

New York State Assembly Ways and Means Committee  
Graphic Overview of the  
2014-15 Executive Budget



January 2014



STATE OF NEW YORK

Sheldon Silver, Speaker  
Herman D. Farrell, Jr., Chairman





THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

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Rules  
Black, Puerto Rican, Hispanic and  
Asian Legislative Caucus

January 27, 2014

Dear Colleagues:

I am pleased to provide you with a graphic overview of the Executive Budget proposal for State Fiscal Year (SFY) 2014-15. This document is intended to provide the Members of the Committee, Members of the Assembly, and the general public with a broad overview of proposals that comprise the Executive Budget, as expressed in legislation submitted by the Governor on January 21, 2014.

This document should serve as a supplement to *Yellow Book*, which provides a more expansive review of the Executive Budget, as required by Section 53 of the Legislative Law. Together, these publications mark the beginning of the Assembly's review of the Governor's budget proposal, and should serve as an informational resource for Members as we participate in public, joint legislative fiscal committee hearings on the budget—our next step in the budget process.

Speaker Silver and I know that you share our goal of enacting an on-time budget premised on a principle of fairness to all New Yorkers. At the same time we will continue to reinforce our commitment to the education of our children, to protecting our communities and to providing necessary support to the most vulnerable among us.

As the Legislature begins its work on the State Fiscal Year 2014-15 Budget, I would like to express appreciation to all of my Assembly colleagues for the time and commitment you will dedicate to creating and enacting this year's budget. I would also like to thank the public for their participation as well. Finally, I would like to express my thanks to the staff of the Ways and Means Committee for their outstanding efforts to produce this document, and for their support to our conference throughout the year.

Sincerely,

HERMAN D. FARRELL, JR.





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# Financial Plan









- The All Funds budget grew minimally with a growth of less than one percent, while the General Fund grew by over three times that rate.

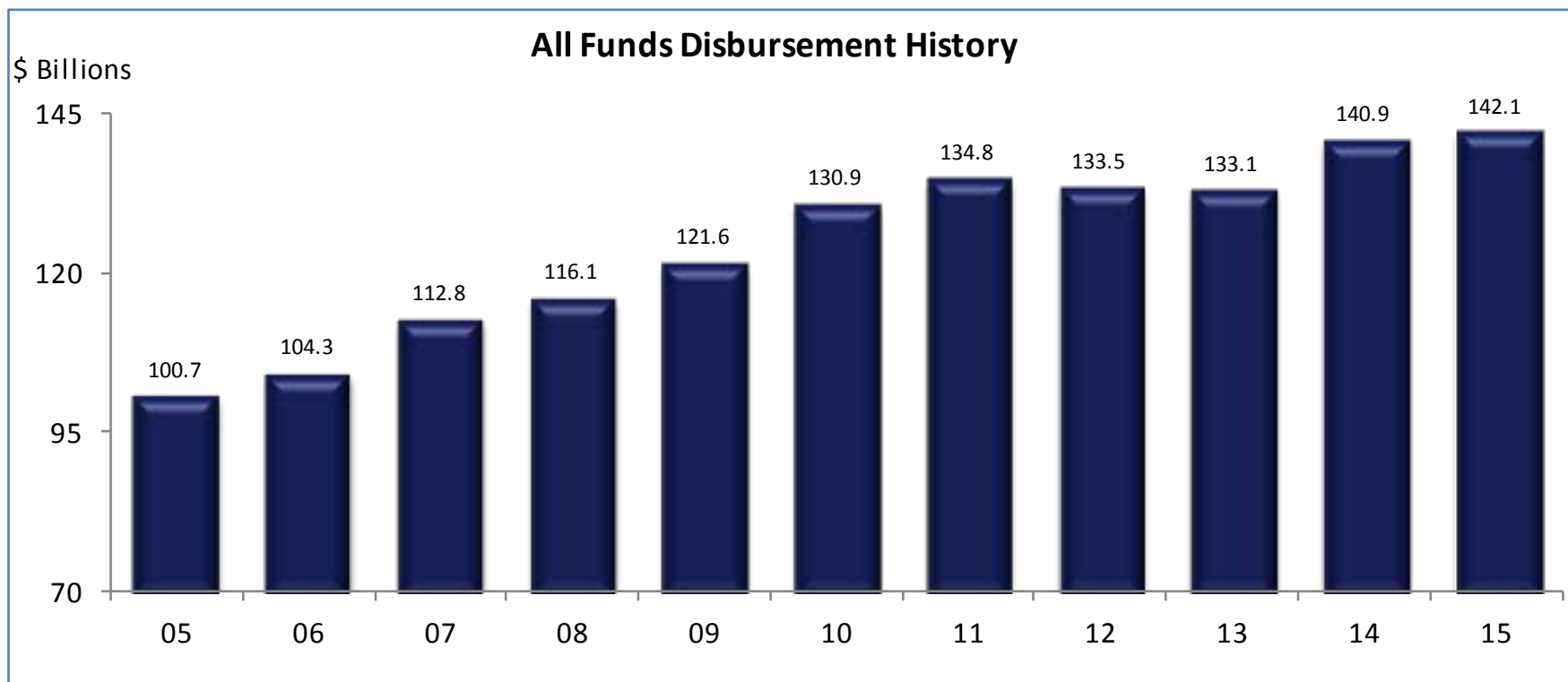
Size of Budget (\$ in Millions)				
	2013-14	2014-15	Difference	Percent
General Funds	\$61,460	\$63,563	\$2,103	3.4%
State Operating Funds	\$90,498	\$92,027	\$1,529	1.7%
State Funds	\$96,624	\$98,874	\$2,250	2.3%
All Funds	\$135,350	\$137,168	\$1,818	1.3%
All Funds Adjusted*	\$140,865	\$142,141	\$1,276	0.9%

Note: All Funds Adjusted includes extraordinary federal aid associated with Hurricane Sandy and the Affordable Care Act.

# FINANCIAL PLAN

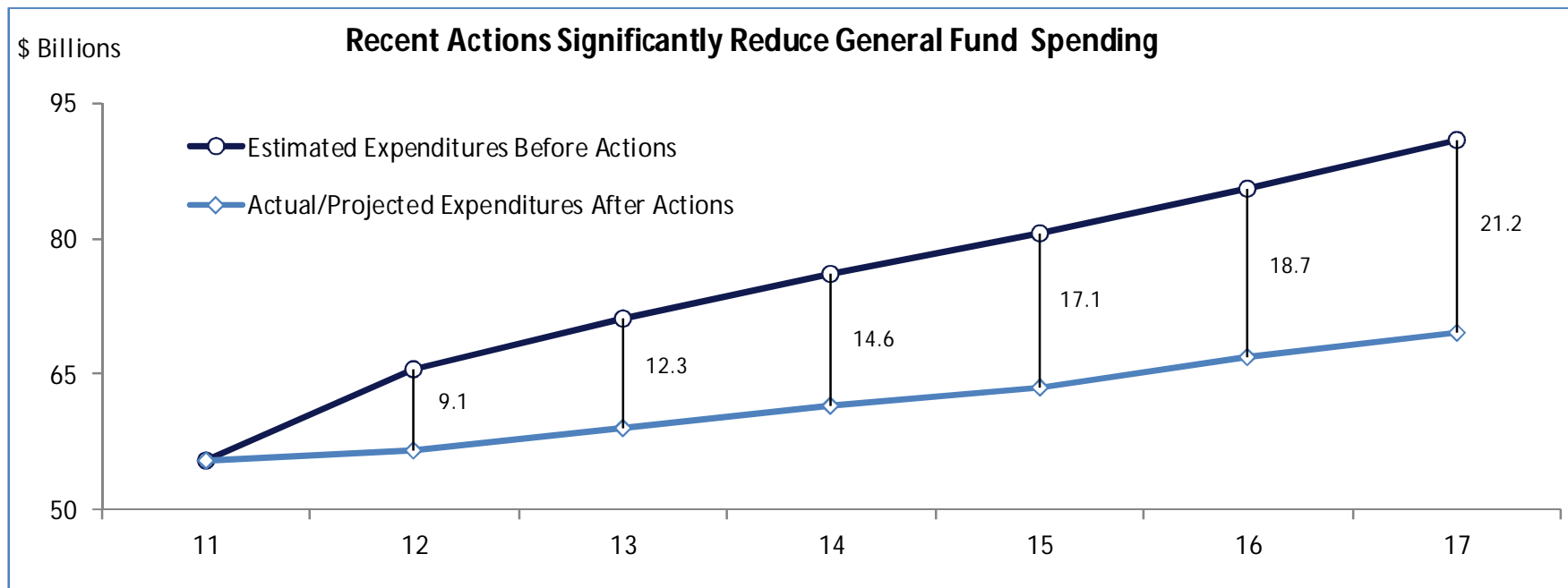


- The All Funds budget has grown by \$41.4 billion since 2005, with large growth in SFY 2013-14 due to extraordinary federal aid for Superstorm Sandy and the Affordable Care Act.





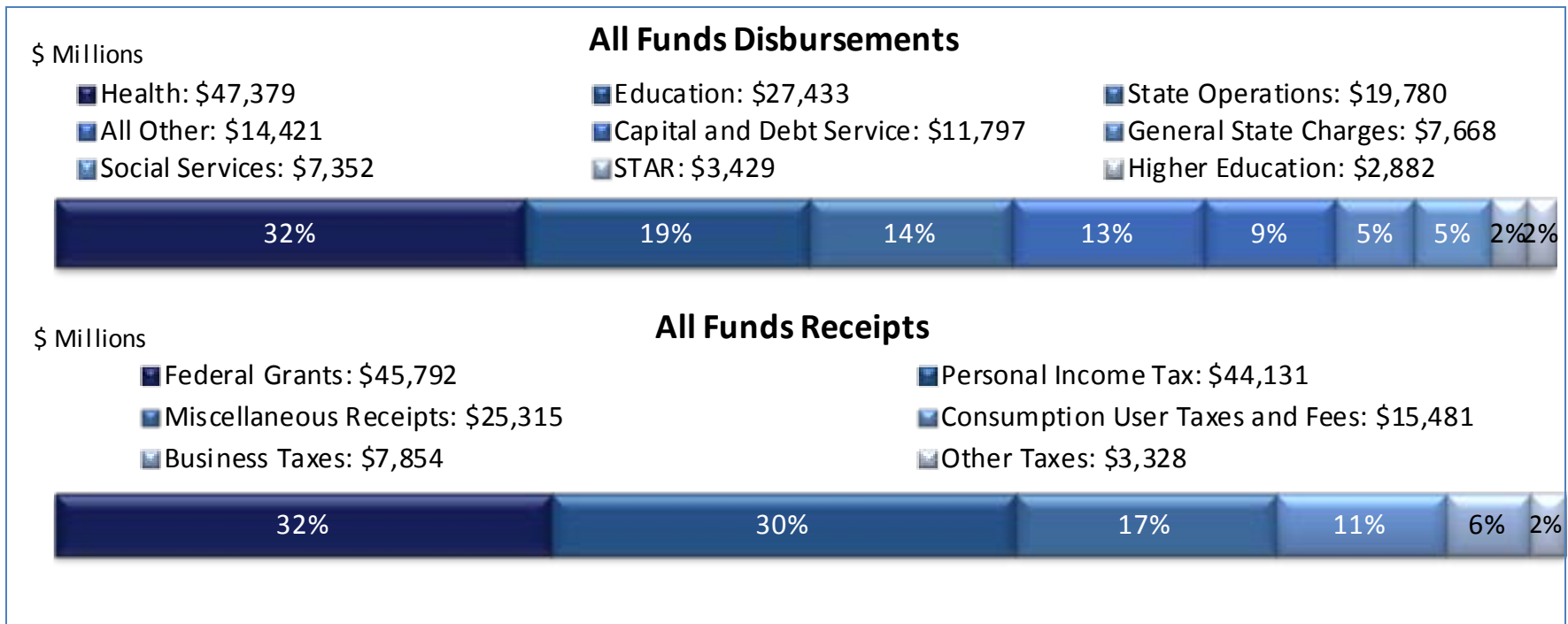
- Since 2012, the enacted General Fund gap closing actions have decreased spending by \$21.2 billion in SFY 2016-17.



# FINANCIAL PLAN



- The majority of All Funds receipts are derived from federal grants and Personal Income Tax collections, while Health and Education spending make up over half of the All Funds disbursements.



# FINANCIAL PLAN



- The out-year surpluses produced by the proposed gap-closing actions are based on the assumption that future budgets will hold State Operating Funds spending to two percent.

<b>General Fund GAP-Closing Plan</b>				
<b>(\$ in Millions)</b>				
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>CURRENT SERVICES GAP ESTIMATES</b>	<b>(1,742)</b>	<b>(2,889)</b>	<b>(2,948)</b>	<b>(3,887)</b>
<b>Spending Changes</b>	<b>2,098</b>	<b>2,794</b>	<b>3,375</b>	<b>3,604</b>
<b>Agency Operation</b>	358	708	990	1,342
<b>Local Assistance</b>	1,624	1,976	2,267	2,104
<b>Capital Projects/Debt Management</b>	116	110	118	158
<b>Resource Changes</b>	<b>286</b>	<b>441</b>	<b>(153)</b>	<b>(539)</b>
Resource Changes	(24)	31	(153)	(129)
Surplus Available from FY 2014	310	0	0	0
Tax Credit Timing	0	410	0	(410)
<b>SURPLUS/GAP ESTIMATE BEFORE BUDGET ACTIONS</b>	<b>642</b>	<b>346</b>	<b>274</b>	<b>(822)</b>
Tax Actions	(486)	(1,644)	(2,082)	(2,124)
Initiatives	(156)	(232)	(394)	(499)
<b>Total New Budget Actions</b>	<b>(642)</b>	<b>(1,876)</b>	<b>(2,476)</b>	<b>(2,623)</b>
<b>SURPLUS/GAP SUBTOTAL AFTER BUDGET ACTIONS</b>	<b>0</b>	<b>(1,530)</b>	<b>(2,202)</b>	<b>(3,445)</b>
Adherence to 2% State Operating Funds Spending Benchmark	0	1,685	2,367	3,618
<b>EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>0</b>	<b>155</b>	<b>165</b>	<b>173</b>





# Budget Summary



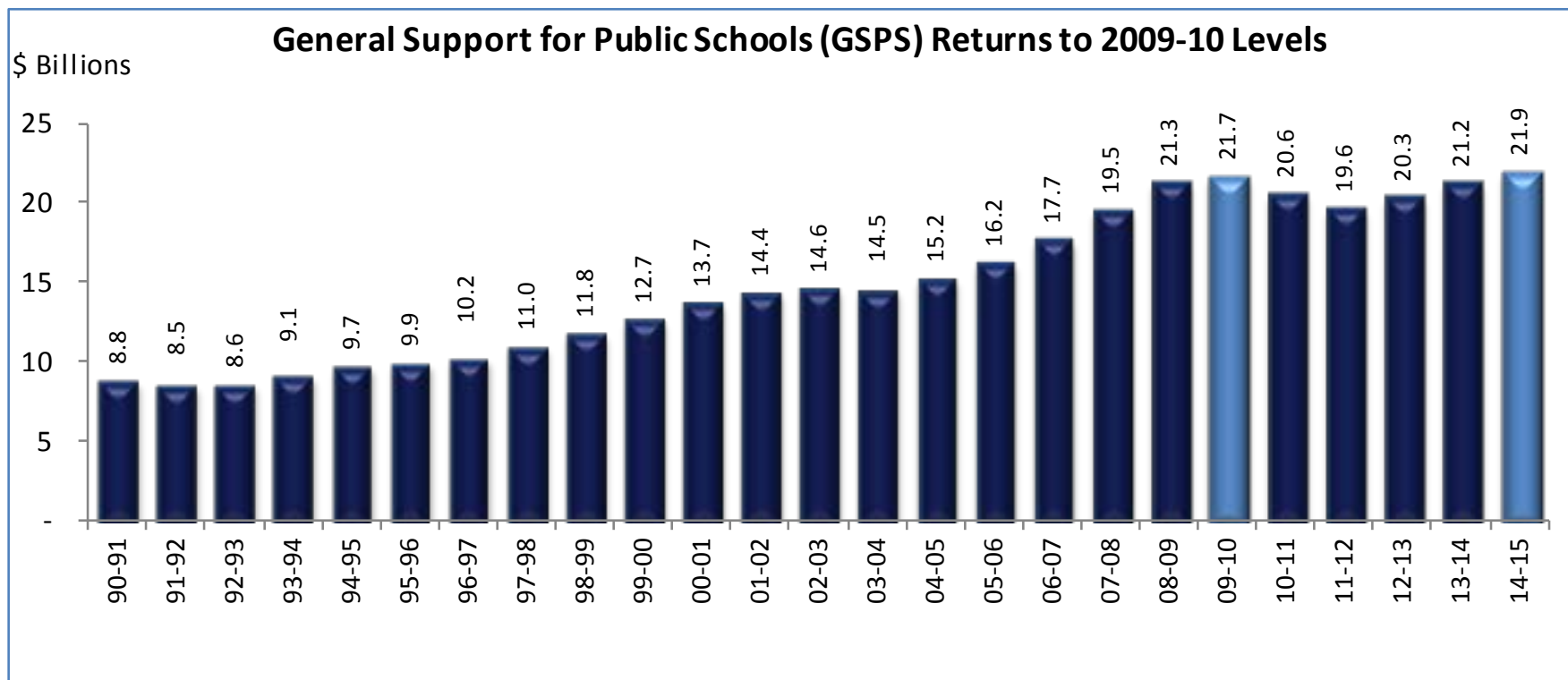




# BUDGET SUMMARY: EDUCATION



➤ The Executive Budget proposes a GSPS increase of \$807 million in SFY 2014-15 for a total of \$21.9 billion.

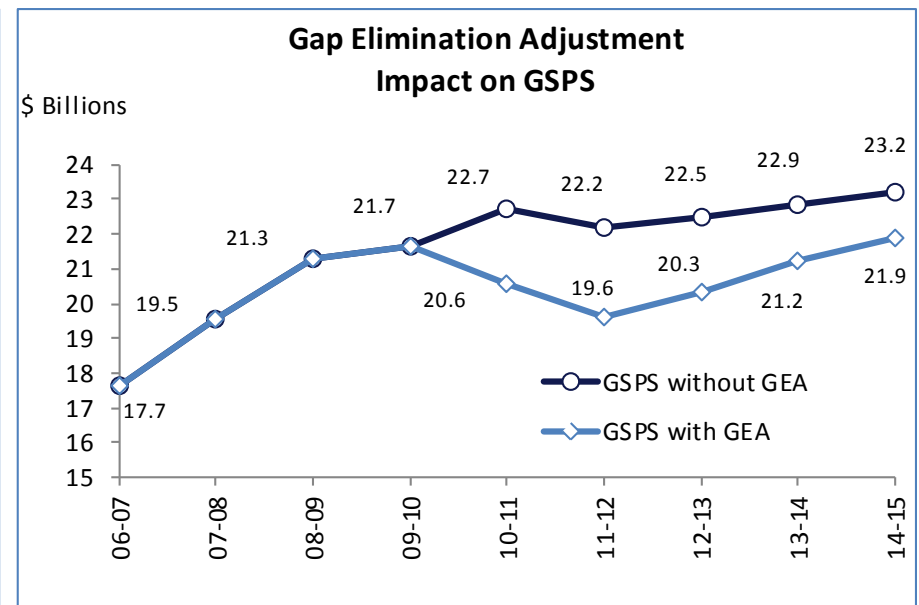
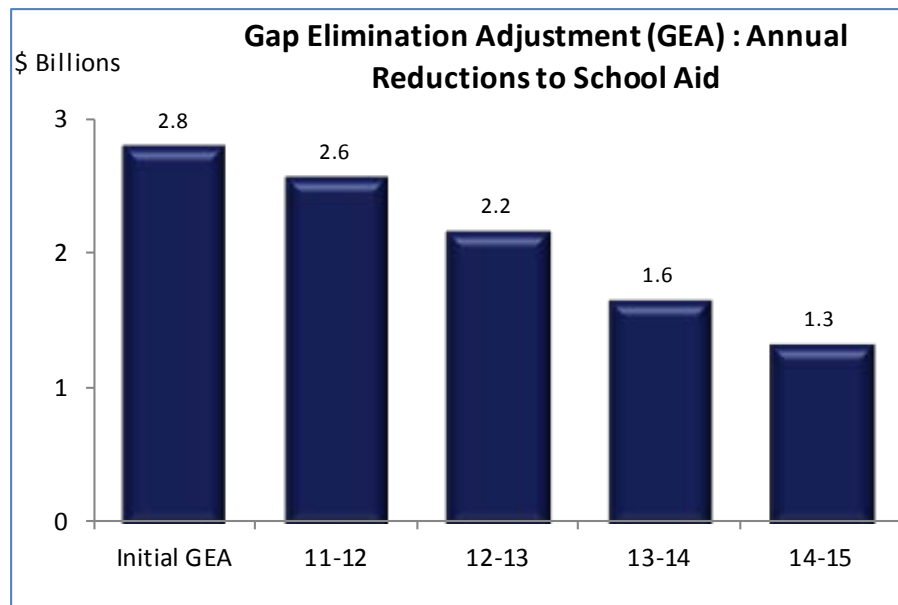


Note: 2014-15 is the Executive Proposal.

# BUDGET SUMMARY: EDUCATION



➤ The Executive Budget restores \$323 million to the GEA, leaving \$1.3 billion remaining after five years.

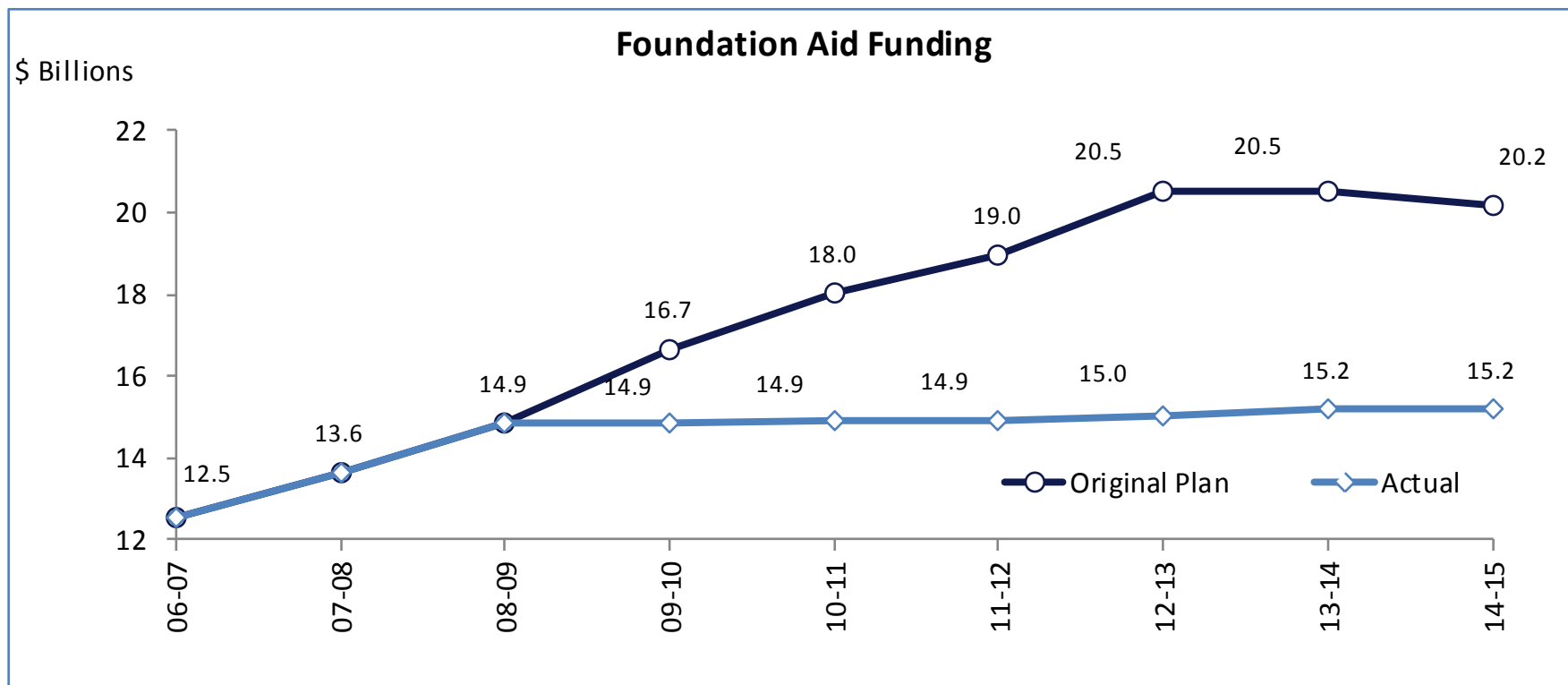


Note: 2014-15 is the Executive Proposal.

# BUDGET SUMMARY: EDUCATION



- The Executive Budget leaves the Foundation Aid formula at current levels.



Note: 2014-15 is the Executive Proposal.  
Source: State Education Department.

# BUDGET SUMMARY: EDUCATION



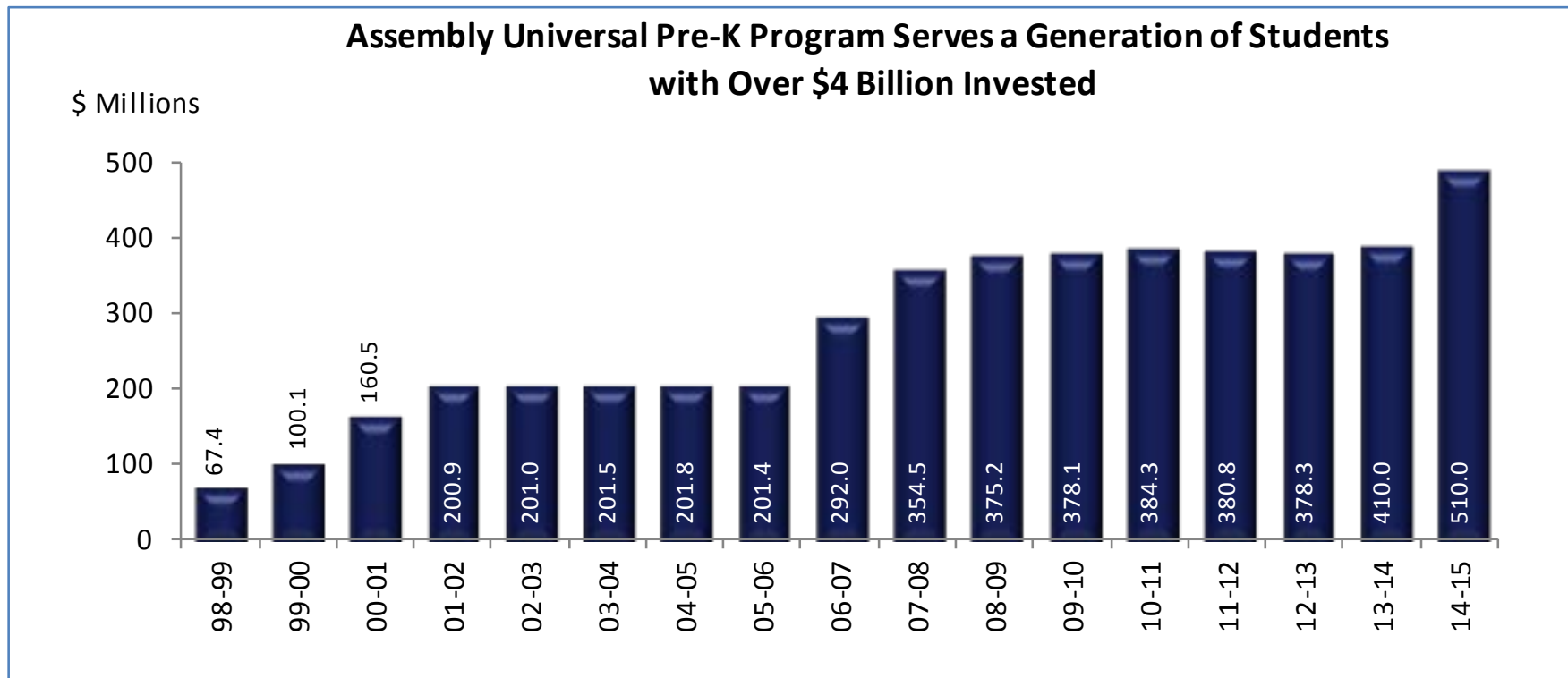
- The Executive Budget provides an increase to School Aid of \$807 million, and also proposes in addition to proposing a \$2 billion Smart Schools Bond Act.

<b>School Aid</b>	
<b>(\$ in Millions)</b>	
	<b>2014-15 Exec. Request</b>
Expense Based Aids and Grant Programs	285.00
Gap Elimination Adjustment Restoration	323.00
Fiscal Stabilization Fund - Unallocated	74.00
<b>Subtotal: Formula-Based Aids and Certain Grants</b>	<b>682.00</b>
<b>New Initiatives</b>	
Statewide Universal Full-Day Prekindergarten	100.00
New Performance Programs	
Teacher Excellence Fund	20.00
P-TECH	5.00
<b>Year to Year GSPS Increase</b>	<b>807.00</b>
Smart Schools Bond Act	2,000.00

# BUDGET SUMMARY: EDUCATION



- The Executive provides \$100 million as the first installment of a five year plan to build on the current Universal Pre-K Program.

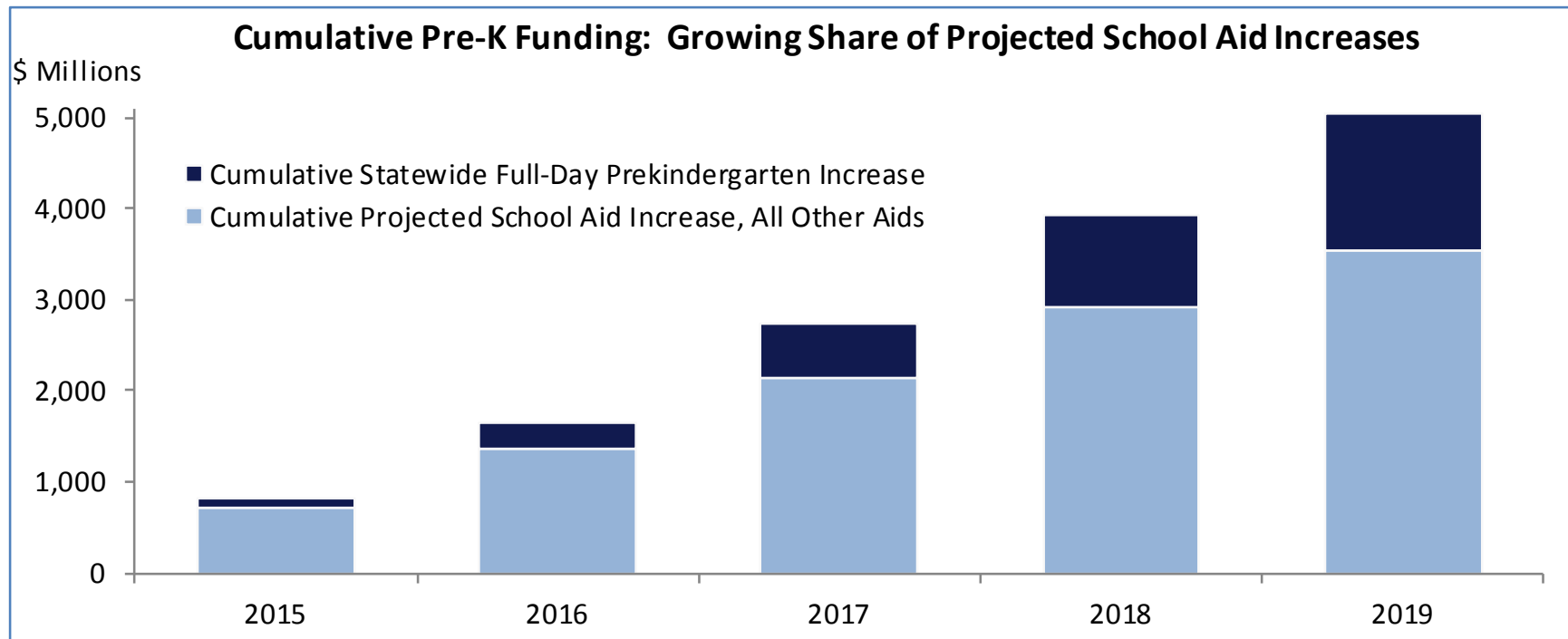


Note: 2014-15 is the Executive Proposal.

# BUDGET SUMMARY: EDUCATION



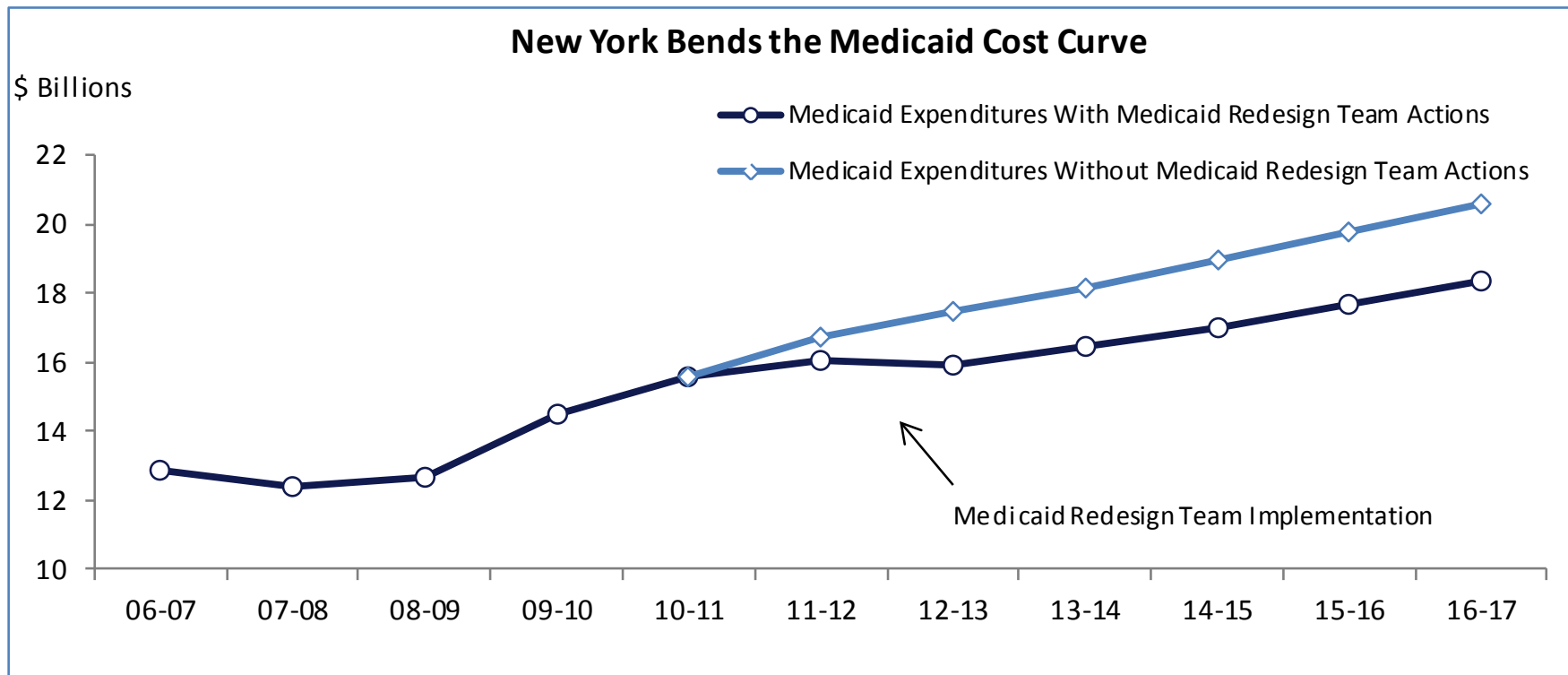
- As Pre-K funding is phased in, the cumulative growth would comprise a larger share of School Aid increases.



# BUDGET SUMMARY: HEALTH



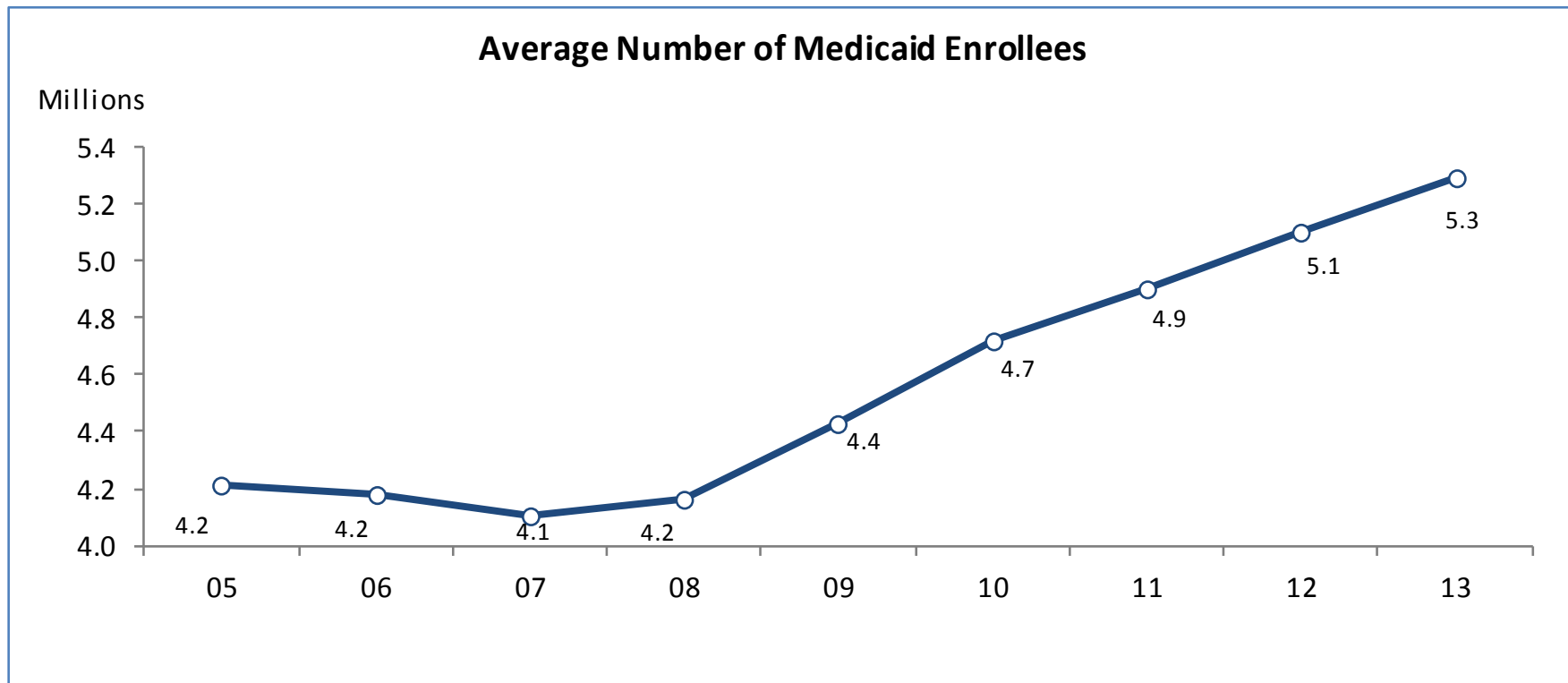
- The Department of Health estimates that recently enacted Medicaid proposals will save the State \$17.1 billion over the next five State Fiscal Years.



# BUDGET SUMMARY: HEALTH



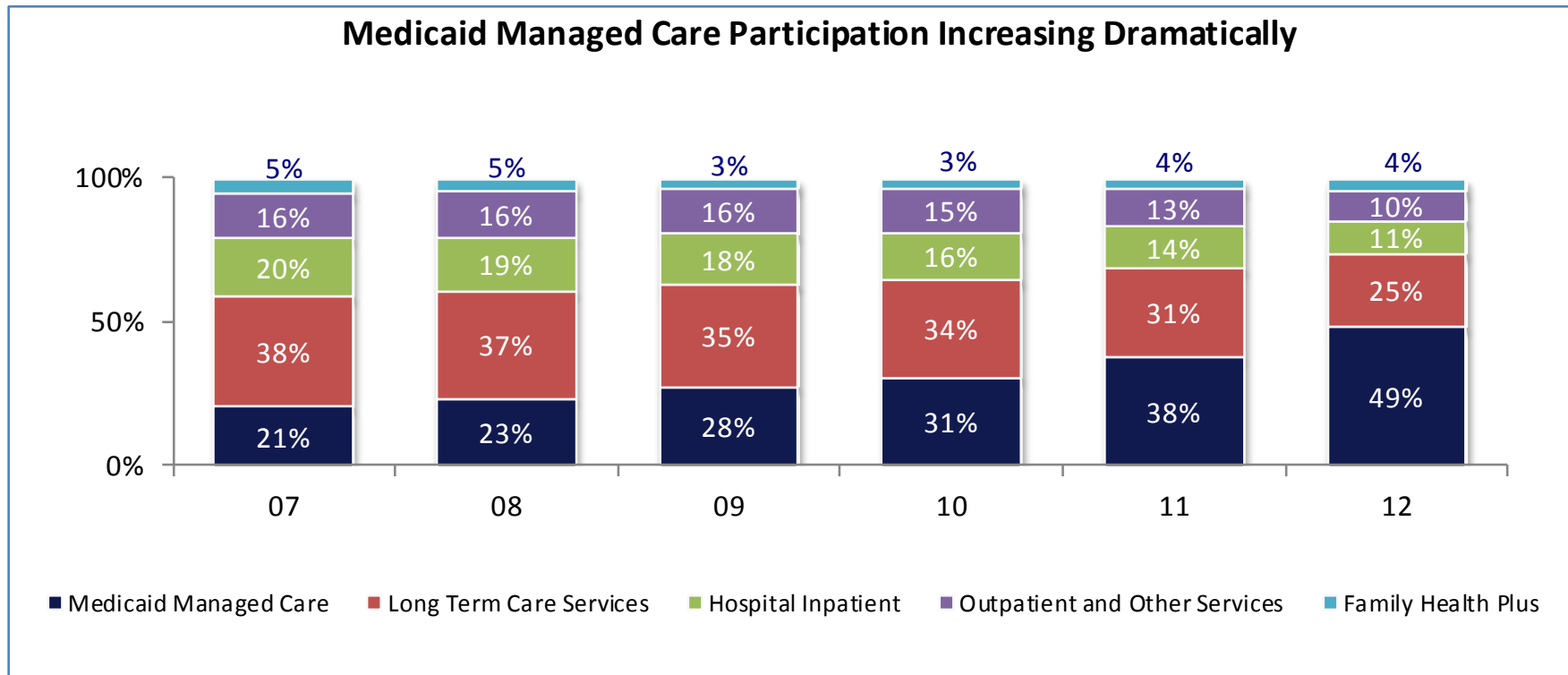
➤ Over the past five years, Medicaid enrollment has increased by over one million children and adults.







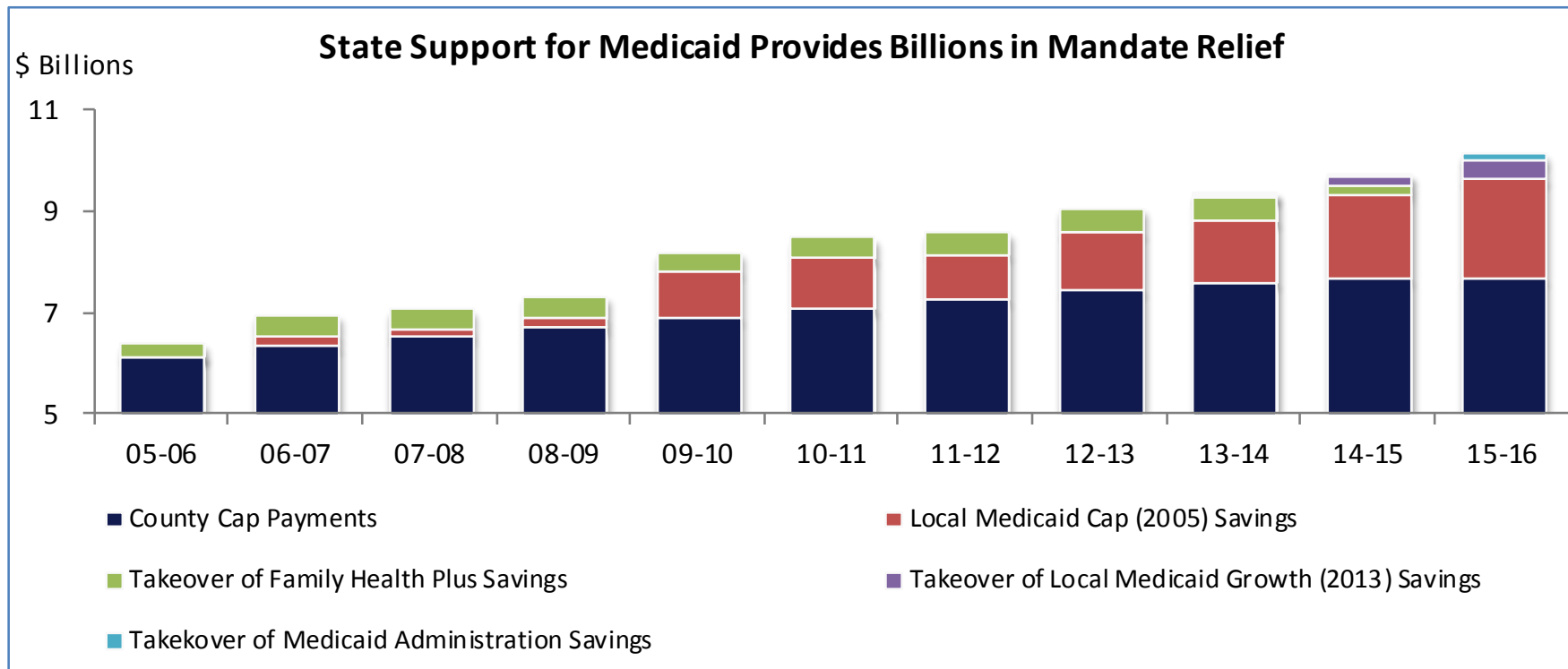
- The State has more than doubled the percentage of individuals enrolled in Medicaid Managed Care programs over the past five years.



# BUDGET SUMMARY: HEALTH



- Over a ten year period, the State has assumed approximately \$14 billion in Medicaid costs from local governments.





- The Affordable Care Act (ACA) is projected to provide nearly \$3 billion in savings to State and local governments over the next three years.

## State and Local Relief Under the ACA (\$ in Millions)

Fiscal Year	State Savings	Local Savings	Total
2013-14	203.1	85.9	289.0
2014-15	815.3	364.7	1,180.0
2015-16	1,010.6	424.4	1,435.0
<b>3 Year Totals</b>	<b>2,029.0</b>	<b>875.0</b>	<b>2,904.0</b>

# BUDGET SUMMARY: HEALTH



- Local governments are scheduled to receive over \$7 billion in relief over the next three years as a result of the State's continued assumption of local Medicaid costs.

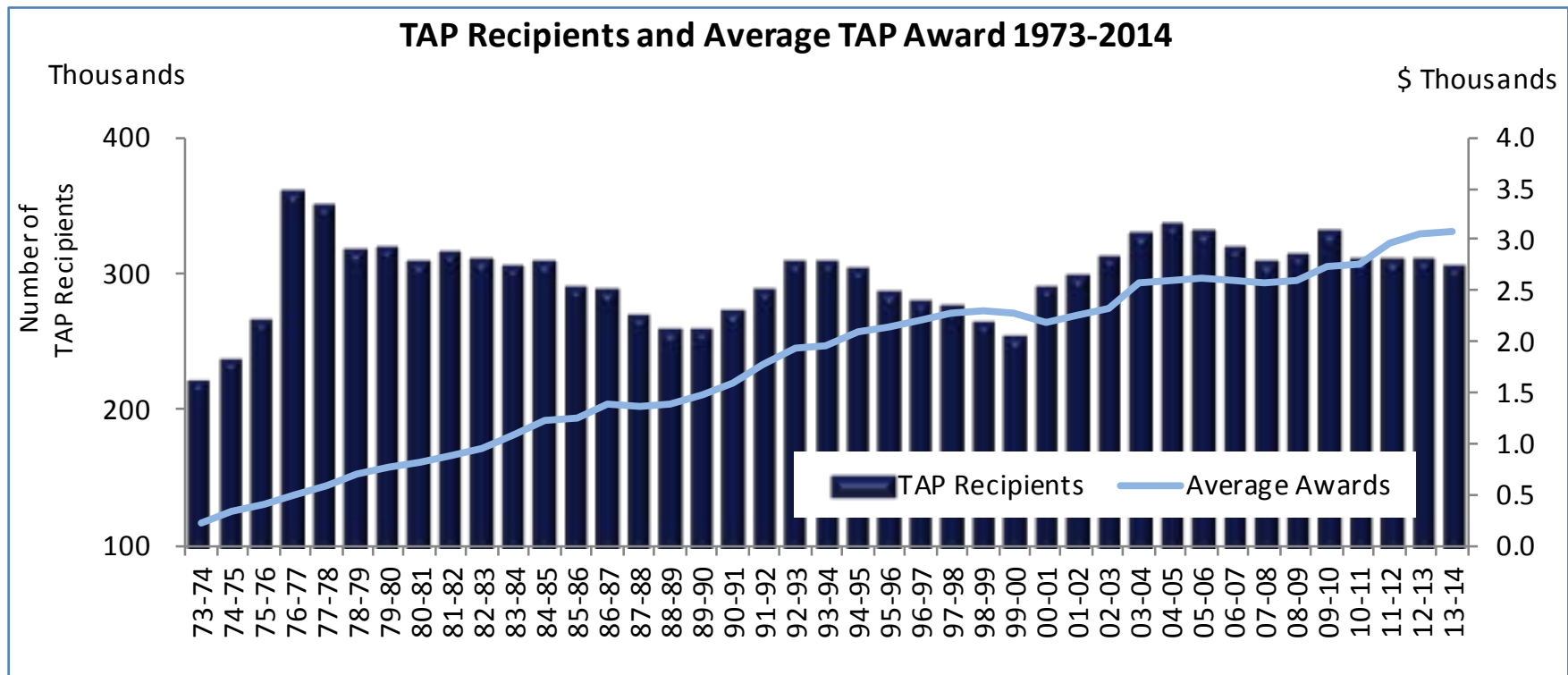
## Medicaid Takeover - Local Savings (\$ in Millions)

	SFY 2013-14	SFY 2014-15	SFY 2015-16	SFY 2016-17
Medicaid 3% Cap	\$1,261	\$1,725	\$2,105	\$2,267
Local Growth takeover	\$61	\$187	\$370	\$552
Family Health Plus	\$467	\$155	\$0	\$0
<b>Total</b>	<b>\$1,789</b>	<b>\$2,067</b>	<b>\$2,475</b>	<b>\$2,819</b>

# BUDGET SUMMARY: HIGHER EDUCATION



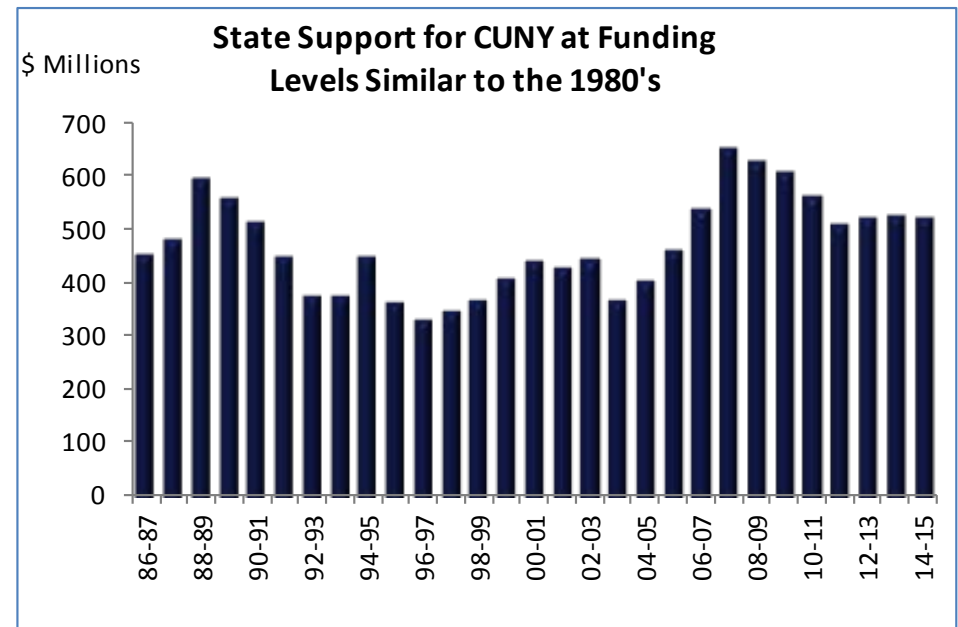
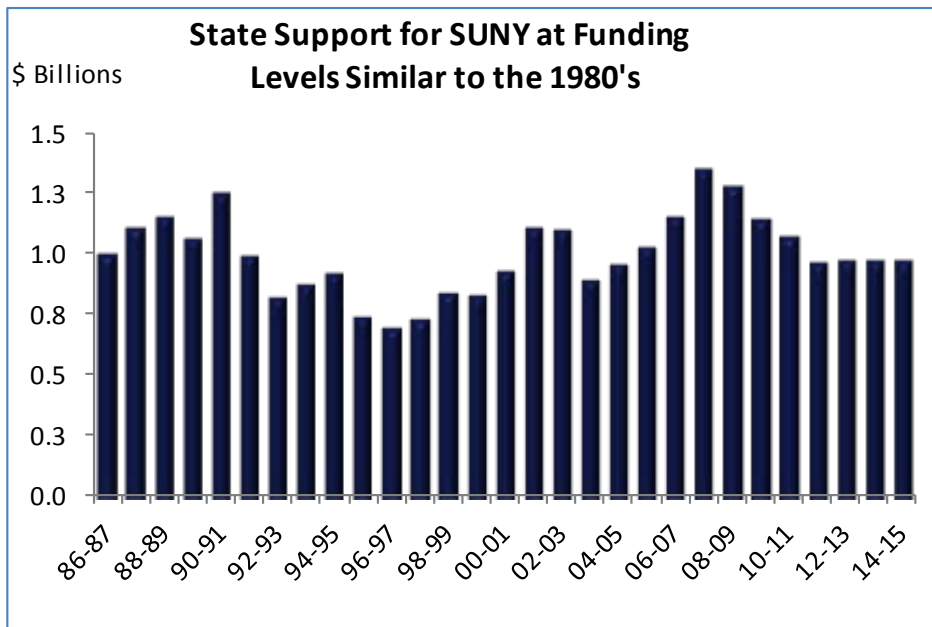
- The number of TAP recipients has remained constant while both average awards and tuition have increased.



# BUDGET SUMMARY: HIGHER EDUCATION



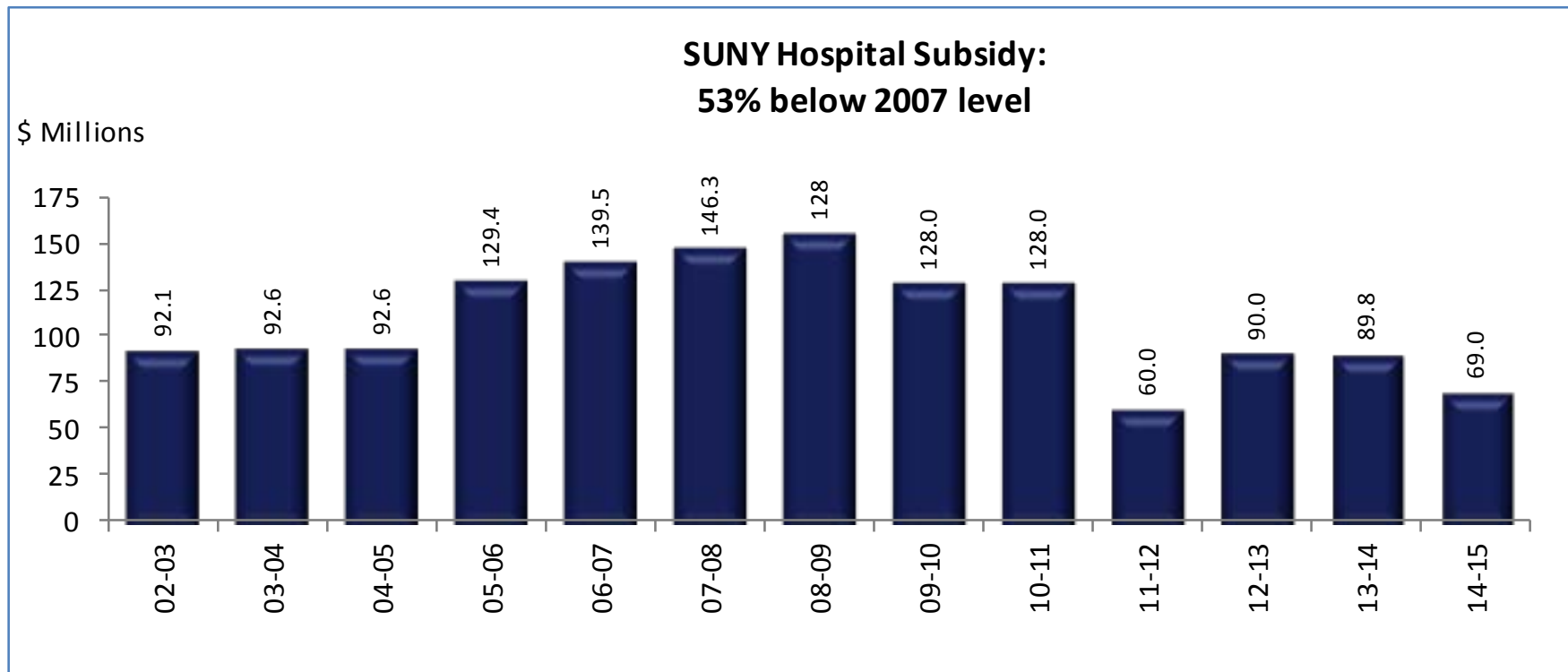
- SUNY State Operated campuses and CUNY Senior Colleges saw small year to year decreases in General Fund support.



# BUDGET SUMMARY: HIGHER EDUCATION



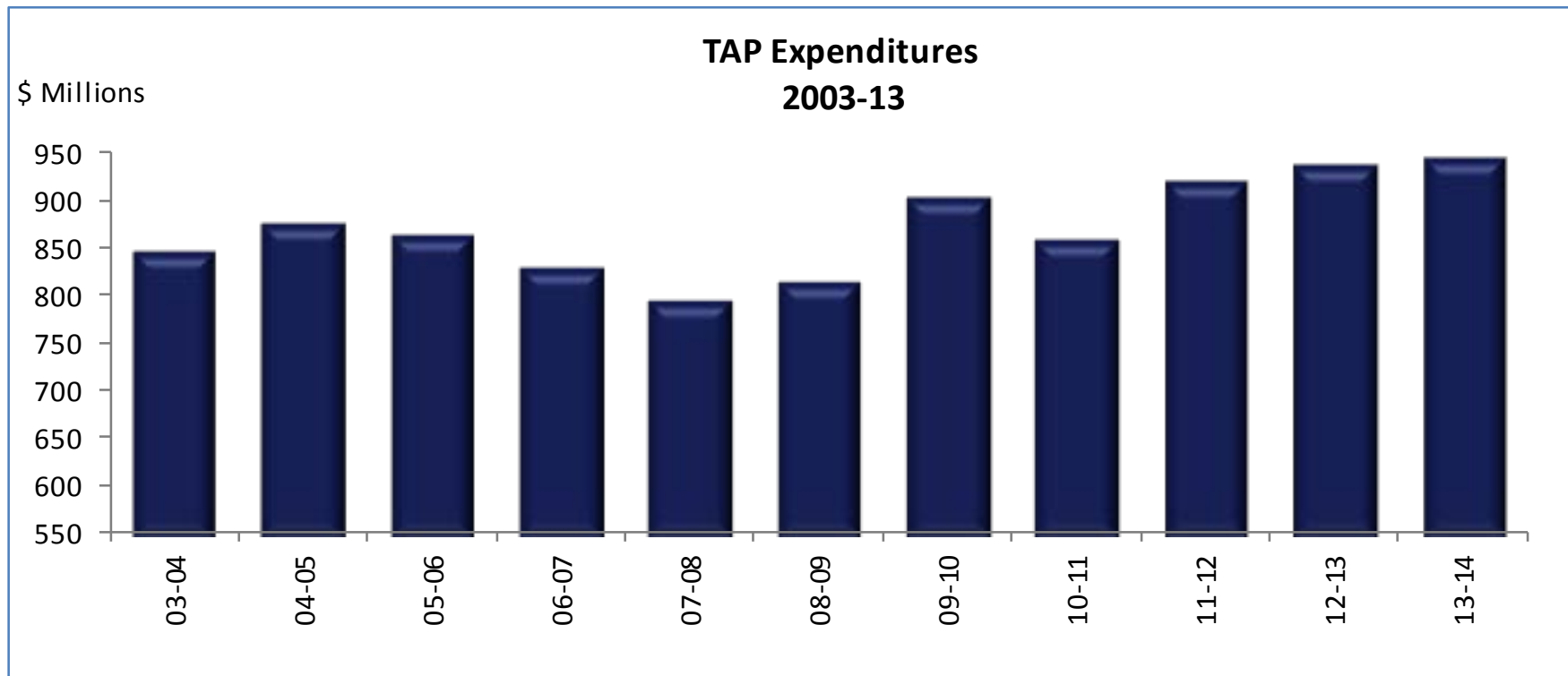
➤ The Executive proposal reduces support for SUNY Health Science Centers by \$20.8 million.



# BUDGET SUMMARY: HIGHER EDUCATION



- Expenditures for the Tuition Assistance Program were \$943 million in State Fiscal Year 2013-14.

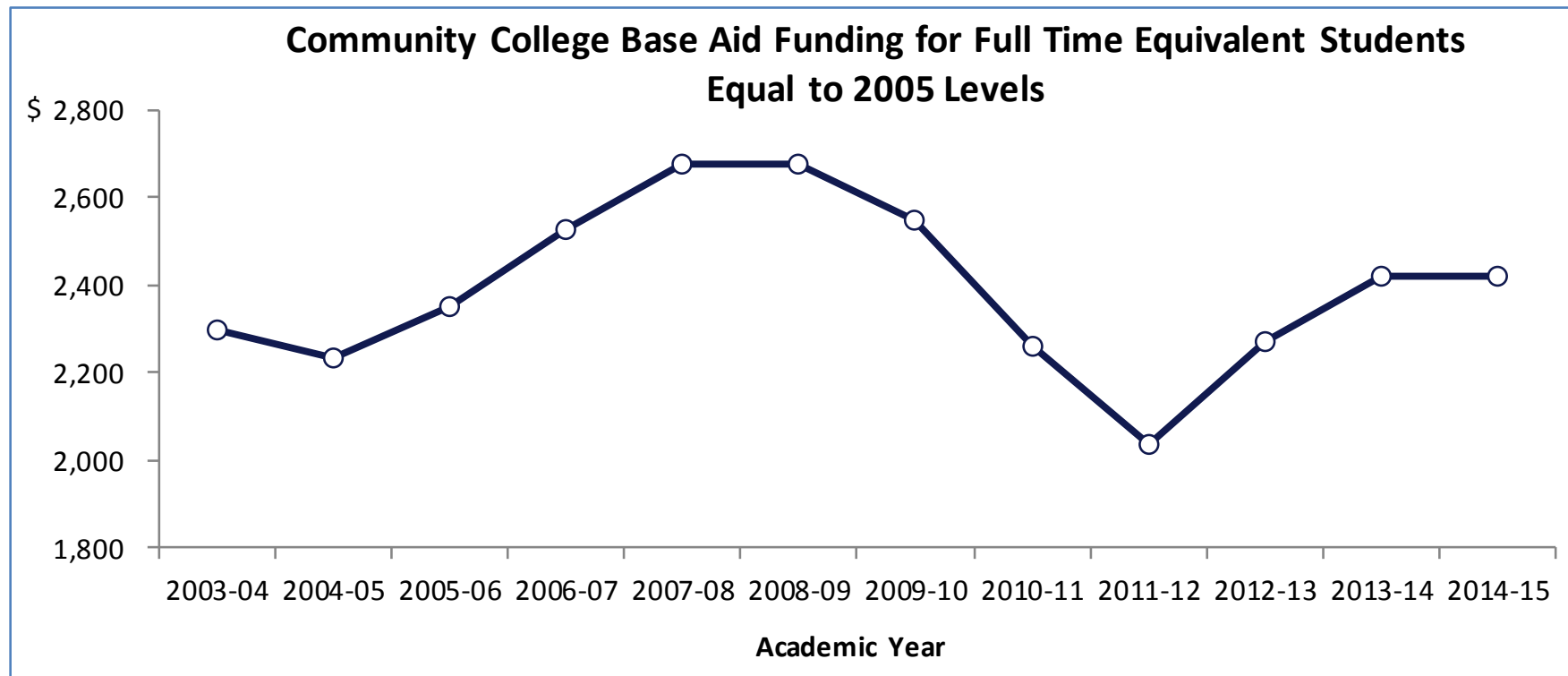




# BUDGET SUMMARY: HIGHER EDUCATION



- The Executive maintains community college base aid funding at \$2,422 per full-time equivalent student.



# BUDGET SUMMARY: HIGHER EDUCATION



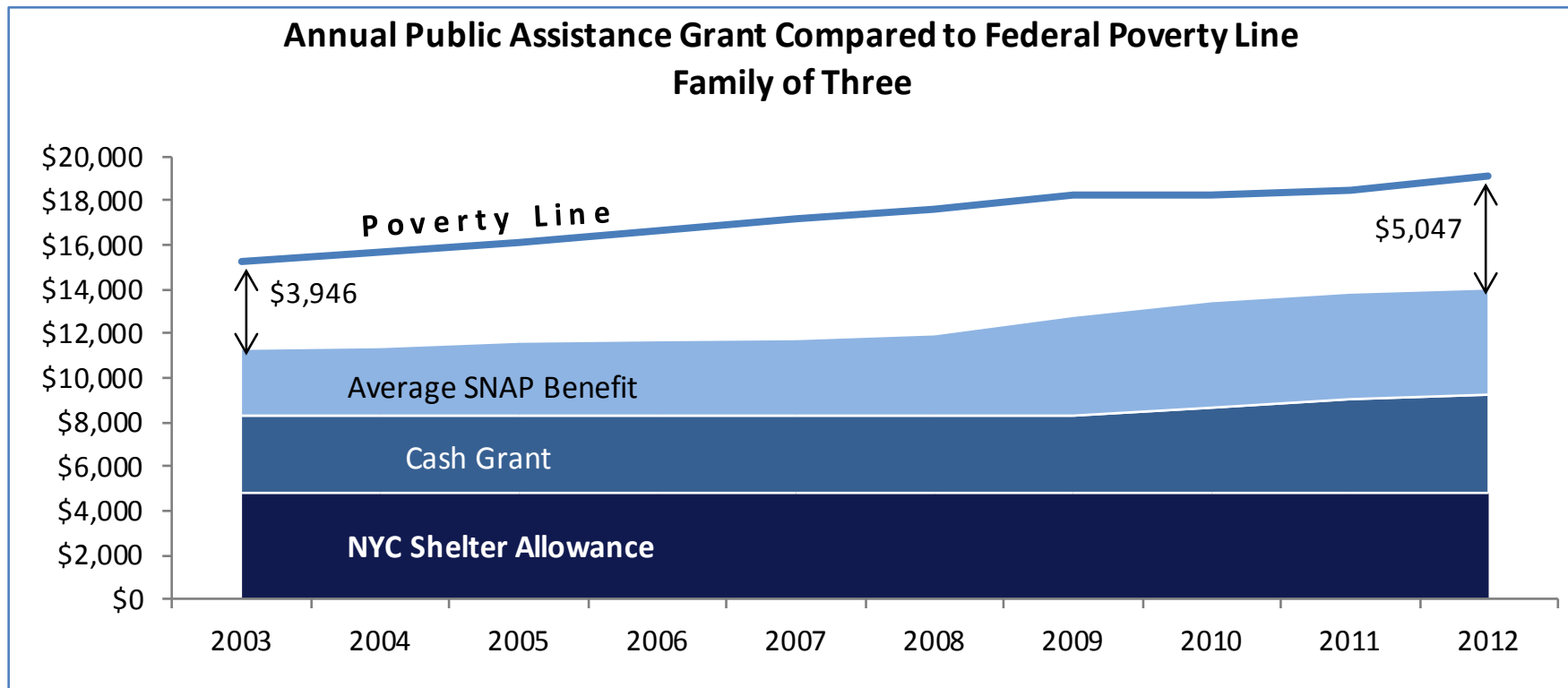
- The Executive includes \$1.24 billion for Higher Education Capital in various parts of the Budget.

<b>Higher Education Capital Funding</b>	
<b>Project</b>	<b>Proposed Funding (\$ in Millions)</b>
<b>SUNY</b>	
Critical Maintenance	500.00
School of Pharmacy at SUNY Binghamton	10.00
SUNY Construction Fund	25.10
Campus Sponsored Projects	150.00
Residence Hall Rehabilitation	50.00
Community Colleges	32.13
<b>CUNY</b>	
Critical Maintenance	258.00
Project Administration	36.98
<b>Urban Development Corporation</b>	
NYSUNY 2020	55.00
NYCUNY 2020	55.00
SUNY College for Nanoscale and Science Engineering	50.00
Cornell University College of Veterinary Medicine	5.00
<b>Division of Homeland Security and Emergency Services</b>	
College of Emergency Preparedness, Homeland Security, and Cybersecurity	15.00
<b>Total</b>	<b>1,242.21</b>

# BUDGET SUMMARY: HUMAN SERVICES



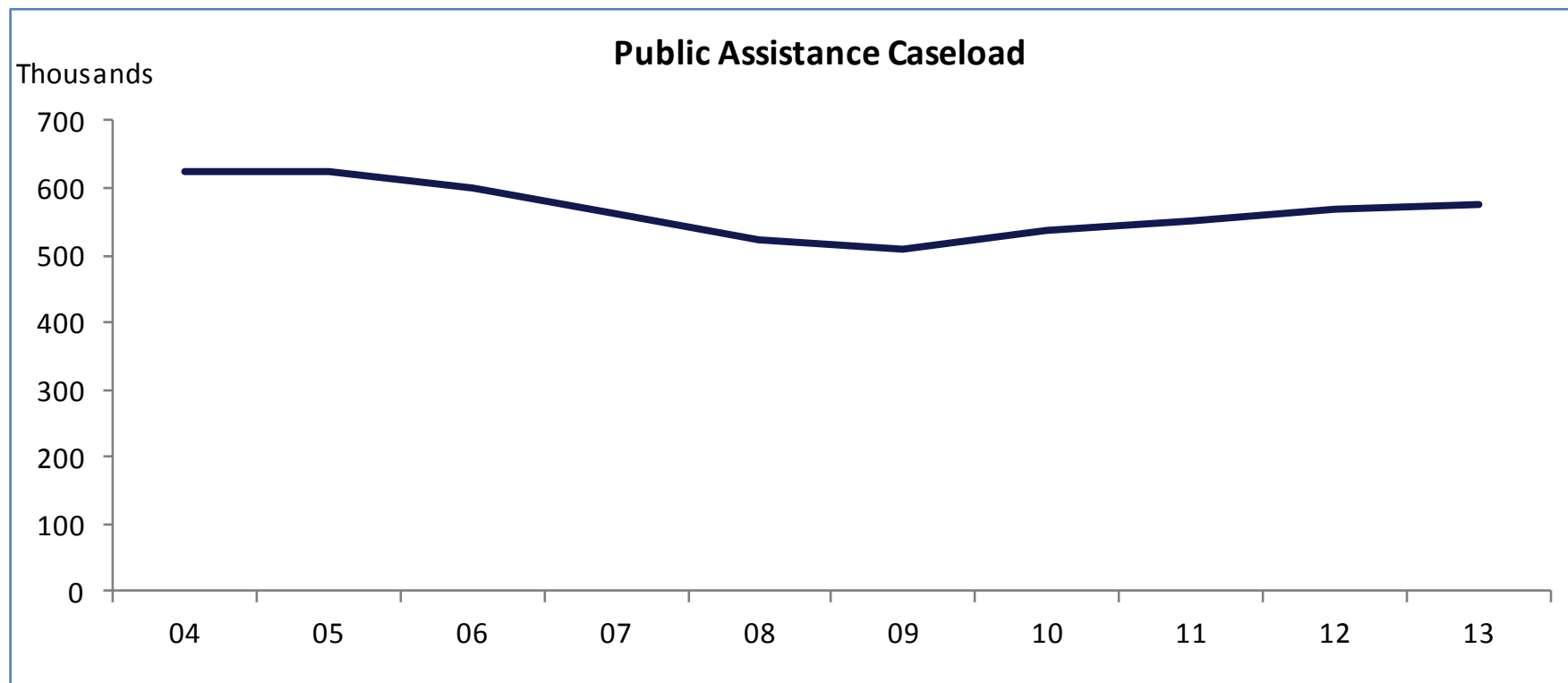
- Public assistance resources equal only 74 percent of the Federal poverty level.



# BUDGET SUMMARY: HUMAN SERVICES



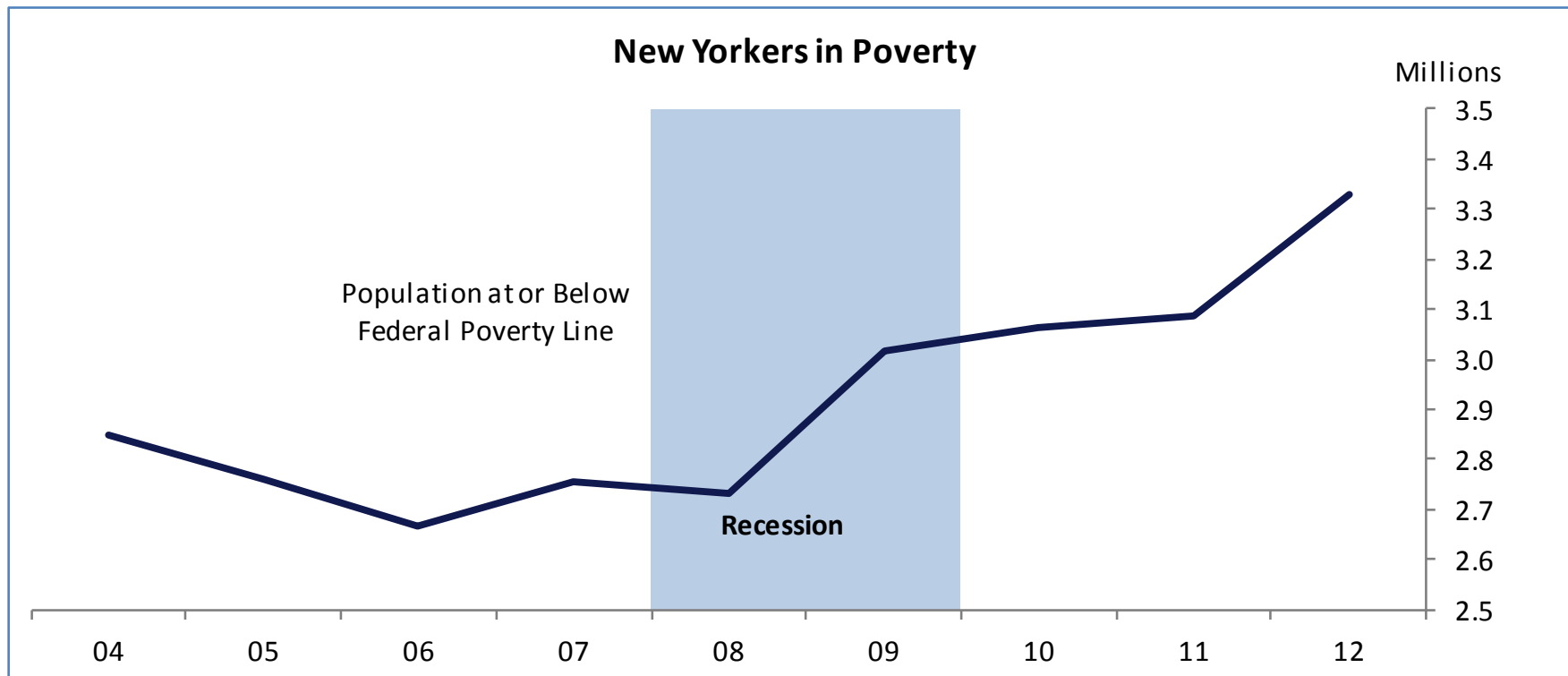
➤ Despite signs of an improved economy, public assistance caseload levels remain high.



# BUDGET SUMMARY: HUMAN SERVICES



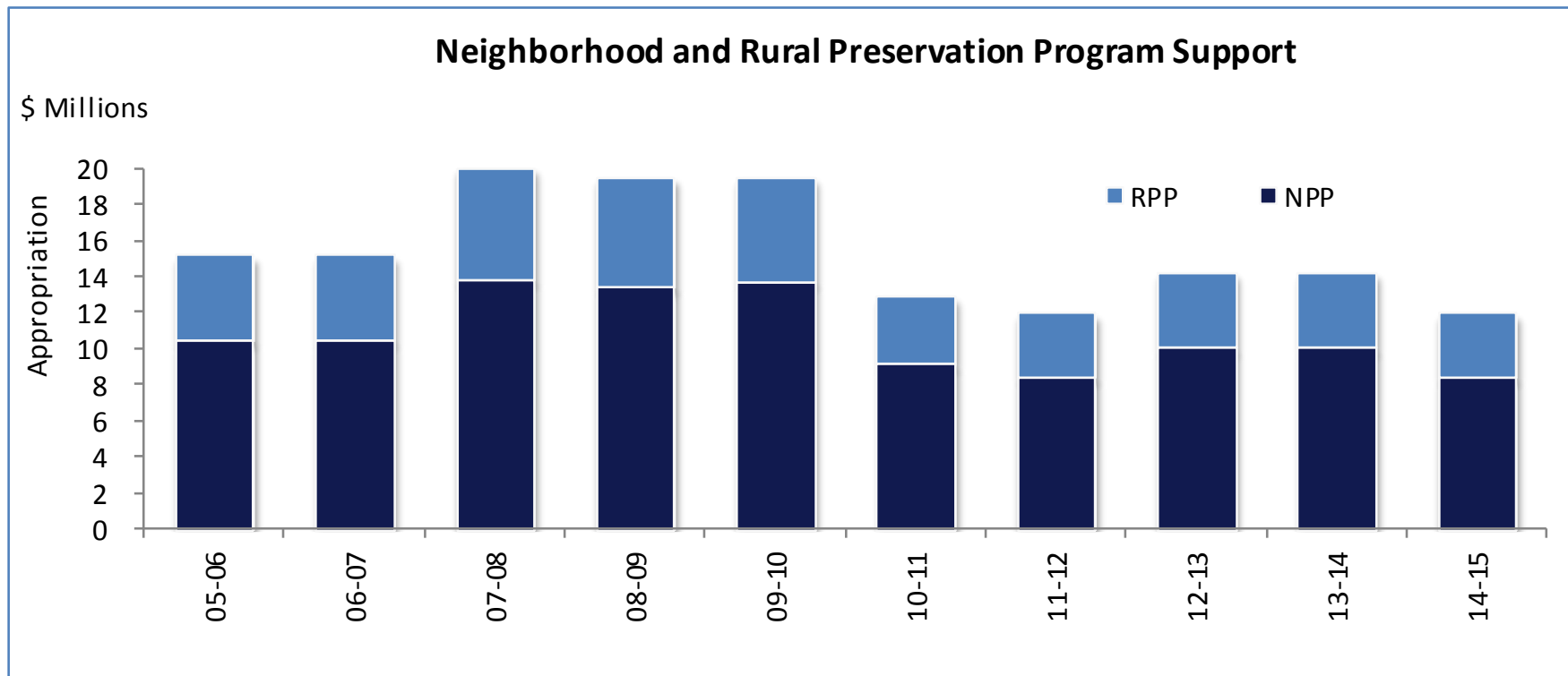
- In 2012, there were 3.3 million New Yorkers living in poverty, an increase of 22 percent from a decade ago.



# BUDGET SUMMARY: HUMAN SERVICES



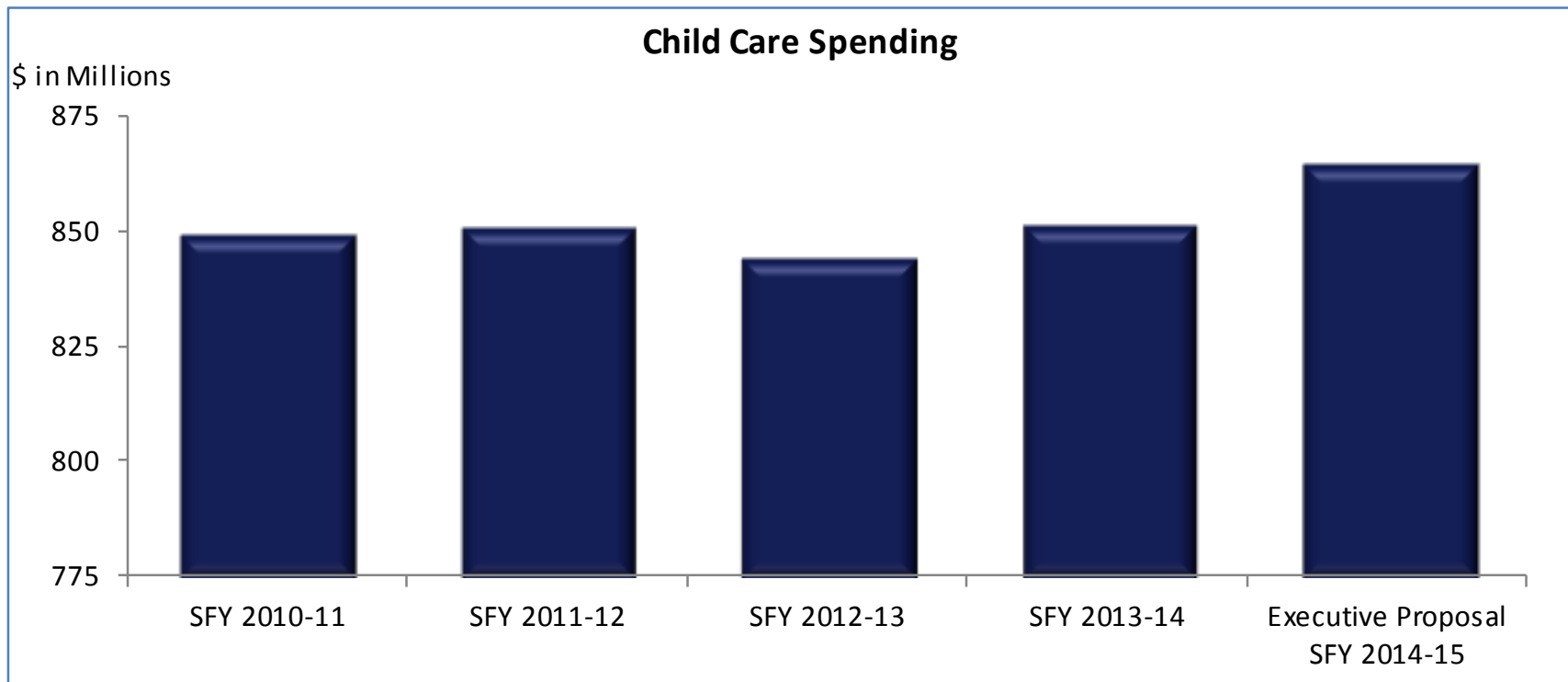
- Although funding for NPPs and RPPs has fluctuated, proposed funding is lower than amounts provided a decade ago.



# BUDGET SUMMARY: HUMAN SERVICES



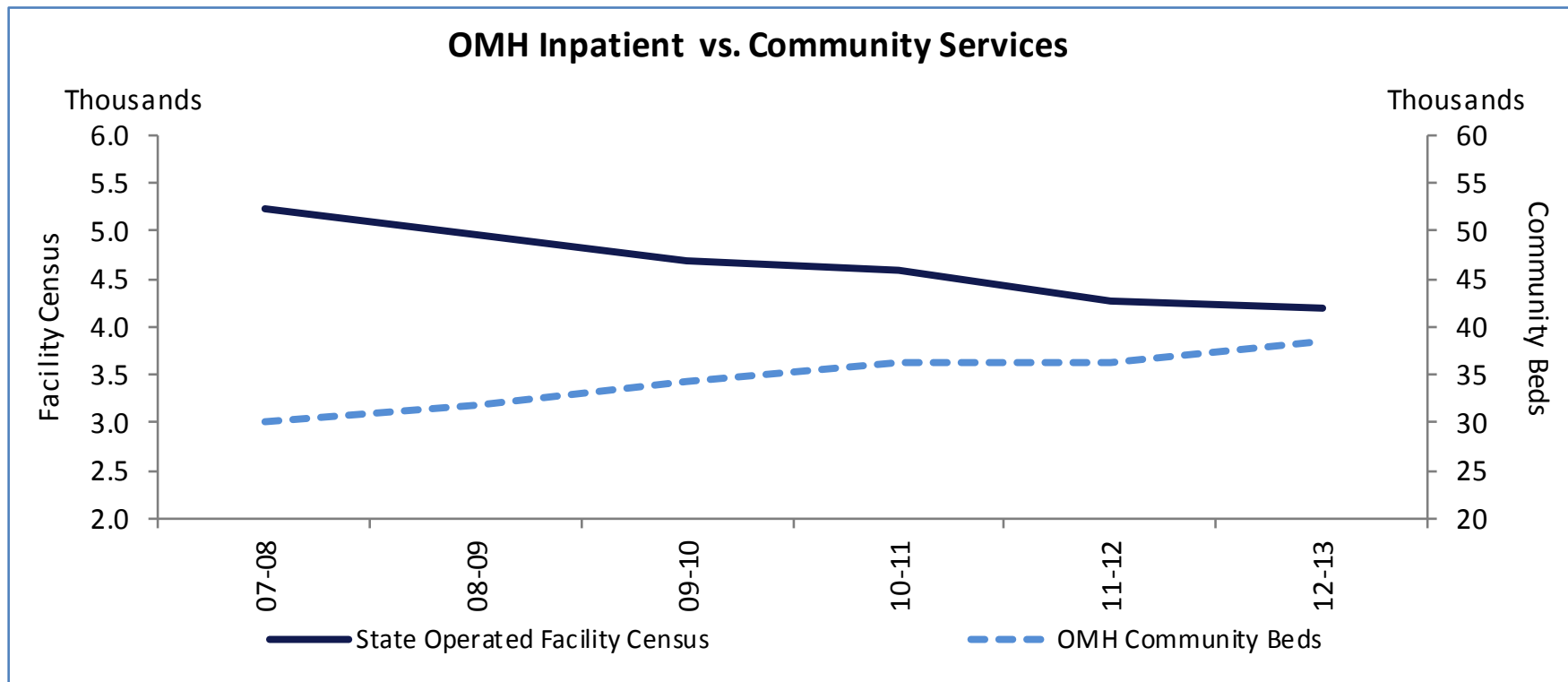
- After years of flat funding, the Executive raises child care funding by two percent to provide for the increased cost of current services.



# BUDGET SUMMARY: MENTAL HYGIENE



- The census in State psychiatric hospitals has continued to decrease as the availability of community services has been increased.

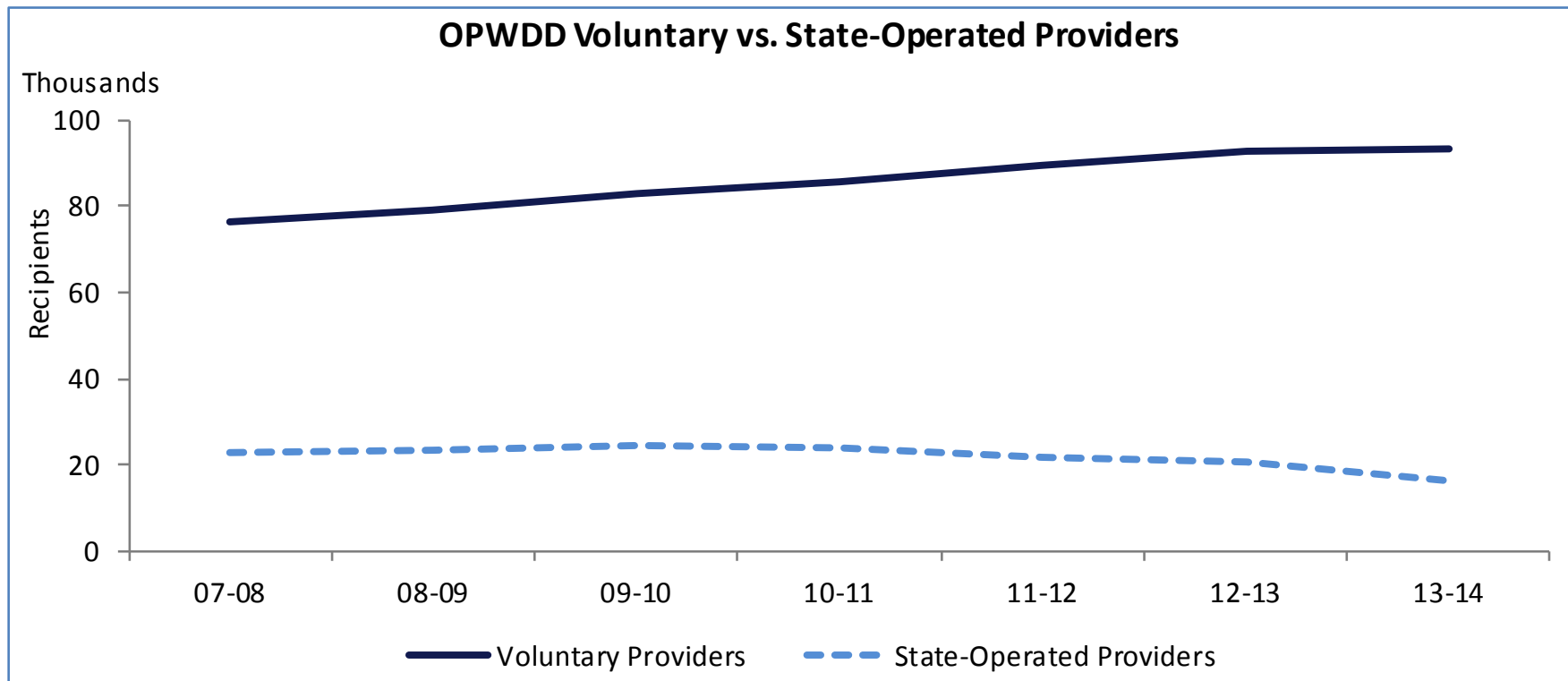




# BUDGET SUMMARY: MENTAL HYGIENE



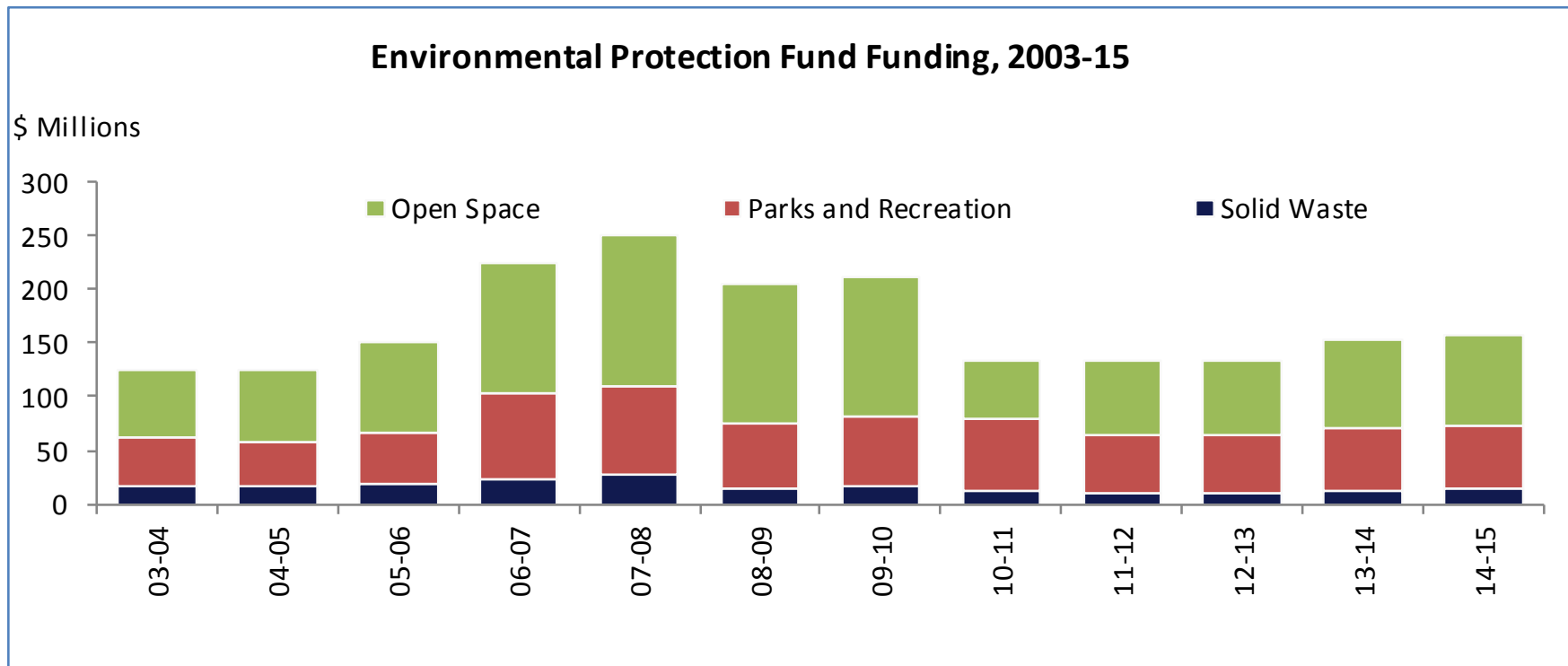
- The State continues to transition individuals out of developmental centers and into less costly community services.



# BUDGET SUMMARY: ENVIRONMENT, AGRICULTURE AND ENERGY



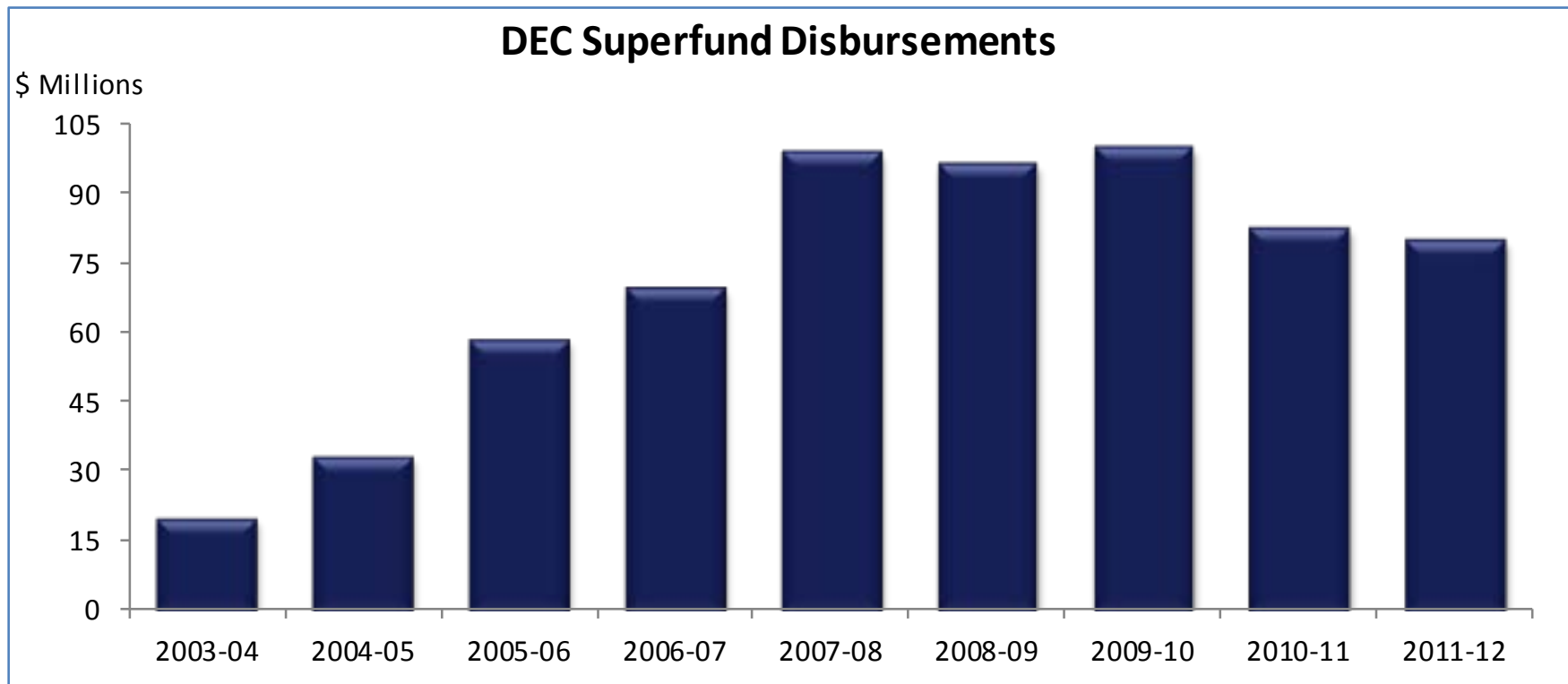
- The Executive proposes increasing the Environmental Protection Fund (EPF) by \$4 million or 2.5 percent to \$157 million.



# BUDGET SUMMARY: ENVIRONMENT, AGRICULTURE AND ENERGY



- The Executive proposes renewing the Superfund program for ten years and provides \$100 million in funding for the program.



# BUDGET SUMMARY: ENVIRONMENT, AGRICULTURE AND ENERGY



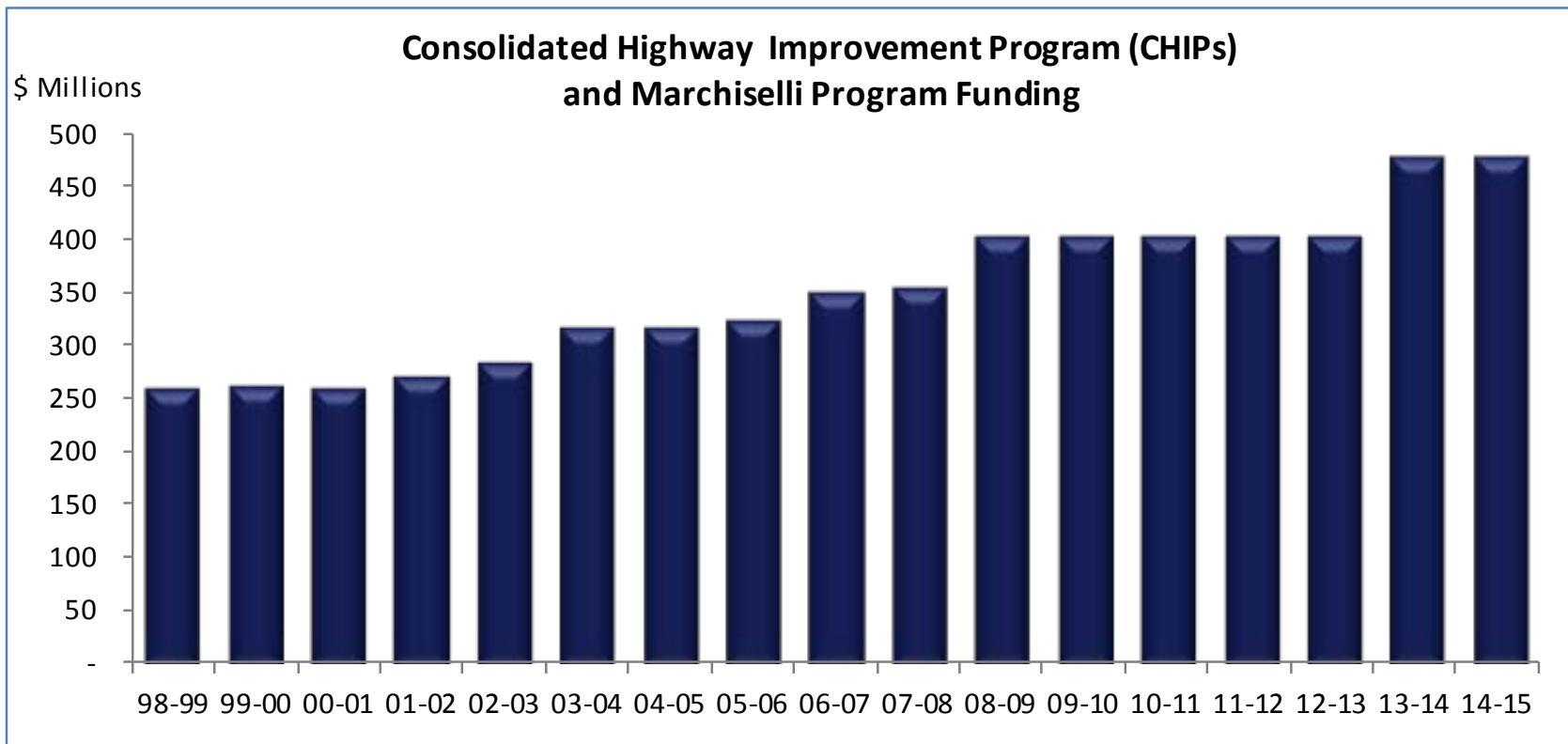
- The Executive Budget appropriates \$135 million in New York Works capital among various Environmental agencies.

<b>New York Works Capital Funding</b>			
<b>(\$)</b>			
<b>AGENCY</b>	<b>2013-14 Appropriation</b>	<b>2014-15 Appropriation</b>	<b>Change</b>
Ag and Markets	2,500,000	2,500,000	-
Office of Parks, Recreation and Historic Preservation	47,500,000	90,000,000	42,500,000
<i>Olympic Regional Development Authority</i>	<i>2,500,000</i>	<i>2,500,000</i>	-
Department of Environmental Conservation	40,000,000	40,000,000	-
<b>Total New York Works Funding for Environment and Energy</b>	<b>92,500,000</b>	<b>135,000,000</b>	<b>42,500,000</b>

# BUDGET SUMMARY: TRANSPORTATION



- Consolidated Highway Improvement Program (CHIPS) and Marchiselli funding for local road improvements are maintained at record levels.



# BUDGET SUMMARY: TRANSPORTATION



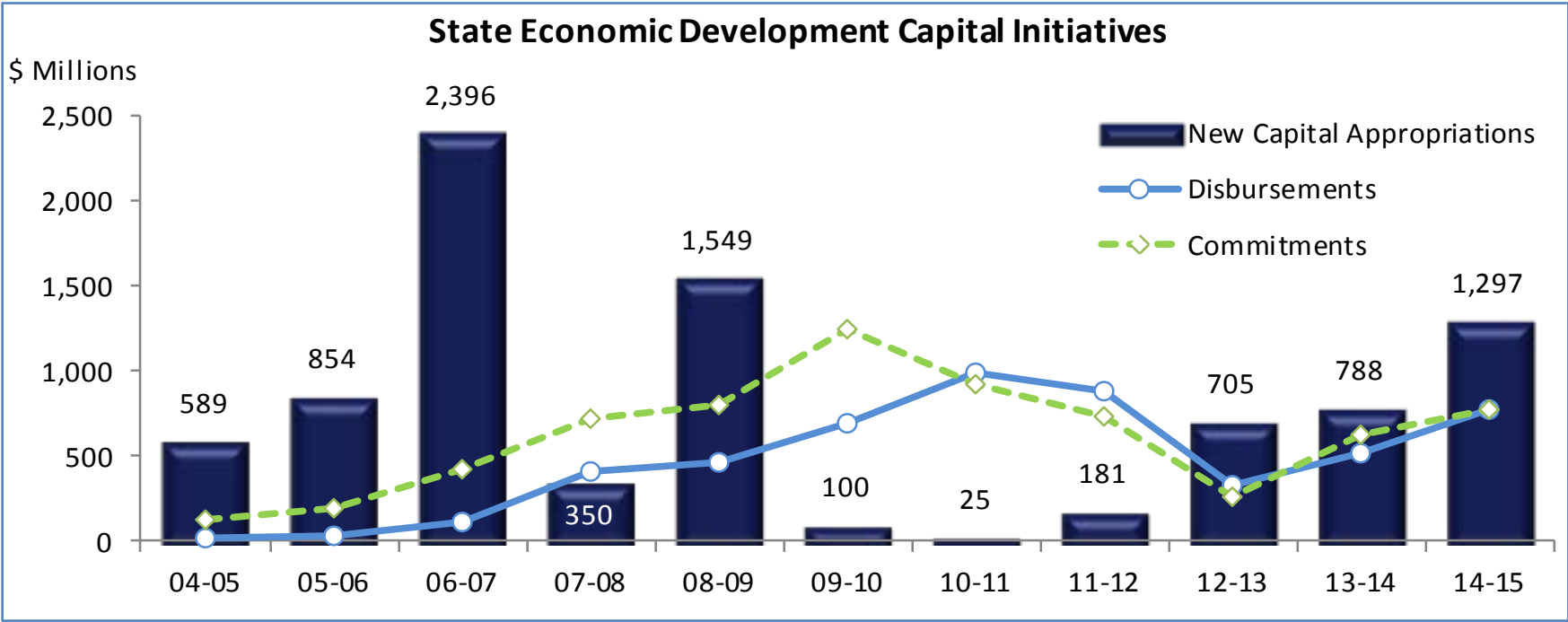
➤ The Executive Budget supports a \$3.4 billion Department of Transportation Capital Plan.

<b>DOT Capital Plan (On an Obligations Basis) (\$ in Thousands)</b>					
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Construction Contracts, Consultant Engineering, Right of Way	2,231,406	2,045,163	3,118,297	2,125,000	1,934,000
State Forces Engineering	385,805	374,000	373,000	394,000	410,000
Preventive Maintenance	265,473	295,868	303,433	322,000	354,000
Administration	100,000	99,000	99,000	89,000	76,000
CHIPs/Marchiselli	402,797	402,797	402,797	478,000	478,000
Rail, Aviation, Non-MTA Transit, Misc.	167,271	232,506	195,900	241,000	163,000
<b>Total</b>	<b>3,552,752</b>	<b>3,449,334</b>	<b>4,492,427</b>	<b>3,649,000</b>	<b>3,415,000</b>

# BUDGET SUMMARY: ECONOMIC DEVELOPMENT



- Proposed capital appropriations for SFY 2014-15 continue an upward spending trend within economic development.

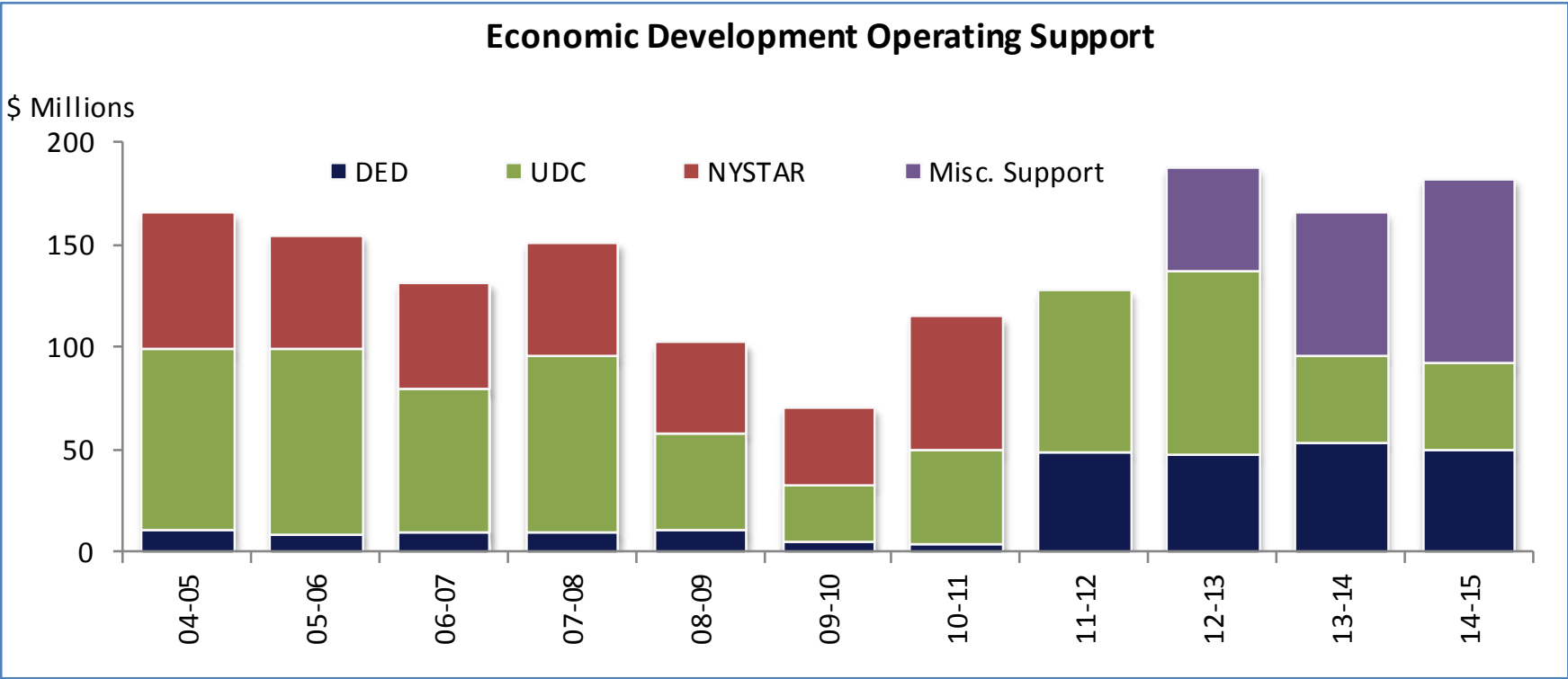


Note: Includes amounts made available through the ESDC and Miscellaneous Capital Appropriations.

# BUDGET SUMMARY: ECONOMIC DEVELOPMENT



➤ Operating support for economic development purposes remains strong.

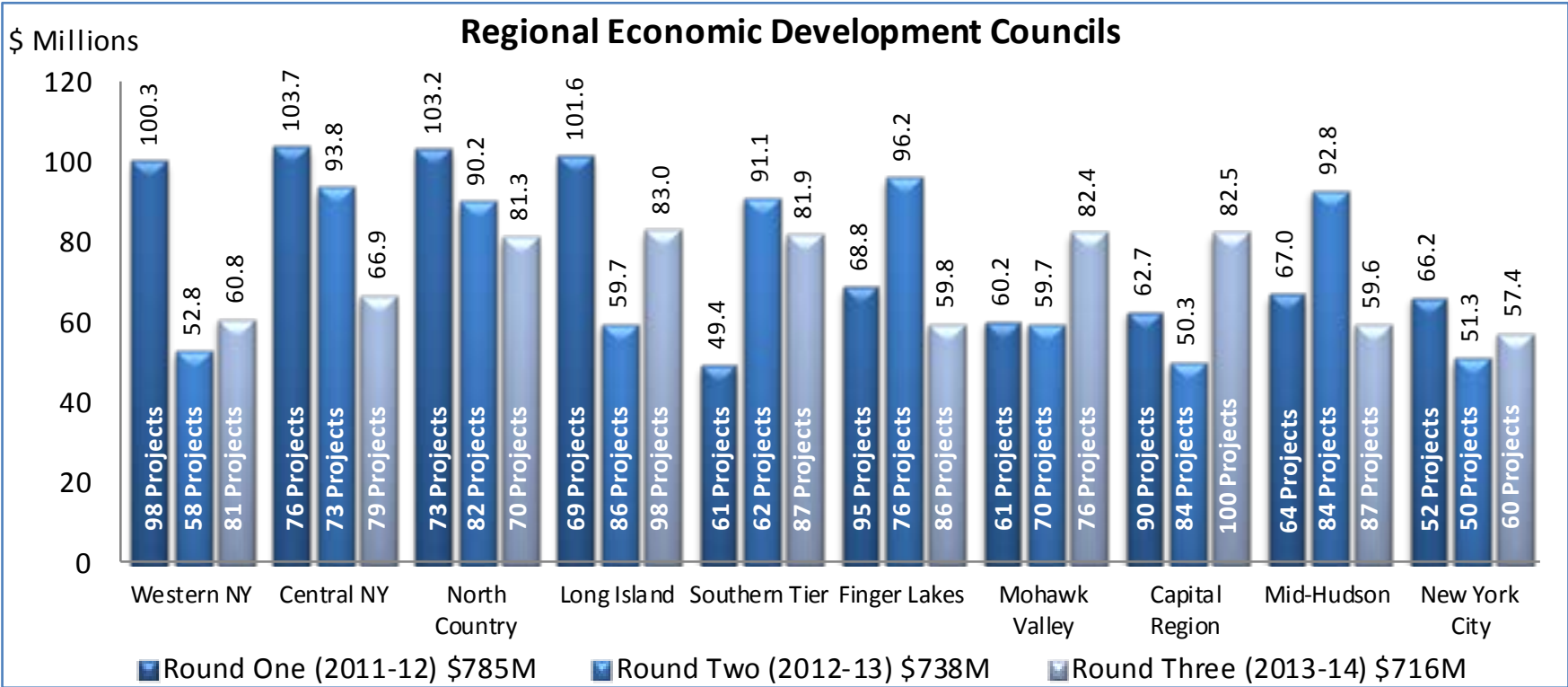




# BUDGET SUMMARY: ECONOMIC DEVELOPMENT



➤ While there is variation in funding levels awarded to the 10 Regional Economic Development Councils (REDC), the New York City REDC continues to lag behind other Councils.



# BUDGET SUMMARY: ECONOMIC DEVELOPMENT



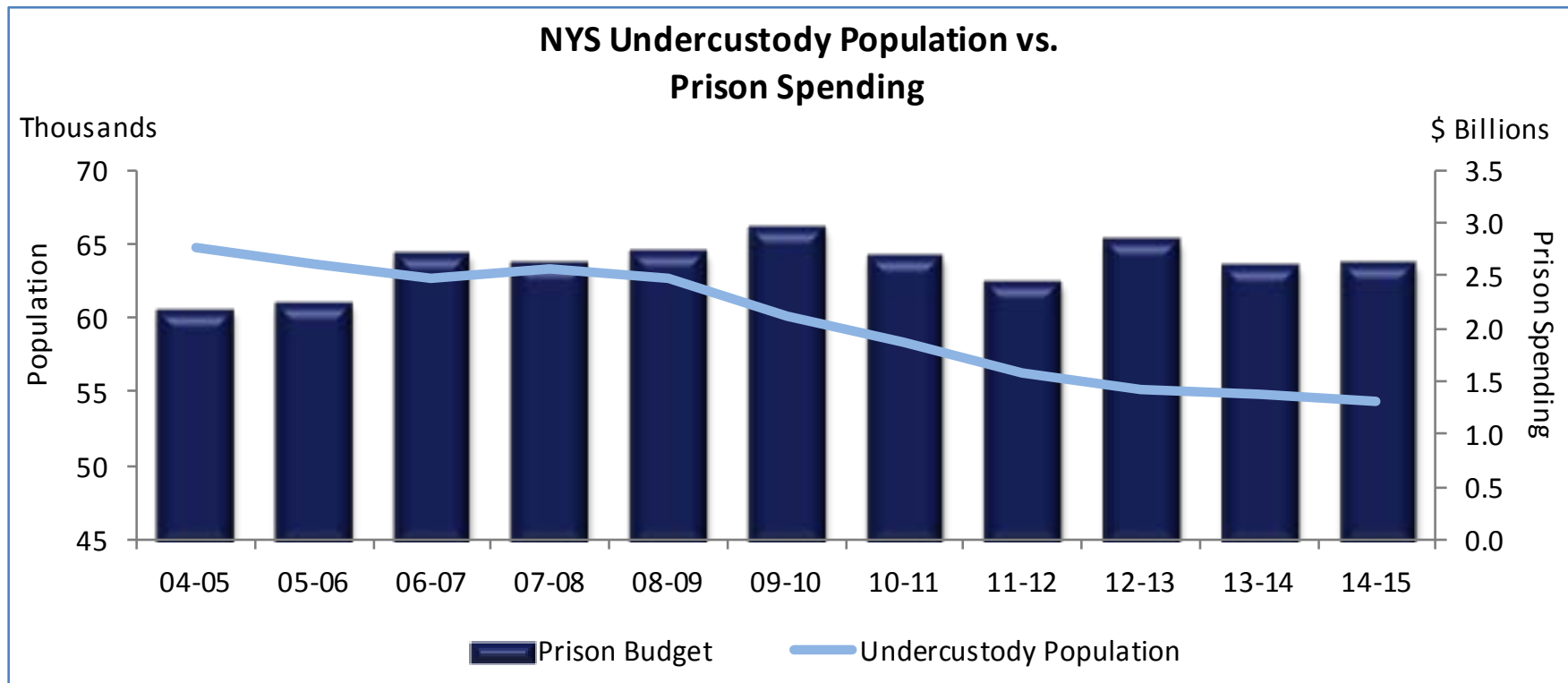
➤ The Executive provides a total of \$1.3 billion for economic development initiatives.

<b>Economic Development Initiatives</b>			
<b>(\$ in Thousands)</b>			
<b>Category/Item</b>	<b>2013-14 Enacted</b>	<b>2014-15 Exec. Request</b>	<b>\$ Change</b>
Buffalo Regional Innovation Cluster	75,000	680,000	605,000
Regional Economic Development Councils	150,000	150,000	0
Nano Utica	0	180,000	180,000
NY-SUNY/CUNY 2020 Challenge Grant Programs	110,000	110,000	0
New York Genome Center	0	55,750	55,750
Suny College for Nanoscale and Science Engineering	0	50,000	50,000
Onondaga County Revitalization Projects	0	30,000	30,000
Economic Transformation Program	0	24,000	24,000
Economic Development Fund	12,000	0	-12,000
Clarkson-Trudeau Partnership	0	10,000	10,000
Western NY Football Retention Efforts	56,057	2,195	-53,862
Cornell University College of Veterinary Medicine	0	5,000	5,000
<b>Funding Total</b>	<b>403,057</b>	<b>1,296,945</b>	<b>893,888</b>

# BUDGET SUMMARY: PUBLIC PROTECTION



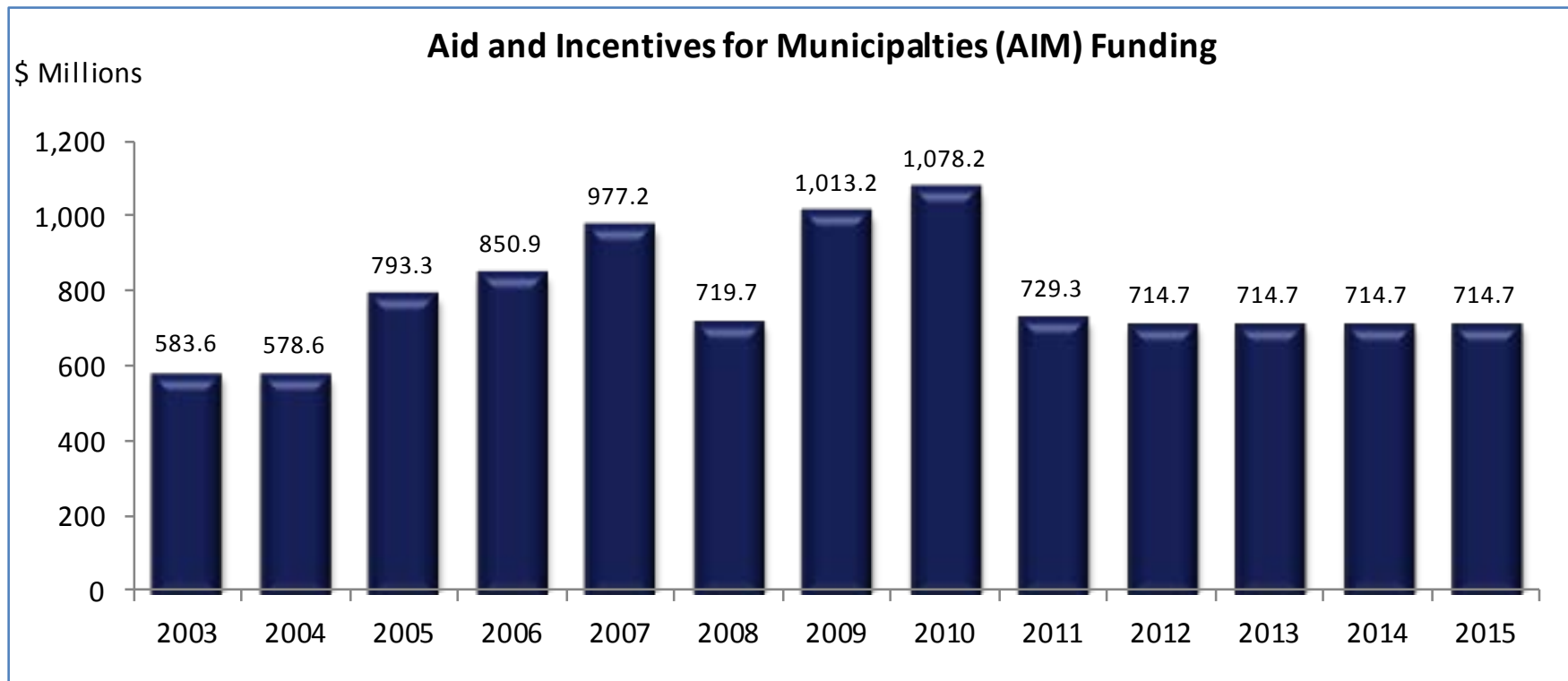
- The undercustody population has continued to decline over the past ten years, however, correctional facility operational costs remain essentially unchanged.



# BUDGET SUMMARY: LOCAL GOVERNMENTS



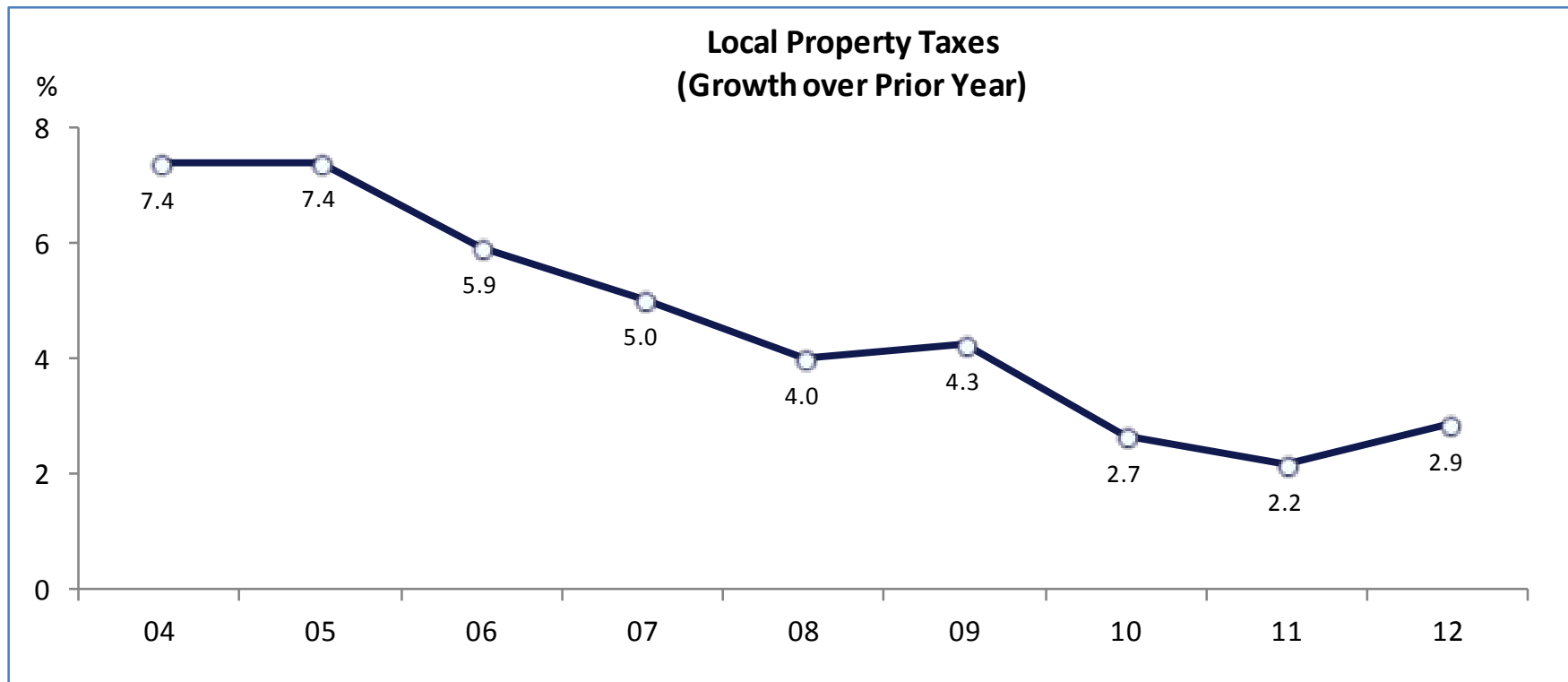
- Aid and Incentives to Municipalities outside of New York City has remained flat since 2011 and would be continued at \$714.5 million for State Fiscal Year (SFY) 2014-15.



# BUDGET SUMMARY: LOCAL GOVERNMENTS



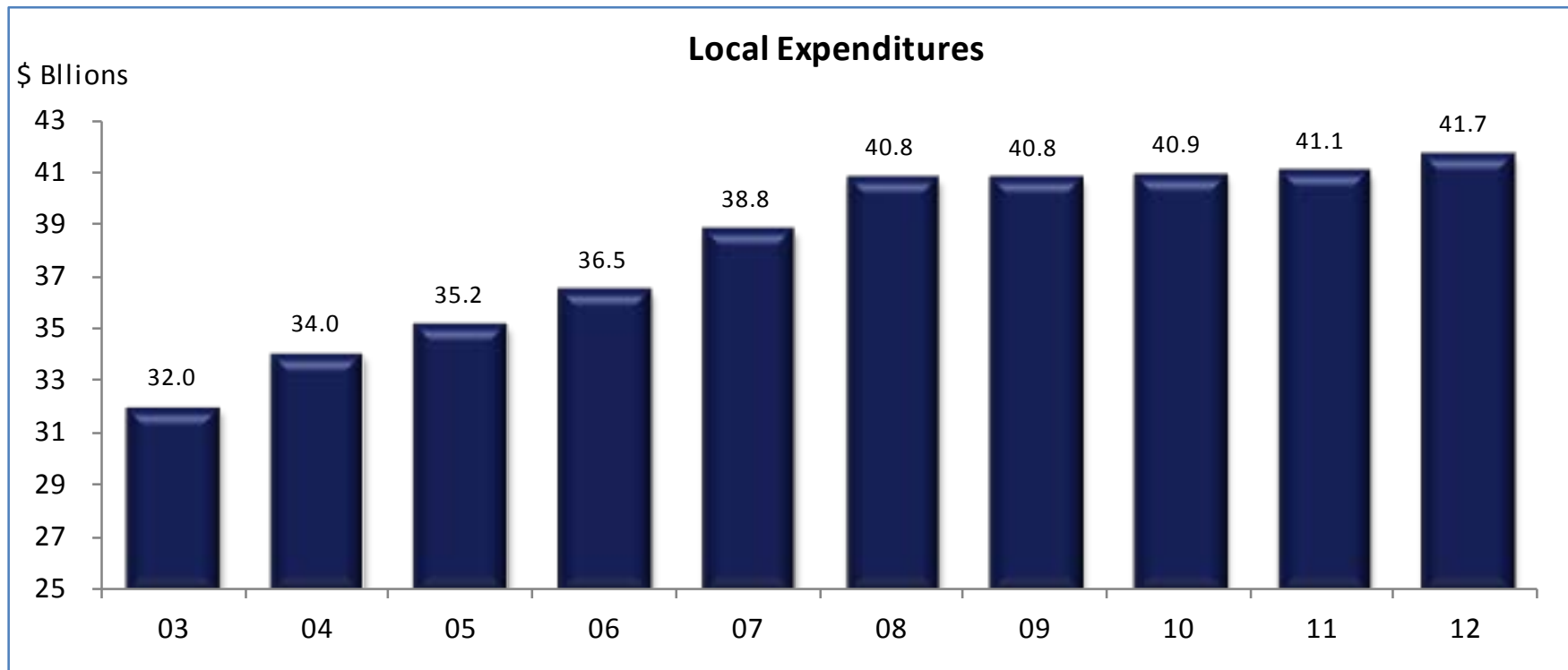
- Growth in property taxes among all local governments has been declining.



# BUDGET SUMMARY: LOCAL GOVERNMENTS



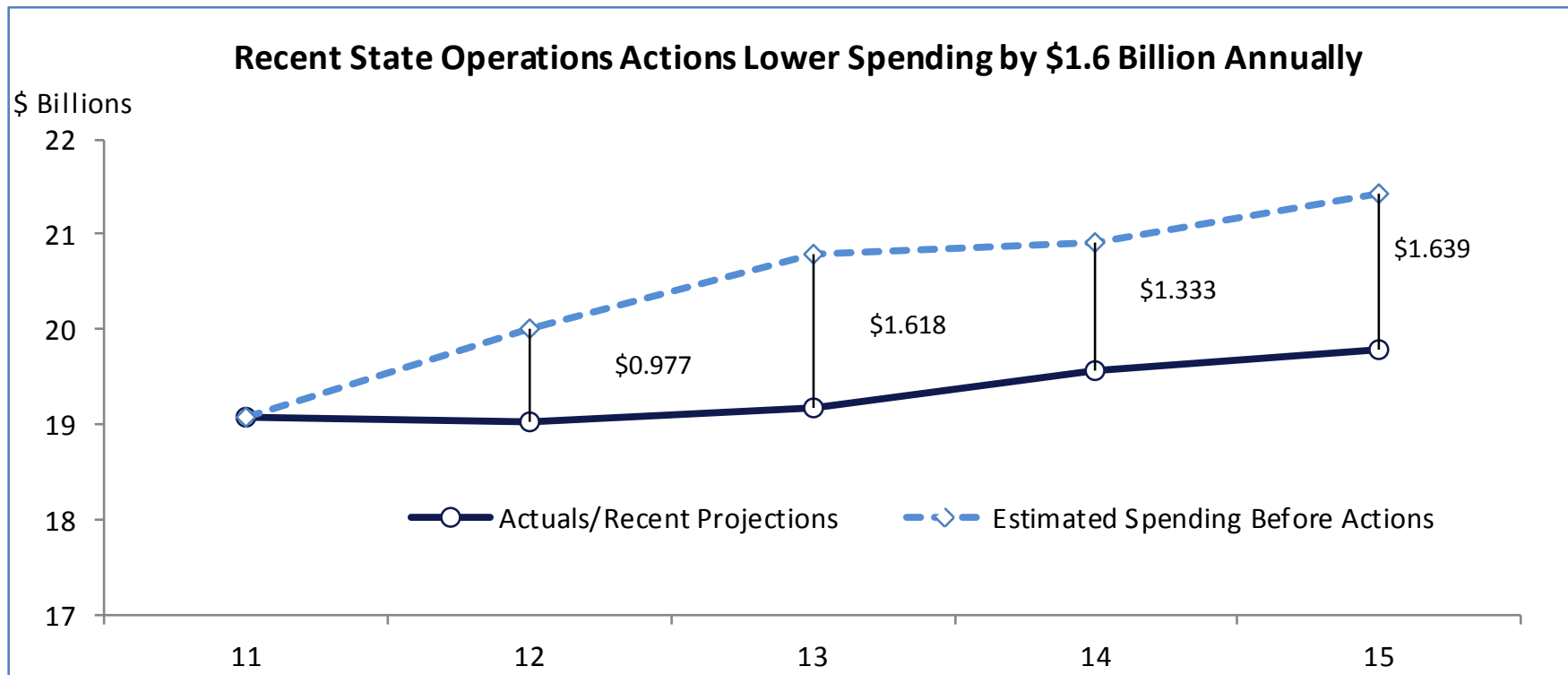
- Total expenditures for local governments outside of NYC have increased from \$32 billion in 2003 to \$41.7 billion in 2012 but remained relatively flat in the most recent years.



# BUDGET SUMMARY: STATE OPERATIONS AND WORKFORCE



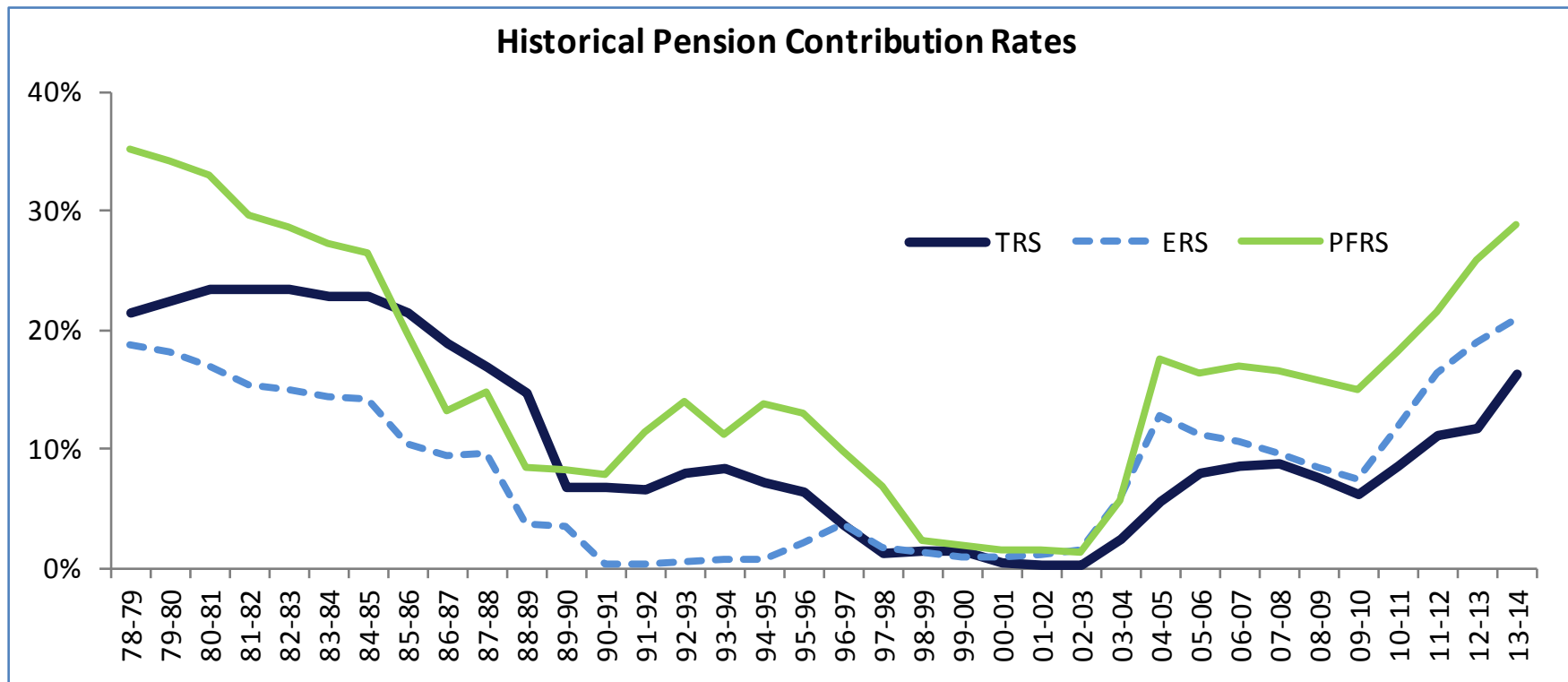
- Little growth in agency budgets have resulted in lower State Operations spending than was anticipated four years ago.



# BUDGET SUMMARY: STATE OPERATIONS AND WORKFORCE



➤ Pension contribution rates have grown for the past decade.

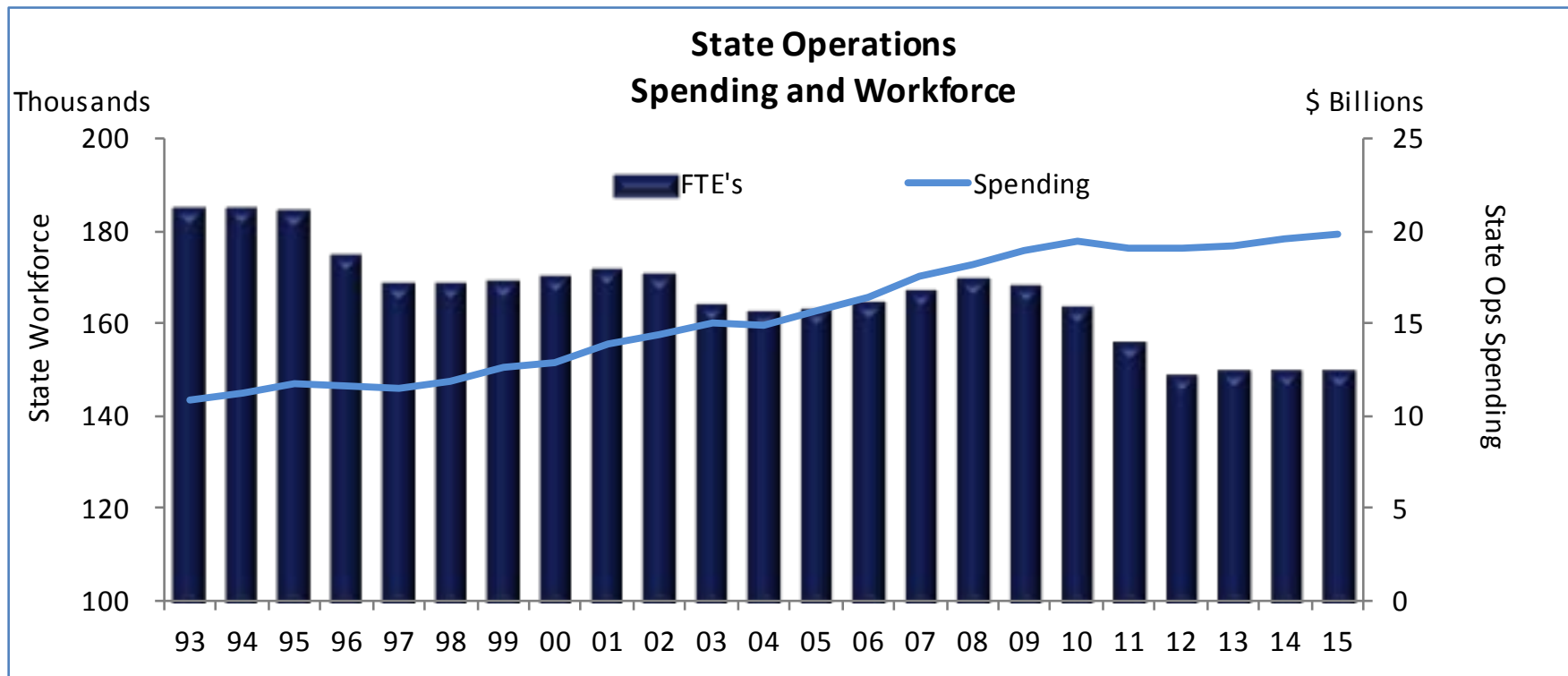




# BUDGET SUMMARY: STATE OPERATIONS AND WORKFORCE



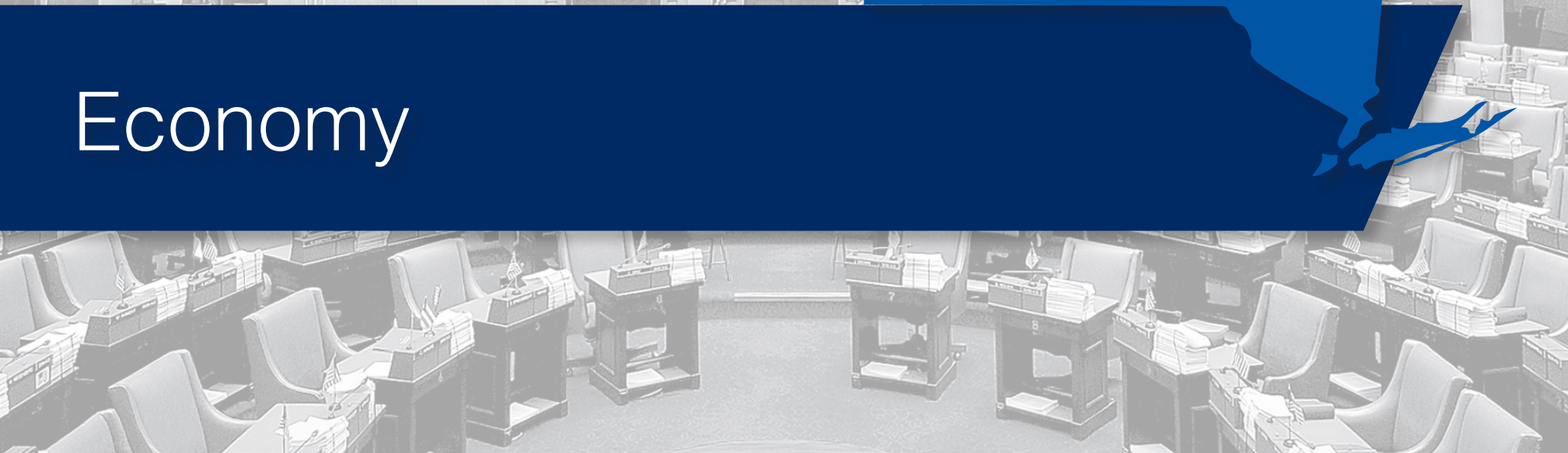
- The workforce has decreased by 19 percent over the past 20 years while State Operations spending has steadily grown.







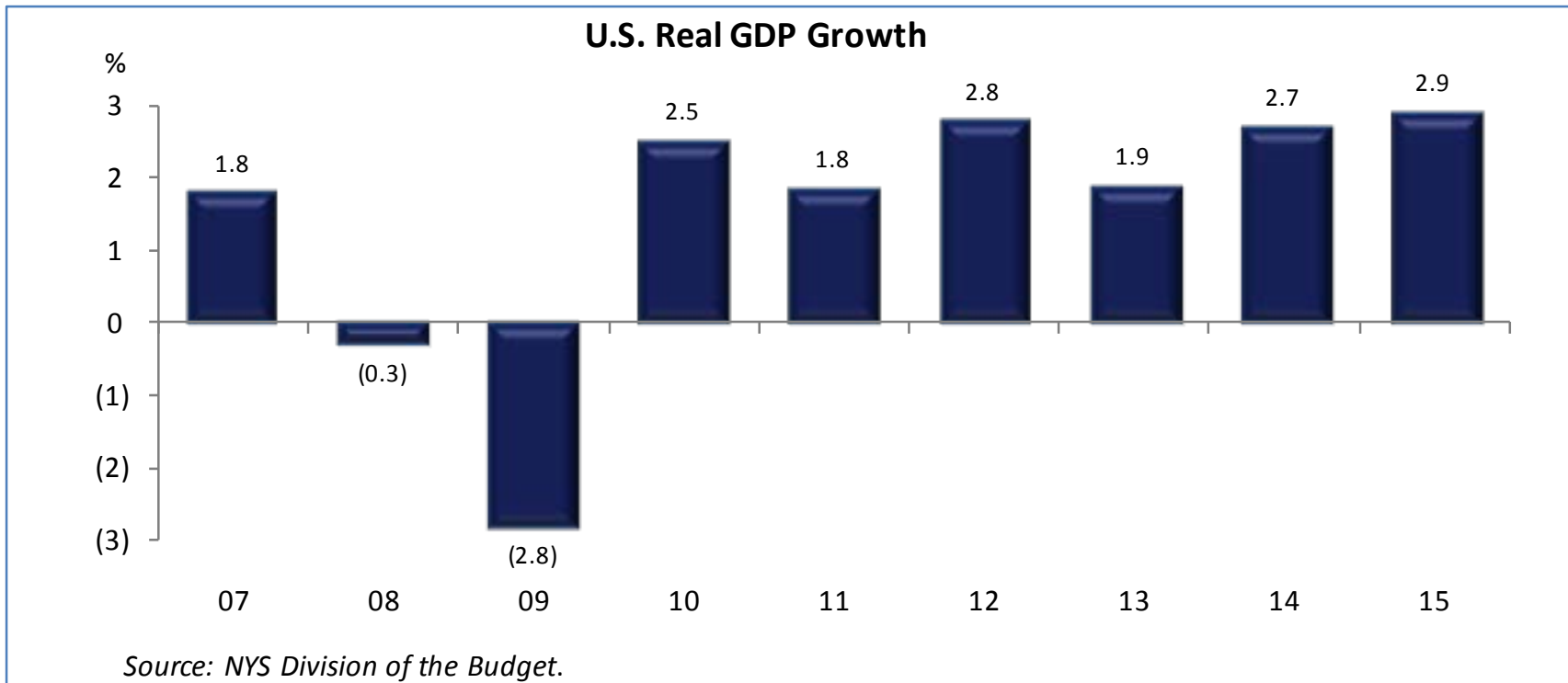
# Economy





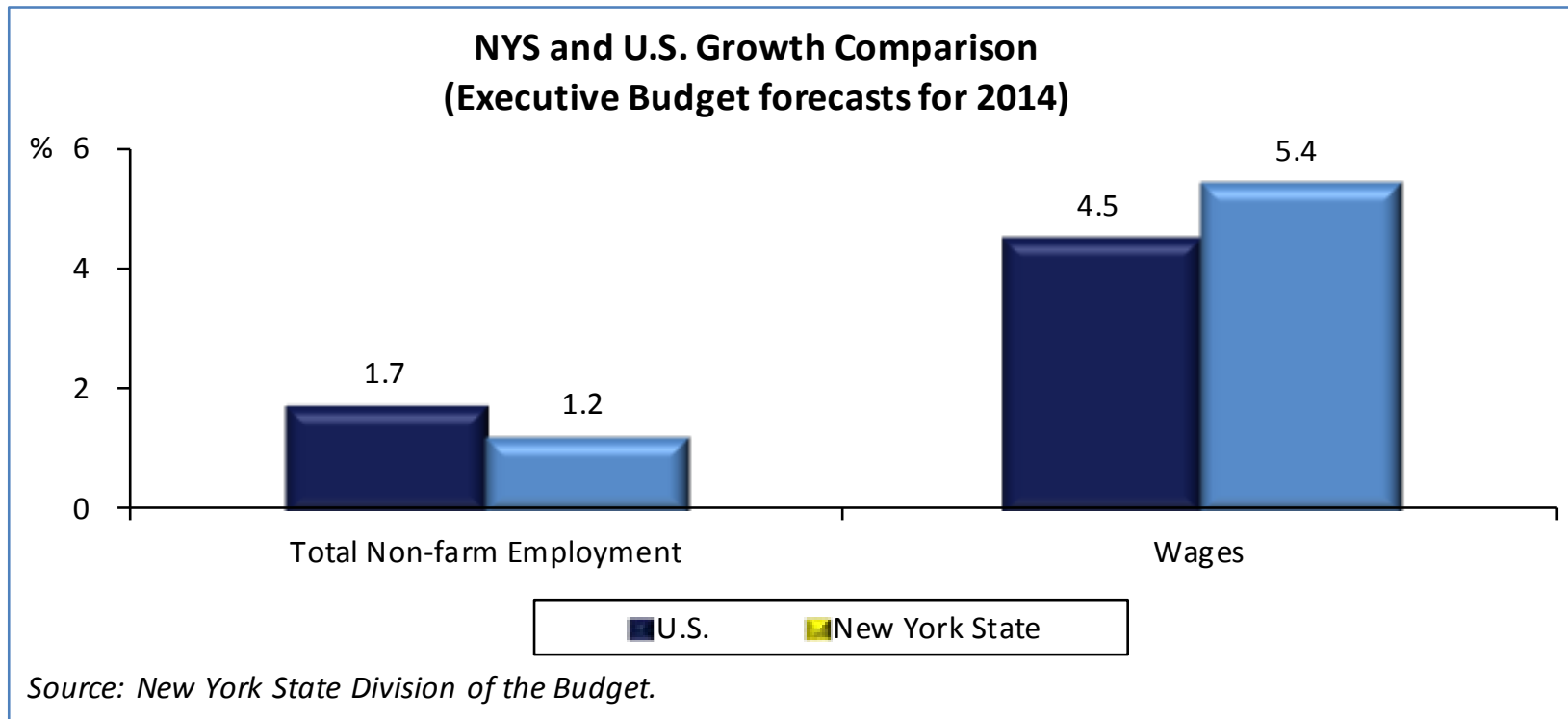


- According to the Division of Budget, real U.S. GDP is projected to grow 2.7 percent in 2014, and 2.9 percent in 2015. GDP growth will be driven by increases in household spending, healthier housing markets, stronger labor markets, and stronger growth in domestic and global demand.





- The Executive forecasts New York State employment to grow 1.2 percent in 2014. National employment growth is projected to outpace the State in 2014, while State wages are forecast to grow at a faster rate than the nation.





- The Executive forecasts New York State private employment to grow 1.5 percent in 2014, driven by growth in leisure, hospitality and other services, construction, educational services, and business services.

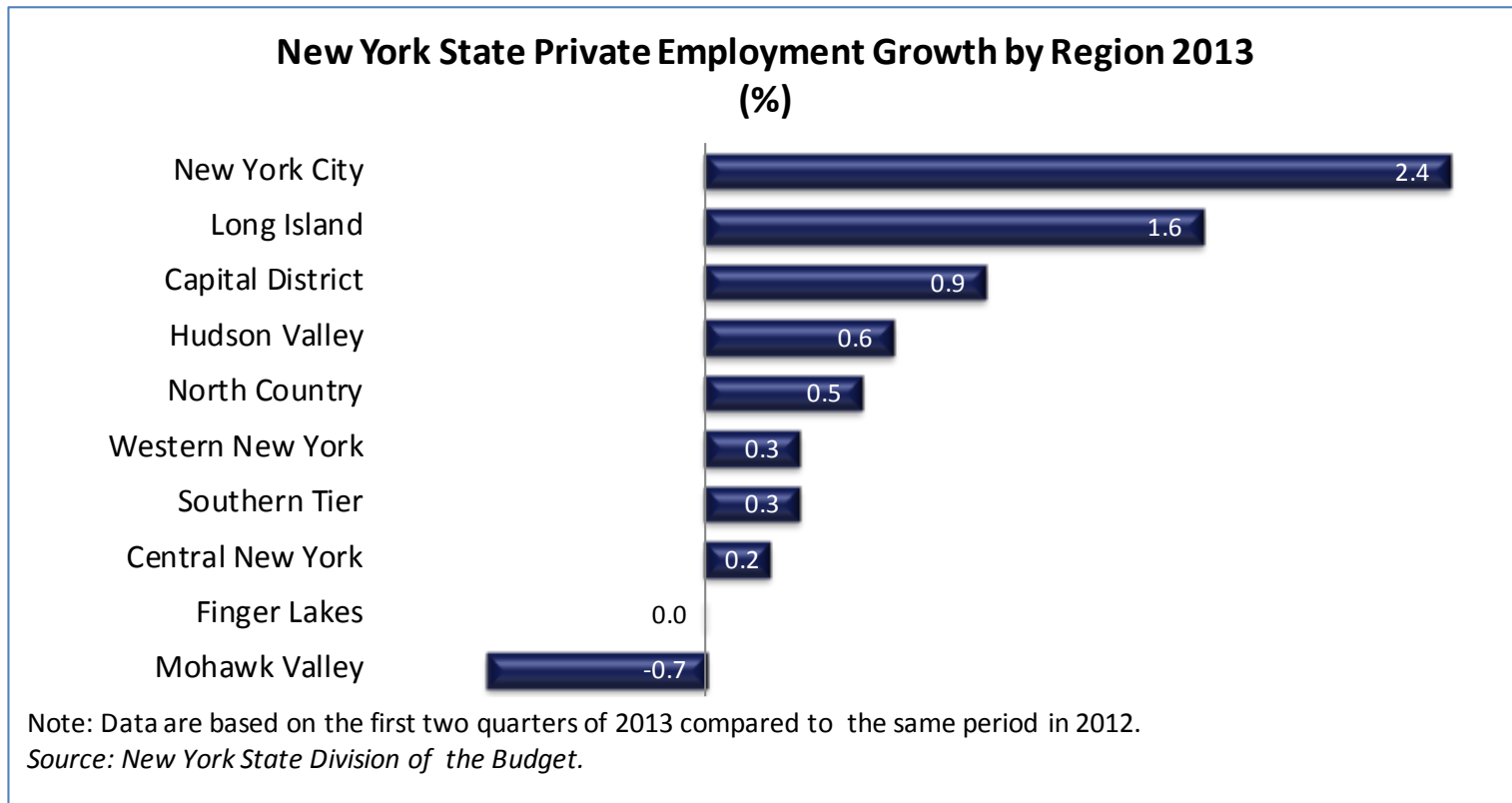
New York State Employment Growth Forecast for 2014	
	Percent
<b>Total</b>	<b>1.2</b>
<b>Total Private</b>	<b>1.5</b>
Leisure, Hospitality and Other Services	2.6
Construction	2.5
Educational Services	2.5
Management, Administrative, and Support Services	2.4
Professional, Scientific, and Technical Services	2.0
Healthcare & Social Assistance Services	1.7
Retail Trade	1.2
Real Estate and Rental and Leasing	1.0
Transportation and Warehousing	1.0
Wholesale Trade	0.6
Information	0.4
Manufacturing and Mining	(0.2)
Finance and Insurance	(0.3)
Government	(0.3)
Utilities	(1.2)

Note: Management, and administration and support services includes NAICS sectors 55 and 56; sum of sectors may not match the total due to the exclusion of unclassified.

Source: New York State Division of the Budget.



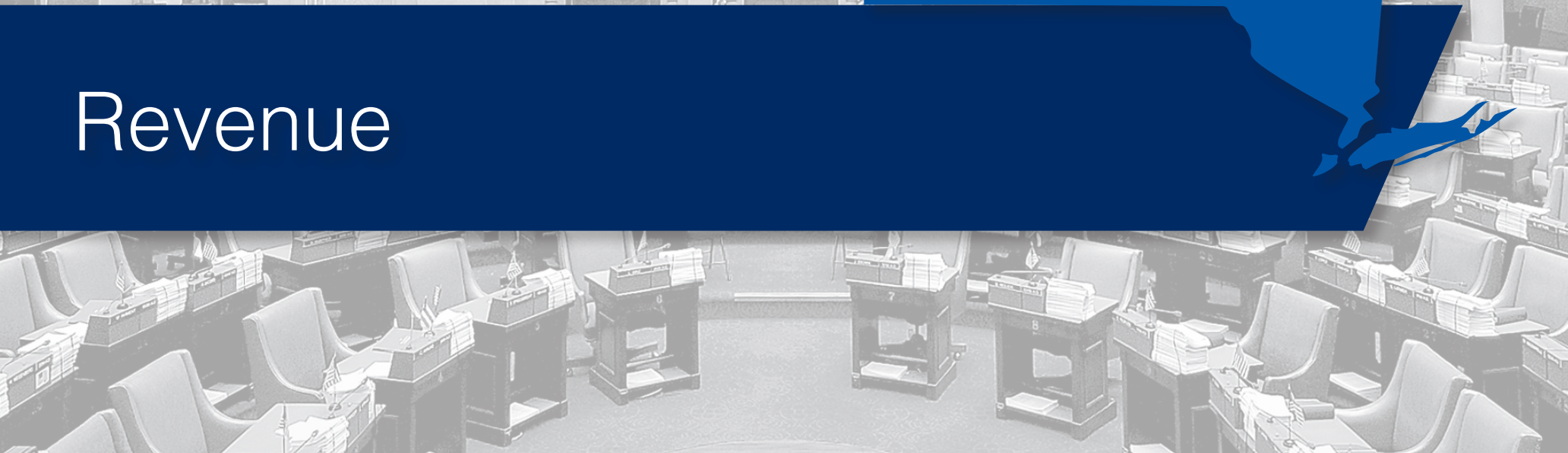
- Regionally, in the first half of 2013, employment growth in Downstate New York outpaced employment growth in Upstate New York.







# Revenue

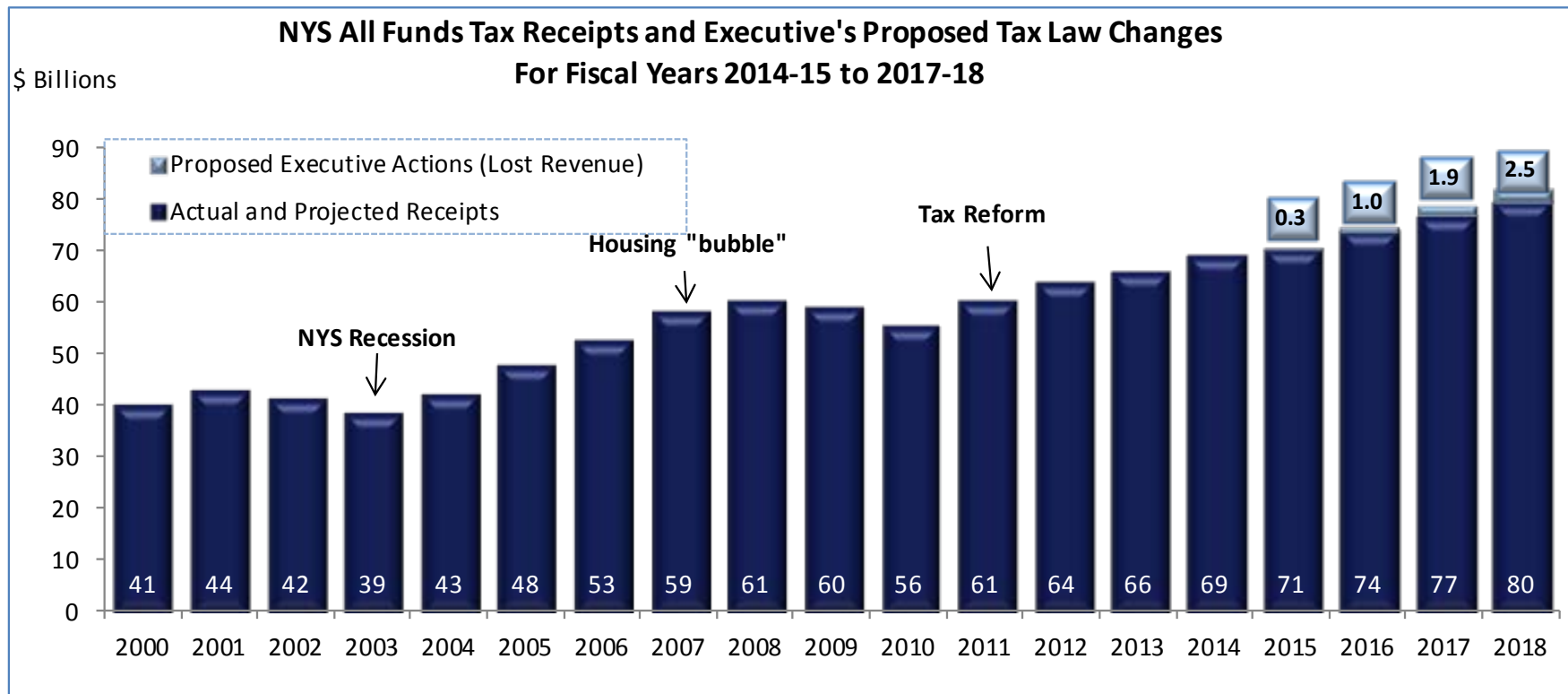




# REVENUE



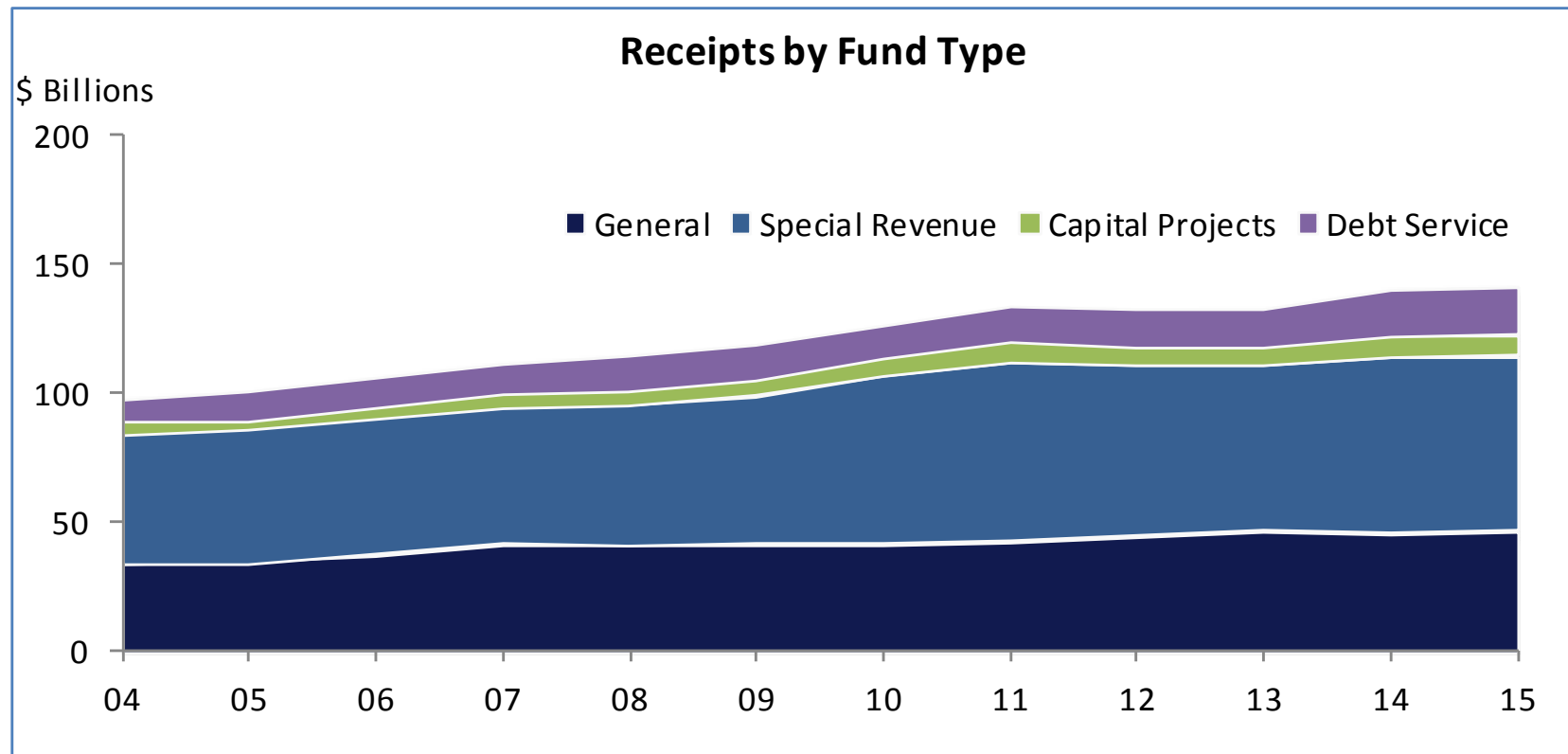
- All Funds tax receipts have returned to trend growth but remain somewhat restrained by past and proposed actions.



# REVENUE

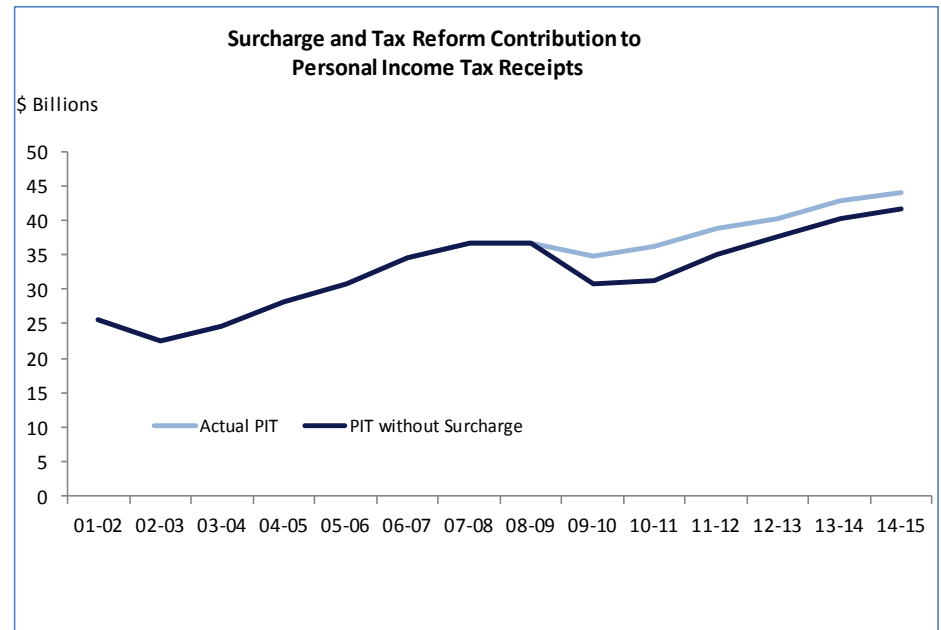
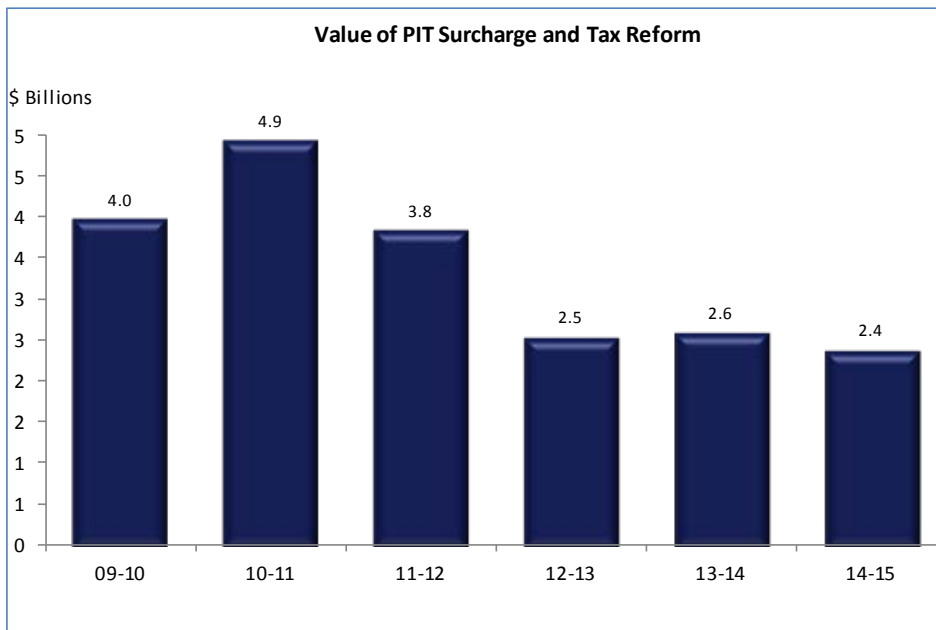


- All Funds receipts are estimated to total \$141.9 billion, almost half of which are dedicated to Special Revenue Funds.





➤ The surcharge and tax reform have provided significant support to personal income tax receipts.





- All Funds tax receipts are estimated to increase by 4.7 percent in 2013-14 followed by growth of 2.0 percent in 2014-15 on the strength of the personal income tax. Following robust gains in personal income tax collections in 2013-14, due to the timing of certain payments, receipts growth is forecast to return to trend growth.

## Executive Budget - All Funds Receipts (\$ in Millions)

	2012-13	2013-14	% Change	2014-15	% Change
Personal Income Tax	\$40,227	\$42,846	6.5%	\$44,131	3.0%
User Taxes	\$14,615	\$15,107	3.4%	\$15,480	2.5%
Business Taxes	\$8,465	\$8,186	-3.3%	\$7,853	-4.1%
Other	\$2,995	\$3,275	9.4%	\$3,330	1.7%
<b>Total Taxes</b>	<b>\$66,302</b>	<b>\$69,414</b>	<b>4.7%</b>	<b>\$70,794</b>	<b>2.0%</b>
Miscellaneous Receipts	\$24,030	\$23,850	-0.7%	\$25,315	6.1%
Federal Funds	\$42,843	\$47,506	10.9%	\$45,792	-3.6%
<b>Total All Funds</b>	<b>\$133,175</b>	<b>\$140,770</b>	<b>5.7%</b>	<b>\$141,901</b>	<b>0.8%</b>



# Capital and Debt







# CAPITAL AND DEBT



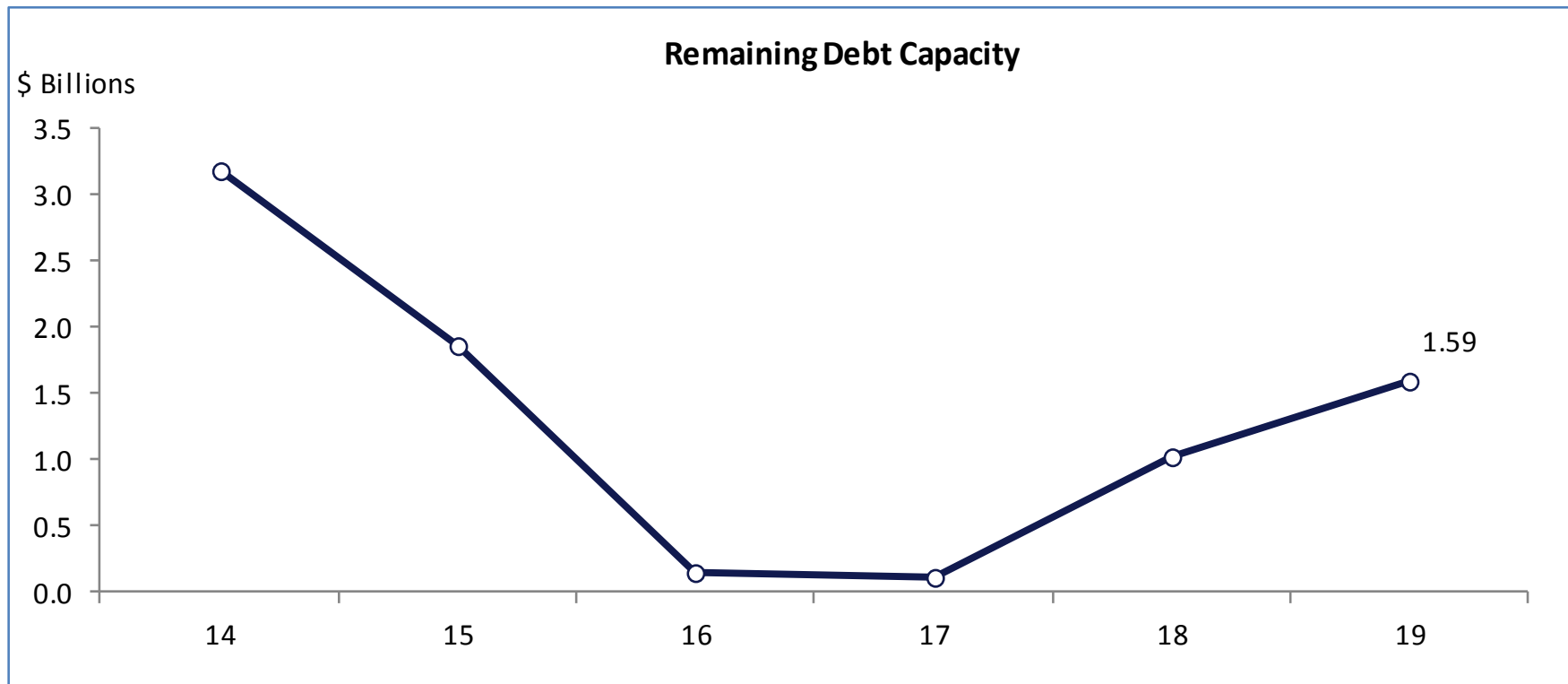
- The Executive proposes to implement \$5.4 billion of new Capital Obligations to promote education, health care, technological innovations and economic growth for the State of New York.

<b>New Capital Obligations SFY 2014-15 Executive Budget (\$ in Thousands)</b>	
	<b>FY 2015 Appropriations</b>
Smart Schools Bond Referendum	2,000,000
Health Care Restructuring	1,200,000
Economic Development	1,041,650
Higher Education Infrastructure	773,628
Hazardous Waste Remediation (Superfund)	100,000
All Other	247,700
<b>Total</b>	<b>5,362,978</b>

# CAPITAL AND DEBT



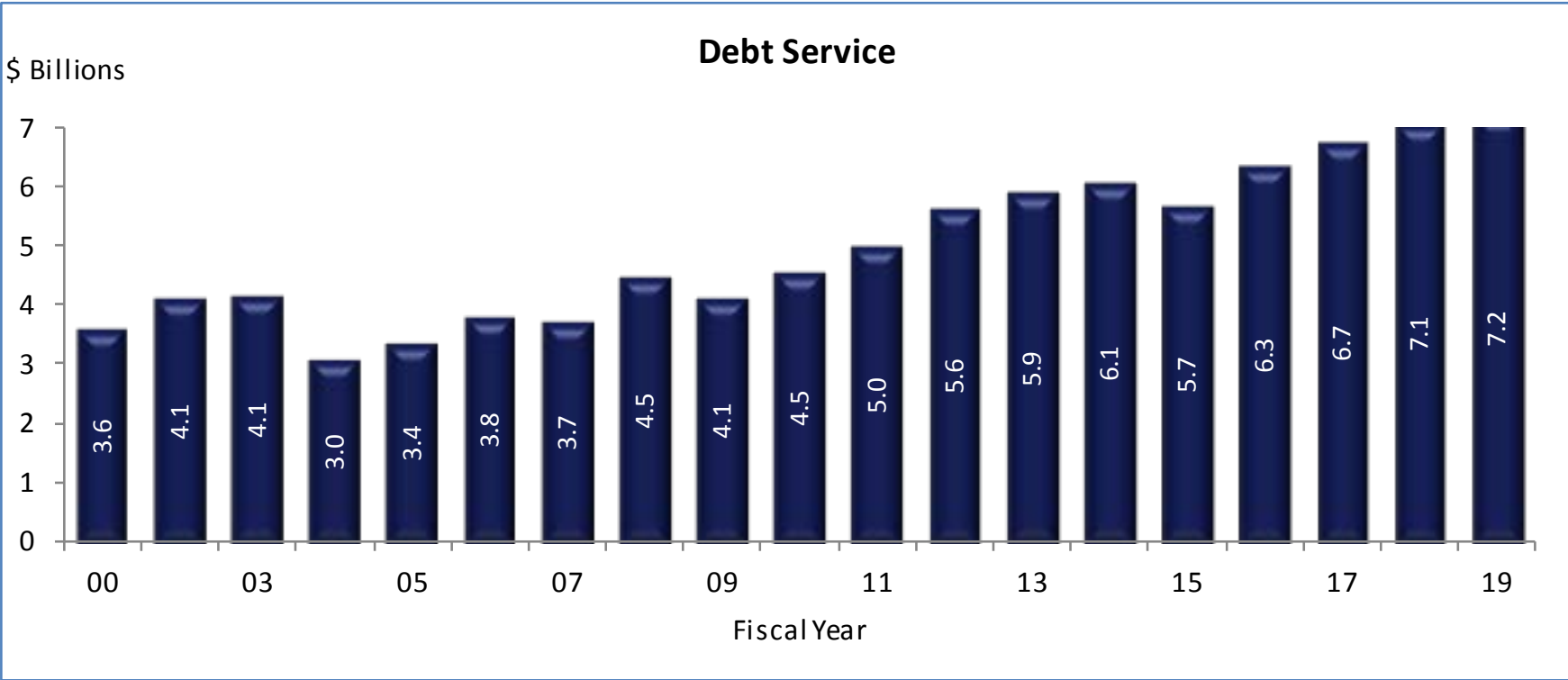
- The current projections show that outstanding debt will be close to capacity in SFY 2016-27 yet rebounding in the following years.



# CAPITAL AND DEBT



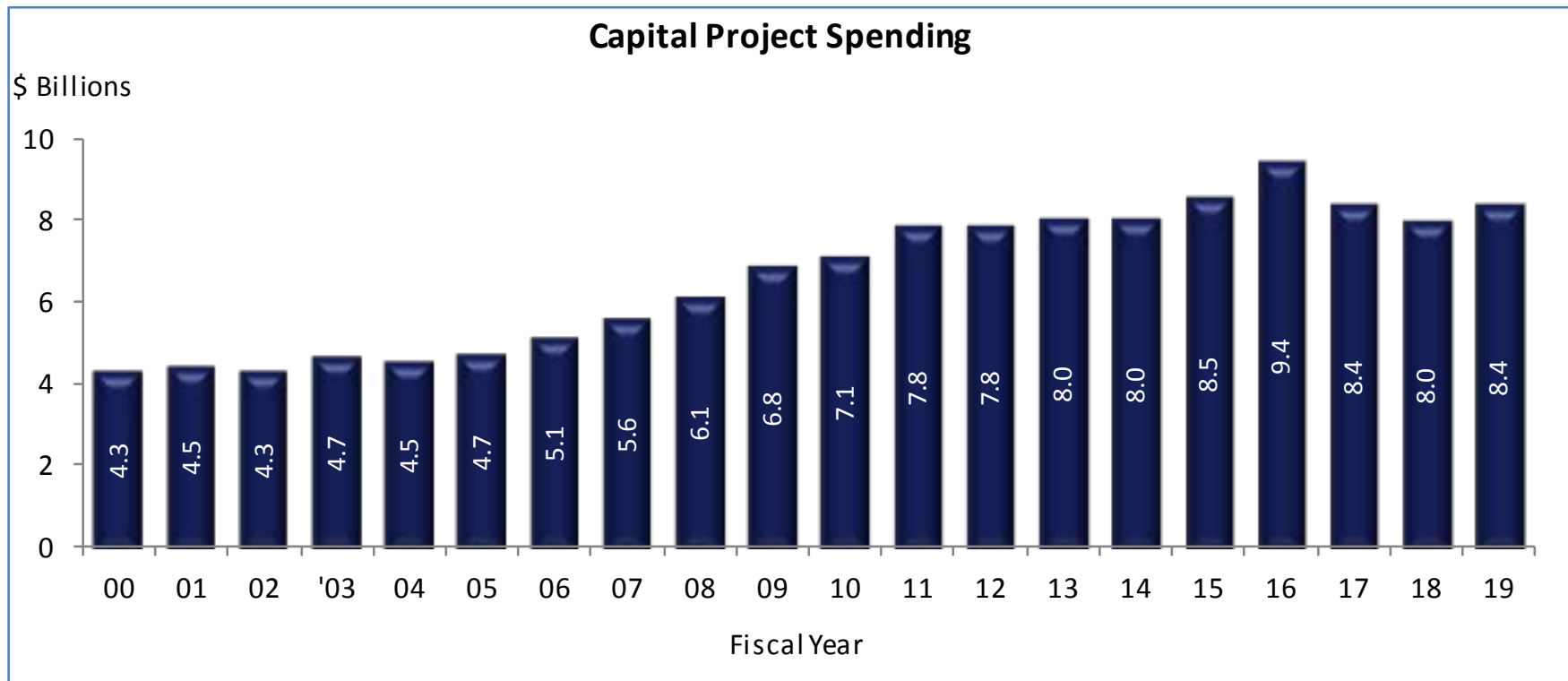
➤ New York State- supported Debt Service is estimated to be \$5.7 billion for SFY 2014-15.



# CAPITAL AND DEBT



- The Executive budget proposes increasing Capital Project spending to \$8.5 in SFY 2014-15 reaching \$9.4 billion in SFY 2015-16 and returning to trend levels of \$8.4 billion in SFY 2018-19.



# CAPITAL AND DEBT



➤ New York State-supported Debt Outstanding is estimated to be \$57.4 billion for SFY 2014-15, an increase of \$1.9 billion or 3.6 percent over the previous fiscal year.

