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FY 2018-2019 Budget Review

Budget Snapshot: Financial Plan

- The Executive Budget estimates All Funds spending for State Fiscal Year 2018-2019 at \$168.2 billion, an annual growth of 2.3%
- State Operating Funds – \$99.98 billion
- Capital Projects (State and Federal Funds) - \$14.49 billion
- Federal Operating Aid - \$53.78 billion

Budget Snapshot: All Funds Receipts

- Federal Grants – 36% - (82% for Health and Human Services, primarily Medicaid)
- Personal Income Tax – 30%
- Miscellaneous Receipts – 18%
- Consumption User Taxes & Fees – 11%
- Business Taxes – 5%
- Other Taxes – 1%

Budget Snapshot: All Funds

Disbursements

- Medicaid/DOH – 36%
- Education – 20%
- State Operations – 13%
- Social Services/Health – 11%
- Capital/Debt Service – 9%
- All Other – 6%
- General State Charges – 5%
- Higher Education – 2%
- STAR – 1%

Closing the SFY 2018-2019 Budget Gap

- The Executive proposal includes recommendations intended to close \$4.4 Billion General Fund Budget Gap through:
 - \$2.7 Billion in spending reductions
 - \$1 Billion in new revenue actions
 - \$736 Million in resource changes – mainly comprised of the use of monetary settlements to support General Fund & the MTA's operations.

Closing the SFY 2018-2019 Budget Gap – (Revenue Increase proposal)

- \$1 Billion in Revenue Increases include:
- \$500 Million from proceeds generated when not-for-profit, Fidelis Care, health insurers sell to Centene, a corporation organized for monetary profit.
- \$140 Million from a 14% surcharge on health insurer gains resulting from recent 40% decrease in federal taxes.
- \$127 Million from surcharge on active opioid ingredients in prescription drugs (2 cent tax per milligram).
- \$268 Million from requiring online marketplace providers to collect and remit sales taxes on behalf of all vendors that sell to NYS residents & discontinuing the sales tax exemption for Energy Service Companies.

Closing the SFY 2018-2019 Budget Gap – Spending Changes

- Executive proposing reducing local assistance by \$1.3 Billion – including executive revisions to school aid & OPWDD related Medicaid spending to the Medicaid Global Cap.
- \$110 Million from proposed freeze of the STAR Exemption benefit and mandated income verification program.
- \$416 Million from holding agency operations flat.
- \$82 Million from shifting the SUNY hospital subsidy to bonds for capital programs
- \$569 Million in debt management savings through the continuing use of competitive bond sales and refundings that meet state savings criteria.
- \$340 Million from prepayment of SFY 2018-19 debt service expenses in the current state fiscal year.

Budget Snapshot: Medicaid/DOH

- The State spends approximately \$73 Billion on Health Care annually.
- Medicaid/DOH makes up \$60 Billion of all funds disbursements- 36% of the budget.
- 6.2 Million New Yorkers on Medicaid Statewide (3.5 in NYC).
- 7.5 Million New Yorkers rely on public health programs – (Medicaid, Qualified Health Plan, Child Health Plus, Essential Plan) 4.2 Million in NYC.

Medicaid Program

- The Executive budget includes total Medicaid spending of \$72.37 Billion, an increase of \$194 Million from previous year.

<u>Year-to-Year</u>	<u>Change</u>	<u>(\$ in Millions)</u>		
	SFY '17-'18	SFY '18-'19	Amount	Percent
State Share	23,876	23,286	(590)	(2.47)
Fed. Share	40,410	40,865	455	1.13
Local Share	7,784	7,887 (5,500- NYC)	103	1.32
MSA Payment	103	329	226	219.42
All Funds	72,173	72,367	194	0.27

Offsetting Potential Federal Reductions to Medicaid

- **Health Insurer Conversion/Health Care Shortfall Fund** -the Executive Budget reflects \$750 Million in annual proceeds from anticipated sale of not-for-profit New York State insurer to a for-profit entity. These funds would be made available to establish a Health Care Shortfall fund to partially offset any federal reductions to Medicaid
- **Child Health Plus (CHP) Contingency** – The executive budget includes language to allow DOH & Division of Budget to modify CHP program in event of reduction in Federal Aid.
- **Health Insurance Windfall Profit Fee** – 14% Health Insurance Windfall profit fee on net gain from the sale of health insurance in New York – would generate \$140 Million in revenue to support HCRA programs.

Support School Based Health Centers (SBHCs)

- SBHCs provide services including primary, dental, mental, and reproductive health care services, as well as preventative, chronic and other types of care; and they do so in medically underserved neighborhoods *on-site* in local public schools.
- Currently there is nearly a \$4 million shortfall in funding SBHCs in this year's State budget. I sent a letter to Speaker Carl Heastie to advocate for the Assembly to close the gap in the Assembly's one house budget.
- The Assembly One House now provides \$3.82 million to restore School Based Health Centers funding to SFY 2016-2017 funding levels.

Budget Snapshot: Education

- The Executive proposes an increase for Public Schools of \$769 Million or 3%, increasing overall aid from \$25.59 Billion to \$26.36 Billion.
- Of the \$26.36 Billion from the state, \$10.5 Billion goes to NYC Schools.
- Additionally, to fund NYC schools, \$16.8 Billion comes from NYC & \$1.7 Billion from the Federal Government.
- \$338 Million is dedicated for Foundation Aid – (Statewide)
- \$248 Million for NYC in School Aid
- \$4.2 Billion in Foundation Aid is owed to New York State under the Campaign for Fiscal Equity - \$1.6 Billion to NYC

Education – Foundation Aid

	Executive Proposal	Assembly One House Budget
Total Proposed School Aid Increase	\$769 Million Increase	\$1.5 Billion Increase
Phase-in of Foundation Aid Formula	No commitment to fully phase-in Foundation Aid.	The Assembly provides a multiyear phase-in of Foundation Aid, ensuring that all districts would receive their full Foundation Aid by SY 2021-22.
Foundation Aid	\$338 Million - \$50 million of this is set aside for community schools	\$1.2 Billion - Maintain \$50 Million set aside for community schools

Education- Special Education

- The Executive Budget proposes to cut \$70 Million from school districts for the coming school year.
- The cut comes from changing the reimbursement formula for Summer Special Education students who are not educated in schools for the deaf or blind to be equal to the state sharing ratio for high cost aid for students.
- The Assembly Budget proposal restores \$34 million in State Fiscal Year funding for Summer School Special Education (4408s), preventing \$70 million in cuts to school districts on a school year basis.

Education- Aid to Public Libraries

- The Executive proposes to decrease funding for Aid to Public Libraries by \$4 million, providing a total of \$91.62 million.
- Additionally, the Executive proposes to decrease funding for library construction by \$10 million.
- The Assembly One House restores \$4 million in Aid to Public Libraries, for a total of \$95.6 million.
- The Assembly would include an additional \$50 million to Library Construction grants over the Executive, for a total of \$64 million. This is a \$40 million increase over last year.

Transportation - MTA

- MTA maintains a fleet of 5,700 buses and 6,400 subway cars on 2,200 miles of track
- MTA Ridership has increased 54% since 1995
- 2016 – reached all time high of 2.7 Billion riding on subway/buses/railroads
- 3.1 Billion riders expected by 2030
- Taxis and for hire vehicles in Manhattan Central Business District (below 60th Street) increased 59% since 2013 – slowing traffic by 22%

MTA – Capital Program

- According to the State Comptroller's November 2017 report, the current 2015-2019 MTA Capital program had a funding gap of \$15 billion when it was first proposed.
- \$7 Billion gap still exists in 2015-19 capital program.
- The 2020-2024 capital program, which is scheduled to be released in the fall of 2019, could have an even larger gap in the absence of solid commitments from the state and the city, or a new funding source.
- A dedicated revenue stream of at least \$1.5 Billion is needed to fully fund the capital program, fix, fund and modernize the MTA.

MTA – FIX NYC ADVISORY PANEL

PROPOSAL

- The Fix NYC Advisory panel was convened by Governor Cuomo to develop recommendations to address the ailing subway system and the severe traffic congestion problems in Manhattan's Central Business District.
- Establishes congestion zone fee for traffic 60th Street and below
- Implements a Surcharge on For Hire Vehicles and Taxi Trips in the CBD
- Plan would generate dedicated revenue stream and reduce congestion by 20%

MTA- FIX NYC ADVISORY PANEL

PROPOSAL – cont'd

- According to Tri-State Transportation Report, under Fix NYC proposal, just 2.4% of 44th Assembly district commuters would pay congestion fee for entering Manhattan CBD for work.
- 60.8% of 44th District commuters take public transit.
- 38.4% of district workers commute into CBD
- 61.6% do not commute into the CBD.
- No plan is perfect, but it has been widely documented that similar plans have worked around the world in easing congestion and providing much needed revenue for mass transit systems.

MTA- FIX NYC ADVISORY PANEL

PROPOSAL – cont'd

- In Governor Cuomo's 30 day budget amendment's, he advanced the following near-term Fix NYC recommendations:
- Authorize the City of New York to create a pilot program to enforce "block the box" traffic violations using intersection monitoring systems south of 60th Street in Manhattan.
- Direct the New York State Department of Transportation and the Department of Motor Vehicles to conduct a comprehensive review of the operations, regulation, oversight, licensing and safety requirements pertaining to commuter, intercity, charter and tour buses that contribute to congestion in Manhattan.

MTA- FIX NYC ADVISORY PANEL

PROPOSAL – cont'd

- Task the Fix NYC panel with making recommendations to the NYC TLC regarding specific equipment that should be installed in all taxicabs and for-hire vehicles for the purposes of instituting a surcharge on trips originating or terminating within an established geographic area, and mandates the NYC TLC to establish uniform technology and standards for that purpose.
- Task the Fix NYC panel with making recommendations on how best to revise New York City's placard program to cut down on overuse and abuse.

MTA- FIX NYC ADVISORY PANEL

PROPOSAL – cont'd

- The Assembly One House provides \$488 million to the MTA, primarily for the New York City Transit Authority, for the improvement of service reliability and other capital and operating costs of the subway system. These revenues are provided through four new dedicated revenue streams, including:
- \$2.75 fee per ride on for-hire-vehicle trips that enter the zone south of 96th street in Manhattan (central business zone) and \$1 fee per ride on trips in the Metropolitan Commuter Transportation District (MCTD);
- Pooled rides (assessed per hail) are \$2.25 within the central business zone and shared per hail outside the central business zone;
- An additional \$0.50 fee per trip on taxicab trips that enter the central business zone

Employer Compensation Expense Tax

- Employers would be able to opt-in to a new ECET system.
- Employers that opt-in would be subject to a five percent tax on all annual payroll expenses in excess of \$40,000 per employee, phased in over three years beginning on January 1, 2019.
- The progressive personal income tax system would remain in place, and a new tax credit corresponding in value to the ECET would cut the personal income tax on wages and ensure that State filers subject to the ECET would not experience a decline in take-home pay.

Expanding Options for Deductible Charitable Contributions

- The legislation creates two new state-operated charitable funds to accept donations for the purposes of improving health care and education in New York.
- Taxpayers who itemize deductions could claim these charitable contributions as deductions on their federal and state tax returns.
- Any taxpayer donating could also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made.
- Donations to these funds would provide a reduction in local property tax bills (via a local credit) equal to 95 percent of the donation.

Decoupling from Federal Tax Code

- This legislation decouples the state tax code from the federal tax code, where necessary, to avoid more than \$1.5 billion in State tax increases brought solely by increases in federal taxes.
- Federal tax reform capped the itemized deduction for State and local taxes (SALT) at \$10,000.
- The Governor proposes to decouple from this cap so New York taxpayers are not subjected to a \$441 million State tax increase from the flow through of this cap to State income tax returns. The legislation also decouples from other Federal deduction changes, saving State taxpayers \$269 million annually beginning in FY 2020.

Women's Health

- **Comprehensive Contraceptive Coverage Act:** The Executive proposes language to require health insurance policies to include coverage of contraceptive drugs, devices, and products as well as to prohibit any cost-sharing requirements or other restrictions or delays with respect to this coverage.
- **Reproductive Health:** The Executive proposes language to repeal provisions criminalizing abortion in certain circumstances, as well as to repeal prohibitions on pharmacists providing contraception to a minor under the age of 16.

Raise the Age

- The SFY 2018-19 Budget appropriates \$100 million for State and local costs related to Raise the Age, including supporting reforms such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system.
- The Assembly adds language that would require the State to fully fund the implementation of Raise the Age for every local social services district including NYC.

Early Voting

- Provide approximately \$7 million in the FY 2019 Executive Budget for New York counties to offer early voting in the 12 days leading up to Election Day.
- Voters will have at least eight hours on weekdays and five hours on weekends to cast early ballots. Counties must have one early voting poll site for every 50,000 residents and the bipartisan County Boards of Elections will determine the specific location of early voting polling places, subject to standards of accessibility and convenience.
- Assembly Supports Funding Early Voting & Closing LLC Loophole.

Housing/Seniors

- The Assembly would increase funding coming from the Mortgage Insurance Fund to provide funding to the following programs:
- Naturally Occurring Retirement Communities (NORCS) and Neighborhood Naturally Occurring Retirement Communities (NNORCS) would be funded at \$2 million.
- The Assembly provides \$20 million in capital funding to support the establishment of 1,000 new assisted living program beds in underserved areas.
- The proposal also allocates \$29.4 million, restoring a \$500,000 cut from the executive budget, in funding for the Community Services for the Elderly program

Housing- Disabilities

- To help ensure New Yorkers with disabilities have more suitable housing options and aren't forced into institutional care,
- The Assembly proposal includes \$4 million for the Access to Home Program, a \$3 million increase from the executive proposal. The program provides financial assistance to property owners so they can adapt or retrofit units for low- and moderate-income persons with disabilities.
- The budget also adds \$1 million in funding for independent living centers, for a total of \$14.4 million, and restores \$1.5 million for the Disability Advocacy Program (DAP), which provides individuals with disabilities legal representation when their federal disability benefits have been denied or may be discontinued

Housing - NYCHA

- The Assembly budget proposal provides \$275 million for public housing capital repairs across the state, allocating \$200 million of this funding to the New York City Housing Authority (NYCHA), to be used for heating needs, weatherization and other critical maintenance projects.
- This funding builds on an Assembly proposal that would allow NYCHA to use the design-build contracting process, which would expedite the boiler replacement process and other construction and repair projects by consolidating both the design and construction of a project into a single contract.

Environment

- The Assembly budget invests \$300 million in the Environmental Protection Fund (EPF), affirming the importance of a vibrant, healthy environment.
- It also fully funds the state's Superfund Program with a \$100 million appropriation, including funding for the Environmental Restoration Program, which provides money to help municipalities remediate brownfields.
- The Assembly also proposes to include the New York State Climate and Community Protection Act in the budget to address and mitigate the impacts of climate change in New York.
- This act would establish a council comprised of state agencies and individuals with expertise in environmental protection and environmental justice.

Other Highlights

- The Assembly proposes design-build authority for the City of New York for certain projects including the Brooklyn Queens Expressway.
- The Assembly proposal includes language to expand the New York City school zone speed camera program.
- The Assembly budget proposal includes the New York State Development, Relief and Education for Alien Minors (DREAM) Act, which expands access to higher education for the children of immigrants.