent Contractual Obligations are agreements by the state to fund the debt service payments related to a bonded debt issuance only in the case that debt service payments cannot be made.
 - Moral Obligation bonds are issued by an authority to finance a revenue-producing project. The debt is secured by project revenues with statutory provisions morally committing the state.
 - State Guaranteed debt is public authority debt that finances or guarantees loans which encourages economic development throughout the State and is limited to only \$3 million outstanding. Currently, State Guaranteed debt outstanding is \$12.3 million.

- State Funded debt was created to enable the State to purchase delinquent tax liens from NYS Municipalities through the Municipal Bond Bank Agency (MBBA). Currently, State Funded debt outstanding is \$281.3 million.



Budget Bills and Hearing Schedule

APPROPRIATION BUDGET BILLS

A. 3000 / S.2600	State Operations Budget Appropriation Bill
A. 3001 / S. 2601	Legislature and Judiciary Budget Appropriation Bill
A. 3002 / S. 2602	Debt Service Budget Appropriation Bill
A. 3003 / S. 2603	Aid to Localities Budget Appropriation Bill
A. 3004 / S. 2604	Capital Projects Budget Appropriation Bill
A. 3005 / S. 2605	Public Protection and General Government Article VII Bill
A. 3006 / S. 2606	Health and Mental Hygiene Article VII Bill
A. 3007 / S. 2607	Education, Labor and Family Assistance Article VII Bill
A. 3008 / S. 2608	Transportation, Economic Development and Environmental Conservation Article VII Bill
A. 3009 / S. 2609	Revenue Article VII Bill

NON-APROPRIATION BUDGET BILLS

Section 22 of the State Finance Law requires the Executive Budget to include a list of proposed legislation submitted pursuant to Article VII of the State Constitution. In addition to the major appropriation bills, the following Article VII bills have been submitted that set forth the policy initiatives contained in the Executive Budget.

A. 3005 - PUBLIC PROTECTION AND GENERAL GOVERNMENT

PART	DESCRIPTION	SUMMARY
A	Closure of Beacon and Bayview Correctional Facilities	This part would authorize the closure of Bayview Correctional Facility in Manhattan and Beacon Correctional Facility in Dutchess County in SFY 2013-2014, provided that the Governor provides the legislature with at least 60 days notice.
B	Transfer the former Fulton Correctional Facility to the Thomas Mott Osborne Memorial Fund	This part would convey the land and buildings of the former Fulton Correctional Facility located in the Bronx to the Thomas Mott Osborne Memorial Fund for use in providing opportunities for individuals in conflict with the law through reform and rehabilitation programs, alternative to incarceration programs and reentry services, and for providing services to persons affected by crime and incarceration.
C	Limit plea bargaining of traffic tickets, extend State surcharges to new offenses, and establish minimum fines for traffic violations involving texting and cell phone use	This part would reform the adjudication of traffic violations in three ways. It would limit plea bargaining in cases where a speeding violation has been charged and the violation is based on exceeding the speed limit by more than 20 mph. It would also establish a minimum fine of \$50 for a first offense of operating a vehicle while using a cell phone and texting, and impose an enhanced fine structure for subsequent offenses. Finally, this part would impose the crime victim assistance fee and a mandatory surcharge (total of \$80.00) on convictions for certain parking violations.
D	Ratify the National Crime Prevention and Privacy Compact to allow the state to participate in the National Fingerprint File program	This part would ratify the National Crime Prevention and Privacy Compact Act thereby permitting New York to participate in the National Fingerprint File program. The compact that allows for the sharing of criminal history records for civil purposes directly with the federal government and 29 other states that have ratified the compact.
E	Extend various criminal justice and public safety programs	This part would extend various criminal justice programs set to expire in 2013.

F	Continue provisions relating to the disposition of certain monies recovered by county district attorneys	This part would extend for one year the authority of district attorney in New York City to retain a portion of monies recovered before the filing of an accusatory instrument.
G	Tier VI Refinancing Plan	This part would provide the New York State Comptroller and the New York State Teachers' Retirement System Board statutory authority to make a long-term stable pension contribution option available to local governments and school districts that are participants of state retirement systems.
H	Cease Income Related Medicare Adjustment Amounts (IRMAA) Reimbursements	This part would cease reimbursement of additional IRMAA premiums paid by higher-income retirees retroactive to January 1, 2013.
I	Create the New York State Gaming Commission account	This part would create the New York State Gaming Commission Account to finance the administrative expenses of the New York State Gaming Commission.
J	Require the racing industry to fund safety reforms	This part would redirect one percent of purse enhancements from the Video Lottery Terminal (VLT) program to fund costs associated with recommendations from the Taskforce on Racehorse Health and Safety.
K	Local Government Efficiency Grant Program and the Citizens Re-Organization Empowerment Grant Program	This part would make changes to the Local Government Efficiency Grant Program and the Citizens Re-Organization Empowerment Grant Program related to local matching funds and the maximum amount of certain awards.
L	Reporting requirements for school districts and local governments	This part would eliminate all reporting requirements that school districts and local governments are currently required to submit to state agencies and authorities, unless the Mandate Relief Council votes to continue specific reporting requirements.
M	Authorize transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps.	This part would provide the statutory authorization necessary for the administration of funds and accounts included in the fiscal year 2013-14 Executive Budget, and propose certain modifications to improve the State's General Fund position in the upcoming fiscal year. Specifically, it would: (1) authorize temporary loans and the deposits of certain revenues to specific funds and accounts, (2) authorize the transfers and deposits of funds to and across various accounts, (3) extend various provisions of laws in relation to capital projects and certain certifications, (4) authorize modifications to various debt provisions, and (5) modify various bond authorizations necessary to implement the budget.

N	Continue Consolidation of IT Functions and Services	This part would permit the reclassification of staff transferred to the Office of Information Technology Services (OITS) in November 2012, eliminate the Office of Cybersecurity. Presently located in the Department of Homeland Security and Emergency Services and transfer its duties to OITS.
O	Workers' Compensation Reform	This part would modify various provision of the Worker's Compensation Law as it relates to: assessments levied against employers; the Reopened Case Fund, the Aggregate Trust Fund and the State Insurance Fund; increasing the minimum weekly benefit for injured workers; and, the transfer of liability for current and future claims against certain policyholders.
P	Increase agencies' discretionary authority to purchase food grown, harvested, produced, or processed in New York State	This part would allow state agencies to purchase food grown, harvested, produced, manufactured, or processed in New York State in an amount not exceeding \$200,000 without a formal competitive process.
Q	Intrastate Mutual Aid Program	This part would authorize school districts and Boards of Cooperative Educational Services to participate in the Intrastate Mutual Aid Program.
R	Employee Exemption from Public Officer's Ban	This part would allow public employees, who are direct care, clinical care, case management, and service coordination workers, to leave state service and provide the same services to the individuals they cared for while in state service.
S	Authorize State agencies and authorities to use design-build contracts and design-build-finance contracts for their capital projects	This part would permit State agencies and authorities to use design-build contracts and design-build-finance contracts as alternative project delivery methods.

A. 3006 - HEALTH AND MENTAL HYGIENE

PART	DESCRIPTION	SUMMARY
A	Modifications to the Medicaid Program and Medicaid Redesign Team (MRT) Initiatives	This part would modify provisions related to the Medicaid program, including: extending the Medicaid global cap and spending cap; eliminating the physician prevails provision for specific drugs and modifying other prior authorization requirements; providing investments in primary care; modifying certain hospital and nursing home reimbursement rates and making changes to several Medicaid Managed Care and Managed Long Term Care provisions.
B	Prior Year Cost Containment/Expiring Laws	This part would extend several expiring laws and continue cost containment actions.
C	Hospital Indigent Care Pool Reform	This part would reform the methodology for Indigent Care Pool distributions, including Federal Disproportionate Share Hospital payments.
D	Amend state law to conform to the requirements of the federal Affordable Care Act (ACA)	This part would amend statutory provisions to conform to ACA requirements, including: making certain changes to eligibility and enrollment in Medicaid, FHP and CHP; requiring health insurers and HMOs to offer policies that meet the requirements of the ACA; eliminating Healthy NY coverage for certain enrollees; and increasing the size of small groups.
E	Modify provisions related to Early Intervention (EI) , Public Health Programs, Certificate of Need, EMS, Primary Care, Health Care Financing, and the Excess Medical Malpractice Pool	This part would: make certain changes to EI regarding program eligibility and expansion of insurance coverage; modify the General Public Health Work program; consolidate public health programs; make changes to the Certificate of Need process; allow the establishment of temporary operators; modify the Emergency Medical Services planning process; make changes to scope of practice provisions in regard to primary care providers; create a pilot to allow capital investment in health care facilities; and repeal the Hospital Excess Liability Pool and replace it with the Excess Medical Malpractice Liability Coverage Pool.
F	Methadone Central Registry Data Collection	This part would require that the Methadone Central Registry collect and maintain data to ensure accurate dosage delivery and to facilitate disaster management in Methadone treatment programs.
G	Funding Office of Alcoholism and Substance Abuse Services (OASAS) Programs	This part would allow OASAS to continue to fund provider programs via direct contracts or through the State Aid Funding Authorization process.

H	Authorize the closures and consolidations of the Office of Mental Health (OMH) state-operated facilities and extend the Community Mental Health and Workforce Reinvestment Program	This part would notwithstanding the 12 -month notification requirement for OMH state-operated facility closures and authorize facility closures upon a 75-day notice and ward closures or conversions upon a 45-day notice. This part would also extend the Community Mental Health and Workforce Reinvestment Program for an additional year to March 31, 2014.
I	Authorize the recovery of Medicaid exempt income of certain providers	This part would permanently authorize OMH to recover Medicaid exempt income from licensed providers of community residences.
J	Expand the appointing authority of the Commissioner of OMH	This part would eliminate the authority of OMH facility directors to appoint and remove employees and would instead grant this authority and responsibility to the Commissioner of OMH.
K	Clarify the date when annual examinations and notice of rights are provided to sex offenders confined in a secure treatment facility	This part would require that the annual examination of a civilly confined sex offender to be conducted “no later than” one year after the date of the last court order for retention or continued retention. This part would also require that a notice of rights be given “no later than” eleven months after the last order for confinement or continued confinement, rather than annually.
L	Establish mental health incident review panels	This part would establish mental health incident review panels that would review circumstances and events related to a serious incident involving a person with serious mental illness.
M	Repeal certain reporting requirements for OMH and the Office for People With Developmental Disabilities (OPWDD)	This part would repeal certain reporting requirements that OMH and OPWDD must comply with by submitting information to the Commission on Quality Care and Advocacy for Persons with Disabilities (CQC-APD).
N	Establish a one-year deferral of the Human Services Cost of Living Adjustment (COLA).	This part would authorize the elimination of the Human Service COLA for SFY 2013-14, and extend the COLA for an additional year to March 31, 2017.

A. 3007 - EDUCATION, LABOR AND FAMILY ASSISTANCE

PART	DESCRIPTION	SUMMARY
A	Amends school aid	This part would: require school districts to continue full implementation of Annual Professional Performance Review standards and procedures in order to be eligible to receive increases in state school aid for the 2013-14 school year and thereafter; continue the Contract for Excellence program for the 2013-14 school year; exempt certain school districts from the internal audit function; continue the charter school tuition freeze; limit school district ability to apply for aid for conversion to full day kindergarten multiple times; provide changes to the high tax aid formula; provide for an additional restoration of the gap elimination; freeze school aid formulas at the lesser of the Executive run or revised data; establish a limit to state aid adjustments; provide community school grants; provides extended learning grants; alter the payment schedule for summer school for the blind and deaf; provide school districts, private schools and boards of cooperative educational services with an optional waiver for certain special education requirements; provide the New York City school district with the ability to establish tuition rates for preschool special education providers and select approved preschool special education providers; provide that counties would receive 75 percent of audit recoveries of preschool special education overpayments; maintain funding for Aid to Public Libraries; and extend various other provisions of Education Law.
B	Establish a new financing structure for the State University of New York (SUNY) Residency Hall Program	This part would authorize SUNY to assign or transfer any or all of its rights, title and interest in dormitory facility revenues to the Dormitory Authority and create a new fund held by the Commissioner of the Department of Taxation and Finance, which would allow for the satisfaction of debt service associated with the Residency Hall Program without appropriation, in order to create a new financing structure.
C	Extend the Higher Education Capital Matching Grant Program	This part would extend the Higher Education Capital Matching Grant Program until March 31, 2014 and allow for independent colleges to apply for any unused funds on a competitive basis.

D	Create the Next Generation College Linkage Program	This part would change the current enrollment-based system of funding for community college workforce programs; and would create a performance funding grant program based upon certain measures of student success.
E	Federal Supplemental Security Income (SSI) Cost of Living Adjustment (COLA)	This part would authorize the 2014 Federal SSI COLA which provides for an increase of \$2 to \$18 depending on a recipient's living arrangement.
F	Transfer the administration of the Homeless Housing and Assistance Program to the Division of Housing and Community Renewal (DHCR)	This part would transfer the administration of the Homeless Housing and Assistance Program from the Office of Temporary and Disability Assistance (OTDA) to DHCR.
G	Consolidation of Youth Delinquency Prevention Programs	This part would consolidate the Youth Delinquency and Development Program (YDDP) and the Special Delinquency and Development Program (SDDP) into a single Youth Development Program.
H	Close to Home Expansion	This part would expand the non-secure phase of the Close to Home initiative to the rest of the state. It would also notwithstanding the 12-month notification requirement and authorize OCFS to close facilities and make significant staff or service reductions upon 60 days notification to the Legislature.
I	Merge the Office of the Welfare Inspector General (OWIG) into the Office of the Inspector General	This part would repeal the statutory authority for the Office of the Welfare Inspector General ("OWIG") and merge the functions of the OWIG into the Office of the State Inspector General. It would also expand the authority of the Office of the State Inspector General to allow it to investigate certain activities of local social services districts, including recipients and "contractees." Finally, this part would provide that no person may prevent, seek to prevent, interfere with, obstruct or otherwise hinder any investigation of the Office of the State Inspector General; any such action "shall constitute cause for suspension or removal from office or employment."
J	Modifies STAR registration procedures and STAR revocation penalties and procedures	This part would require the Commissioner of the Department of Taxation and Finance to establish guidelines for determining what constitutes a primary residence for STAR qualification purposes, and re-register all basic STAR beneficiaries. This part would also make changes to STAR revocation penalties and procedures.
K	Merge the Neighborhood and Rural Preservation Programs into a new program	This part would eliminate the Neighborhood and Rural Preservation Programs and create the Community Preservation Program, which would fill the role of both programs.

L	Expand the investment powers of the State of New York Mortgage Agency and the Housing Finance Agency	This part would expand the type and nature of investments that can be made by the State of New York Mortgage Agency and the Housing Finance Agency.
M	Authorize the transfer of various sums from the Mortgage Insurance Fund	This part would authorize the board of directors of the State of New York Mortgage Agency to transfer up to \$100 million to the general fund. It would also authorize them to reimburse the Housing Trust Fund Corporation for \$12.018 million for the cost of the Community Preservation Program, \$20.4 million for the Rural Rental Assistance Program, and \$17.852 million for rehabilitation of Mitchell-Lama Housing.
N	State Data Center Transfer	This part would authorize the transfer of the State Data Center from the Department of Economic Development to the Department of Labor.
O	Unemployment Insurance Reform	This part would modify the unemployment insurance program as it relates to: the minimum and maximum weekly benefit for claimants; increasing the taxable wage base for employers; and amending various provisions of law to improve the solvency of the Unemployment Insurance Trust Fund.
P	Minimum Wage Increase	This part would raise the statutory minimum wage to \$8.75 per hour beginning July 1, 2013.
Q	Reform & Extend Interest Arbitration	This part would extend interest arbitration until July 1, 2017 and establish a criterion by which a local government or school district could be deemed fiscally distressed and thereby limit future arbitration awards.
R	Effectuate phase one of casino development	This part would implement phase one of casino development including a study and request for information to be conducted by the New York State Gaming Commission.

A. 3008 - TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION

PART	DESCRIPTION	SUMMARY
A	Consolidated Highway Improvement Program (CHIPs) and Marchiselli Program authorizations	This part would authorize \$363.1 million in capital for CHIPs and \$39.7 million for the Marchiselli Program for State Fiscal Year 2013-14.
B	Continuation of transmission tax distribution	This part would continue the current distribution of the Statewide transmission tax on utility transportation and transmission services between Downstate and Upstate transit accounts.
C	Use of Mobile Telephones and Personal Electronic Devices (PEDs) While Driving	This part would modify laws restricting the use of mobile telephones and PEDs while driving, including provisions applicable to commercial vehicles.
D	Department of Motor Vehicles (DMV) Offices	This part would authorize DMV to designate certain branch offices to be open to the public and transact business on Saturdays.
E	Thruway Costs, Including State Police Services	This part would modify the law relating to State Police services on the Thruway, provide for State responsibility for additional Thruway goods and services, and exempt the Thruway Authority from annual cost recovery charges.
F	Modify provisions related to the Bottle Bill Law	This part would modify certain enforcement and penalty provisions related to the Bottle Bill Law and provide additional revenue to the Environmental Protection Fund.
G	Waste Tire Management and Recycling Fee	This part would remove the December 31, 2013 sunset of the Waste Tire Management and Recycling Fee.
H	General loan powers of the New York State Urban Development Corporation	This part would make permanent the general loan powers of the Urban Development Corporation, which otherwise would expire on July 1, 2013.
I	Dormitory Authority of the State of New York (DASNY) authorization to design and manage	This part would extend for two years the authorization for DASNY to enter into design and construction management agreements with the Department of Environmental Conservation (DEC) and the Office of Parks, Recreation and Historic Preservation (OPRHP).
J	Provide general grant making power to New York State Urban Development Corporation	This part would provide general grant making powers to the Urban Development Corporation. Pursuant to its new authority, the Urban Development Corporation would be authorized to provide grants consistent with any established agency guidelines.

K	Authorize the State Comptroller to receive payment from New York State Energy Research and Development Authority	This part would direct the State Comptroller to receive from the New York State Energy and Research Development Authority a payment of \$913,000 to be deposited into the General Fund.
L	Authorize the New York State Energy Research and Development Authority (NYSERDA) to receive revenue from the Department of Public Service	This part would extend for an additional year the 18-a assessment on gas and electric corporations at one cent per one thousand cubic feet of gas sold and .010 cent per kilowatt-hour of electricity sold by such utilities in their intrastate utility operations in 2011. Without this extension, the rate would drop to 0.6 cents per one thousand cubic feet of gas sold and .006 cents per kilowatt hour of electricity sold in the previous calendar year.
M	Extend Department of Health public service education program	This part would extend the appropriation of funds from the cable television account to fund the Department of Health's public service education program.
N	Extend "State Energy and Utility Conservation Assessment" on public utility companies	This part would extend the State Energy and Utility Conservation Assessment on public utility companies, currently set to expire March 31, 2014, for an additional five years.
O	Increase Public Service Commission oversight of gas and electric corporations.	This part would increase regulatory oversight of PSC over utilities by authorizing PSC to levy civil penalties for violations of safety, reliability and adequacy of service; to prohibit utilities from recovering costs incurred from civil penalties; to initiate an investigation of a utility's performance in restoring power, review annually utility capital expenditures and order improvements; to require utilities to submit enhanced storm and emergency response plans; to revoke a utility's operating certificate. Additionally, this part would add gas production and gathering lines to the classification of "underground facilities" regulated by the PSC. It also would increase penalties for failure to comply with provisions relating to protection of underground facilities.
P	Extend the authority of the Secretary of State to charge increased fees for expedited handling of documents	This part would extend for one year the Secretary of State's authority to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations.
Q	Facilitate an online corporate filing system	This part would eliminate categories of corporation types. It would remove various filing requirements of businesses and not-for-profit corporations. It also would direct the Department of State to develop an online corporate filing system.

A. 3009 - REVENUE

PART	DESCRIPTION	SUMMARY
A	MTA business tax extender	This part would extend the MTA business tax surcharge for five years, until December 31, 2018.
B	New York Film Production tax credit extender and enhancer	This part would extend the New York Film Production tax credit for five years, through 2019; in addition, the proposal would extend the credit to certain visual effects and animation projects while requiring additional reporting requirements by the Governor's Office of Motion Picture and Television Development.
C	New York Innovation Hot Spot Program	This part would create the New York Innovation Hot Spots Program; the program would authorize tax benefits for businesses in the formative stage of development with ties to private or public universities and colleges and non-profit organizations associated with universities.
D	High Income Charitable Contribution extender	This part would extend the high income (over \$10 million) charitable contribution deduction limitation of 25 percent for three years through 2015.
E	Royalty Income	This part would eliminate the income exclusion provisions for royalty income, thereby closing a loophole that allowed taxpayers to avoid significant tax add-back while qualifying for substantial income exclusions.
F	Historic Commercial Properties extender and enhancer	This part would extend the current tax credit for rehabilitation of historic properties through 2019; beginning in 2015 the credit would refundable.
G	NY Electric Vehicle Recharging Equipment credit	This bill would provide an electric vehicle recharging equipment tax credit equal to the lesser of \$5000 or 50 percent of related costs; the credit would sunset on December 31, 2017.
H	Tax Modernization Provisions	This part would make permanent the tax modernization provisions that were initially enacted in 2011 and subsequently amended in 2012, inclusive of sales tax compliance provisions.
I	Taste-NY Facilities	This part would exempt from sales and use taxes, food and drink (to include alcoholic beverages) and tangible property (up to \$200) that are made in New York for on or off-premises consumption and other types of prepared food that would otherwise be subject to sales tax.
J	IDA Reform	This bill amend certain provisions related to the eligibility of State sales tax exemption benefits authorized through the Industrial Development Agencies (IDAs)

PART	DESCRIPTION	SUMMARY
K	Uncompressed Natural Gas Exemption	This part would exempt from sales tax purchases of uncompressed natural gas intended for conversion into compressed natural gas for private use or sale for use in motor vehicles engines.
L	Emergency Vehicle Motor Diesel Fuel Exemption	This part would authorize the reimbursement of the Article 13-A (petroleum business tax) related to motor fuel and diesel fuel used in volunteer emergency vehicles.
M	Sales Tax Certificate of Authority	This part closes a loop hole that allows businesses to maintain a Certificate of Authority (COA) when they have fixed and final tax obligations by making grounds for revocation consistent with grounds of denying an application for COA.
N	Cigarette and Tobacco Certificate of Registration	This part authorizes the Department of Taxation and Finance to refuse to issue a Certificate of Registration to retail dealers of cigarettes and tobacco products if they have fixed and final tax obligation or have been convicted of a tax crime.
O	Unstamped Cigarettes	This part would increase the penalty for possessing or controlling unstamped or unlawfully stamped cigarettes from a maximum of \$150 to \$600.
P	Driver's License Suspension	This part would authorize the Department of Taxation and Finance, acting with the assistance of the Department of Motor Vehicles, to suspend a New York State driver's licenses of taxpayers who owe certain past-due tax liabilities.
Q	Wage Garnishment	This part would authorize the Department of Taxation and Finance to garnish wages of certain delinquent taxpayers without filing a warrant with the County Clerk or the State.
R	Local Sales Tax	This part would make permanent municipalities' authority to extend local sales tax currently in effect without legislative approval.
S	Quick Draw	This part removes restrictions related to the operation of Quick Draw.
T	Monticello Casino and Raceway	This part extends Monticello Casino and Raceway video lottery terminal venue distribution rates an additional year, until April 1, 2014.
U	Pari-Mutuel Permanency	This part would make certain tax rates and authorization for account wagering permanent.

**JOINT FISCAL COMMITTEE HEARINGS ON THE EXECUTIVE BUDGET
STATE FISCAL YEAR 2013-14**

DATE	TIME	TOPIC
January 28	9:30 AM	Local Government Officials and General Government
January 29	10:00 AM	Elementary & Secondary Education
January 30	10:00 AM	Health / Medicaid
January 31	10:00 AM	Transportation
February 4	9:30 AM	Environmental Conservation
February 5	9:30 AM	Housing
February 5	1:00 PM	Human Services
February 6	10:00 AM	Public Protection
February 11	9:30 AM	Higher Education
February 12	9:30 AM	Taxes
February 12	1:00 PM	Economic Development
February 27	9:30 AM	Mental Hygiene
February 27	1:00 PM	Workforce Development

FORECAST OF RECEIPTS

On or before February 28

Release of revenue receipts by the Fiscal Committees of the Legislature

Hearings will be held in the Hamilton Room (Hearing Room B) in the Legislative Office Building, Albany.

Assembly Ways and Means Committee Staff

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Steven A. Pleydle
Deputy Secretary to the Committee
Director of Tax and Fiscal Studies

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Victor Franco
Jonathan Gatt
Sean Giambattista
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Selena Hajiani
Betty Harper
Terri Hart
Minoru Hata
Thomas Hodgkins
James Hugger
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Barbara Kerr
Patricia Kincaid
Alissa Kordrupel
Christine Kowalski
Gina LaRosa
Christopher Maitland
Adam Mandel
Audrey McHugh
Joseph McManus

Dervisa Mujanovic
Barbara Neal
Isaiah Norman
Sean O'Keefe
Tom Okure
Maneechit Pattanapanchai
Christine Piwonka-Bernstein
Tammy Resnick
Anthony Rodolakis
Jeffrey Ross
Karen Ryan
Ashley Ryle
Karen Smeaton
Erin Smith
Matthew Steigman
Sean Stephens
Sandra Stewart
Marea Wright