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# Report on the State Fiscal Year 2018-19 Enacted Budget



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

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# Message from the Comptroller

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April 2018

The State Budget determines how much can be spent in various program areas and how the necessary revenue will be raised. In recent years, annual budgets have increasingly become broader policy-making documents.

While enhancing funding for education, health care and other vital programs, the State Fiscal Year (SFY) 2018-19 Enacted Budget also continues the trend of adopting major policy changes. As described in this report, these include extensive revisions to State tax laws in response to recent federal tax changes, and the creation of a new program intended to help private-sector workers save for retirement. Other new policy-related initiatives are aimed at ensuring an accurate count of New York residents in the 2020 national census and deterring and responding to sexual harassment.



Longstanding statutory provisions have established effective oversight, transparency and accountability requirements for State expenditures. Unfortunately, this Budget continues a practice of weakening or eliminating such safeguards. I have proposed reforms to reduce the risk of fraud and abuse in contracting and spending by the State, its public authorities and related entities.

Other concerns with the Enacted Budget include the continued movement of significant amounts of State resources and spending off-budget. Moving funds outside the normal process of legislative review has long-lasting consequences in terms of diminished oversight. The Budget includes large new lump-sum appropriations for projects yet to be determined, limiting disclosure of who will receive these funds, how they will be used and what benefits are expected. While the Budget was adopted on time, most of the appropriation and other bills were enacted with very little time for review by legislators and the public.

Over the past year, I have called attention to heightened financial risks for the State and for New York households related to the federal budget and taxes. The tax changes enacted by Congress and the President in December will have a mixed impact in New York, likely increasing federal liability for many taxpayers. It remains to be seen how many New Yorkers will benefit from provisions in the State's Enacted Budget that are intended to offset potential negative impacts from the federal tax revision. Meanwhile, although Congressional action in recent months has reduced the risk of federal funding cuts, some leaders in Washington continue to call for changes that could hurt New York. My Office is committed to continuing to analyze and report on developments in all these areas.

Thomas P. DiNapoli  
State Comptroller

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# I. Executive Summary

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The State Fiscal Year (SFY) 2018-19 Enacted Budget provides increased funding for education, health care, public transportation and other programs. It also contains a variety of new initiatives, including measures to respond to federal tax law changes, help private-sector workers save for retirement, and ensure an accurate count of New York residents in the 2020 national census.

The Executive indicates that the Budget holds State Operating Funds spending growth to 2 percent, and estimates All Funds spending this year at \$168.3 billion. Both calculations reflect the movement of \$1.4 billion in spending for the Metropolitan Transportation Authority (MTA) off-budget, among other measures. Given certain budgetary actions this year and in recent years, State Operating Funds figures no longer provide a consistent picture of expenditure trends. Detailed estimates of expenditures, revenues, debt and related issues are expected to be provided by the Division of the Budget (DOB) in coming weeks.

The Budget relies on an estimated \$186 million in new tax and assessment revenues, including \$100 million from opioid manufacturers and distributors. It authorizes the State to use certain health plan reserves of up to \$750 million annually for a multi-year period, potentially generating billions of dollars for the State's use in funding a broad variety of health and other programs and purposes.

The Enacted Budget includes measures to avert a net \$1 billion in tax increases that would have occurred otherwise because of linkage between State and federal tax laws. It decouples provisions in the State's tax code from federal law to eliminate \$1.5 billion in potential increased State tax liability related to standard deductions, itemized deductions for local property taxes, and other areas. Partly offsetting the impact of those changes, the Budget retains more than \$500 million in annual revenue by eliminating what would have been an automatic increase in the State's child tax credit because of changes to the federal credit.

The Budget also establishes several new State tax provisions intended to mitigate the increased federal tax liability that many New Yorkers are expected to face because of a new \$10,000 limit on itemized deductions for state and local taxes on federal income tax returns. It creates an optional employment compensation expense tax (or payroll tax) that is intended for employers to use to help employees offset potential increases in federal liability. Other changes establish or authorize charitable funds for various public purposes at the State and local levels, along with nonrefundable tax credits for such contributions. Such credits are also permitted for authorized contributions to certain not-for-profit entities. The extent of any federal, State, or local tax savings these new mechanisms may generate for New Yorkers is unclear.

Several proposals in the Executive Budget, released in January, reflected heightened concern regarding potential reductions in federal aid for health care and other programs. Congressional actions in February and March reduced the near-term risks of such reductions. The Enacted Budget extends and broadens a provision enacted in 2017 that allows the Budget Director to impose spending cuts, absent action by the Legislature, if certain reductions in federal aid occur.

The Budget increases General Support for Public Schools by \$863 million or 3.4 percent, and provides an additional \$50 million in competitive grants for prekindergarten, after-school and other programs. Foundation Aid will increase by \$618 million, \$280 million more than in the Executive proposal. School districts will be required in coming years to provide detailed statements of the funding allocated to each school as a condition of receiving increases in State aid.

The MTA will receive additional funding, including off-budget proceeds from newly enacted surcharges on certain taxi trips and other for-hire transportation in Manhattan starting in January 2019. The first \$362 million from such proceeds in 2019, and the first \$300 million annually starting in 2021, are directed to the MTA's Subway Action Plan. The Budget also requires New York City to make certain contributions for capital and operating costs associated with the plan.

A newly established Secure Choice Savings Program will provide a voluntary, State-administered retirement savings plan for employees of private-sector companies and nonprofit organizations that do not provide federally qualified retirement plans. Among other changes from the Executive Budget proposal, the program will be administered by a new, seven-member board chaired by the State Commissioner of Taxation and Finance. Other members include the State Comptroller and appointees of the Governor, the Temporary President of the Senate and the Assembly Speaker.

The Enacted Budget raises numerous concerns regarding transparency, accountability and oversight. It expands the State's use of lump-sum appropriations that leave broad discretion for allocation of funds, with limited disclosure of such choices and of any expected benefits. Such appropriations include a new \$475 million for the State and Municipal Facilities (SAM) Program, for which cumulative spending authorization since inception totals \$2.4 billion. With the majority of previous SAM appropriations unspent and eligible entities and purposes broadly defined, the need for additional discretionary spending authority is not clear.

The Budget builds on previous years' actions to bypass statutory provisions that are intended to promote oversight and integrity in State procurement, including eliminating competitive bidding and independent review of contracts in certain cases. In addition, while the Budget provides new lump-sum appropriations for economic development, it includes no new requirements to improve transparency and accountability in this area.

Although the Budget was enacted on time, most budget bills were rushed to passage with "messages of necessity," leaving very little time for review by legislators and the public. Ideally, important decisions on resources and policies should be made following robust participation, with ample opportunity for analysis and debate.

The State ended its 2017-18 fiscal year with a General Fund balance of \$9.4 billion, up \$1.7 billion from a year earlier, as a result of factors including strong Personal Income Tax (PIT) revenues late in the year, unanticipated monetary settlements and lower-than-expected spending. Despite these factors, no deposits were made to the State's statutory rainy day reserves, a missed opportunity to better prepare for economic downturns or catastrophic events.

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

- While creating the opioid assessment and certain other measures that increase revenue, the Enacted Budget omits several Executive Budget revenue proposals. These include measures that would have: deferred certain business tax credits; expanded the imposition of the sales tax on Internet marketplace sales; and imposed a surcharge on for-profit health insurers.
- Capital funding for health care providers is increased by \$525 million, up by \$100 million from the Executive proposal. The Budget establishes a new Health Care Transformation Fund with no appropriation authority, but makes moneys of the fund, including certain health plan reserves that may be taken over by the State, available for a wide range of health care and other purposes, with authority to transfer moneys to any other fund of the State.
- The Budget holds flat most direct aid to local governments. Aid and Incentives to Municipalities, the largest unrestricted aid category for cities, towns and villages, is funded at \$715 million, the same level since SFY 2011-12. County-wide shared services panels are continued through 2021.
- As proposed by the Executive, the Enacted Budget maintains the appropriation for the Environmental Protection Fund at \$300 million, while modifying funding levels for certain programs or purposes within the fund.
- The Budget provides nearly \$6.5 billion in increased authorizations for public authorities to conduct “backdoor borrowing” on behalf of the State. The largest change from the Executive proposal is a \$398.5 million increase for the SAM program.
- Proposed legislation to allow geriatric parole for State prison inmates was omitted, as were several other proposals to revise criminal justice practices. Enacted statutory changes include a measure establishing the incapacity to consent to sexual conduct when an individual is under police custody.
- Budget legislation creates a New York State 2020 Complete Count Commission to recommend steps to be undertaken in advance of the 2020 Census to ensure an accurate count of New Yorkers. Its initial report is due in January 2019, with a follow-up report a year later detailing actions taken and other information.
- The Enacted Budget includes a revised version of an Executive proposal requiring disclosure of the identities of individuals or entities making expenditures for certain paid Internet or digital political communications. It omits several Executive Budget proposals related to public campaign financing, other campaign finance reforms and early voting.

The Office of the State Comptroller will provide analysis of the Enacted Budget Financial Plan and Capital Plan after its release by DOB, which is expected in coming weeks.

*Note: The Financial Plan figures in this report are taken from the estimates in the Financial Plan Update that accompanied the SFY 2018-19 Executive Budget or otherwise provided by DOB, unless otherwise noted.*

## II. Financial Plan Overview

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### ***SFY 2018-19 – Preliminary Analysis of the Enacted Budget***

The State Fiscal Year (SFY) 2018-19 Executive Budget, as amended, included All Funds expenditures of \$168.2 billion, according to Division of the Budget (DOB) projections. State Operating Funds spending was projected to increase by 1.9 percent, to just under \$100 billion, before adjustments for timing-related and other actions.

For the SFY 2018-19 Enacted Budget, the Executive has indicated a preliminary All Funds spending estimate of \$168.3 billion. Specific estimates of overall expenditures and revenues for the current fiscal year, and projections for the ensuing three fiscal years, will be contained in the upcoming SFY 2018-19 Enacted Budget Financial Plan and the Five-Year Capital Program and Financing Plan to be issued by DOB. The Office of the State Comptroller expects to provide analysis of those reports when they become available, including among other issues projected out-year budget gaps, projected statutory debt capacity, use of temporary and non-recurring resources, shifts of spending off-budget, and other budget management actions.

#### *Managing State Operating Funds Spending Growth*

The Budget includes various provisions that change the apparent level of spending growth. One such action, moving the Payroll Mobility Tax (PMT) off-budget, with such receipts to be paid to the MTA without appropriation, was enacted as proposed by the Executive. DOB had estimated that \$1.4 billion in spending associated with this proposal would be shifted off-budget in SFY 2018-19. The Budget establishes new surcharges on certain taxi and for-hire transportation trips in Manhattan, with revenue generated net of certain expenses to be paid directly to the MTA without State appropriation (more details are in the Transportation and Metropolitan Transportation Authority sections of this report). In addition, Budget legislation directs the State and the City of New York to make certain payments to the MTA for its Subway Action Plan by December 31, 2018. If the City fails to certify that it has made such payments in full, the State may withhold certain local aid funding otherwise payable to the City and/or collect other City revenues and instead direct those funds, without appropriation, to the MTA. Both those payments and the surcharges described above represent additional expenditures to be made off-budget and not counted within State Operating Funds.

These actions and others in the Enacted Budget enable the Executive to present spending from State Operating Funds as increasing by no more than 2 percent from the previous fiscal year to the current year. Other identifiable items in the SFY 2018-19 Enacted Budget that contribute to such presentation include:

- \$594 million in debt service prepayments in SFY 2017-18 that would otherwise have been made in SFY 2018-19;
- Leveraging federal funds to help off-load State Medicaid costs which DOB had estimated to be \$281.5 million in SFY 2018-19 and \$379 million the following year to the Essential Plan.
- \$78.6 million related to shifting certain funding for State University of New York (SUNY) hospitals from the General Fund to the Capital Projects Fund;

- a \$60 million timing-related benefit from the shift of the PMT off-budget;
- up to \$60 million from the use of revenue from the sale of State-owned property to offset State funding for the City University of New York (CUNY); and
- Reclassifying several State special revenue funds as enterprise funds.

Spending reflected in these actions, which totals more than \$2.4 billion in SFY 2018-19, would have otherwise been counted in the State Operating Funds spending figure.

The Enacted Budget also includes certain actions that move spending from outside State Operating Funds into that category, a positive step. Examples include the movement of approximately \$390 million in operating costs out of the Dedicated Highway and Bridge Trust Fund, and a reduction in use of off-budget resources from the State Insurance Fund to pay certain State costs for workers' compensation.

A more complete analysis of budget actions that affect reported spending growth, and of temporary and non-recurring resources, will be possible after DOB releases the Enacted Budget Financial Plan in the coming weeks.

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

With respect to the use of temporary and non-recurring resources, the prepayments of debt service referenced above will provide a non-recurring benefit for the Financial Plan in SFY 2018-19. In addition, \$500 million in PIT refunds that had been scheduled for the current fiscal year were accelerated into SFY 2017-18, bringing the non-recurring total from these actions alone to almost \$1.1 billion. The Enacted Budget also includes certain other actions which provide temporary or non-recurring Financial Plan benefits, as follows:

- Not more than \$750 million annually over a multi-year period related to redeployment of reserves of certain Medicaid managed care plans may be provided;
- \$100 million from the transfer of certain assessment reserves from the Workers' Compensation Fund to the State Insurance Fund (SIF) for State workers' compensation obligations;
- Up to \$60 million in revenue from the sale of State-owned property to offset State funding for CUNY;
- A \$60 million timing-related benefit from the shift of the PMT off-budget;
- \$55 million in use of State of New York Mortgage Agency (SONYMA) Mortgage Insurance Funds for various purposes; and
- A \$20 million transfer from the New York Power Authority (NYPA) to the General Fund.

The use of these resources contributes to budget balance in the current year and in any future years in which such resources are available. However, by definition, temporary and non-recurring resources do not resolve the State's structural imbalance between recurring levels of revenue and spending.

#### *Risks to the Budget*

While final Congressional action on the current federal budget reduced the immediate risk of federal aid reductions, the State continues to face certain risks regarding federal funding in the



coming years, including the federal fiscal year starting October 1, 2018. The Enacted Budget includes certain provisions the Executive identifies as intended to address such risks. One such proposal would extend and broaden a provision included in the SFY 2017-18 Enacted Budget that allows the Budget Director to impose spending cuts, absent action by the Legislature, if certain reductions in federal assistance occur.

In the Consensus Economic and Revenue Forecast Report issued in early March, the Executive and the Legislature agreed that the State faces certain revenue risks, including those related to economic stimulus effects of federal tax changes, growth in financial sector bonus payments, the level of PIT estimated payments, and economic impacts from potential Federal Reserve interest rate increases. The Office of the State Comptroller expects to comment more fully on budgetary risks as part of its analysis of the Enacted Budget Financial Plan.

## ***SFY 2017-18 – Preliminary Year-End Results***

### *Receipts*

Projecting Personal Income Tax (PIT) collections proved difficult through most of SFY 2017-18, with the potential for and eventual enactment of federal tax law changes. Through the first six months (April through September), tax collections were \$692.6 million below initial estimates and \$386.6 million below estimates from the Financial Plan updated for the First Quarter, primarily related to lower-than-expected PIT receipts. When the Financial Plan was updated in November to recognize results of the first half of the year, DOB reduced General Fund tax projections by \$845 million in SFY 2017-18 and by between \$923 million and \$944 million in the subsequent three years, primarily in PIT. In the Mid-Year Financial Plan update, DOB stated “[t]he disappointing tax collections to date are at odds with key economic indicators, which signal an improving economy. One explanation is that taxpayer behavior is changing in response to the evolving features and prospects of a Federal tax bill. But what effect, if any, behavioral changes are having on collections will not be known until there is better information on what, if any, Federal tax law changes will be enacted.”<sup>1</sup>

As of November 30, after eight months of the fiscal year, year-to-date PIT collections were 3.1 percent lower than the previous year. In December 2017, Congress enacted the Tax Cuts and Jobs Act (TCJA), which resulted in certain taxpayers making additional tax payments in 2017 because the TCJA limited federal itemized deductions for state and local taxes as of January 1, 2018. As a result of these increased payments, December was the first month that year-to-date PIT collections exceeded the previous year’s, with year-to-date collections rising by 3.5 percent. Receipts from estimated PIT payments spiked sharply in the final days of December 2017 and early January 2018, apparently reflecting this acceleration of tax payments into the 2017 tax year. DOB, in its most recent Financial Plan, estimated that \$1.9 billion of PIT receipts initially anticipated to be collected in SFY 2018-19 as payments made with requests for filing extensions were instead received in December and in the first three days of January.

Collections through the final three months of SFY 2017-18 also exceeded Financial Plan projections by more than enough to offset \$500 million in refunds that were paid in SFY 2017-18, instead of in SFY 2018-19 as previously planned.

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<sup>1</sup> See FY 2018 Mid-Year Update, page 8.

## Spending

Unaudited General Fund spending totaled \$69.7 billion in SFY 2017-18, an increase of \$1.6 billion or 2.4 percent. Spending was \$299.4 million below the latest projections issued in February and nearly \$1.5 billion less than initial projections. Unaudited State Operating Funds expenditures were \$98.2 billion, an increase of 2 percent. Spending from All Funds totaled \$163.7 billion, an increase of 4.3 percent or \$6.7 billion from SFY 2016-17. Spending totals largely reflected higher local assistance grants and lower capital spending relative to original estimates.

**Figure 1**

### Overall Receipts and Disbursements, Projected and Actual – SFY 2017-18 (in millions of dollars)

	SFY 2016-17 Actual	SFY 2017-18 Enacted April	SFY 2017-18 1st Quarter Update August	SFY 2017-18 Mid-Year Update November	SFY 2017-18 3rd Quarter Update February	SFY 2017-18 Actual (unaudited)
<b>General Fund</b>						
Receipts	66,895	69,834	70,178	69,506	71,441	71,420
Disbursements	68,081	71,199	71,233	70,373	70,023	69,724
<b>State Operating Funds</b>						
Receipts	94,819	96,028	96,380	95,994	98,071	99,361
Disbursements	96,199	98,134	98,168	98,104	98,126	98,151
<b>All Funds</b>						
Receipts	156,372	161,077	161,865	162,172	164,558	165,470
Disbursements	157,015	163,628	164,035	164,053	164,437	163,744

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

## SFY 2017-18 – Closing Balance and Reserves

The SFY 2017-18 Enacted Budget Financial Plan projected an operating deficit of \$1.4 billion in the General Fund for SFY 2017-18, with the projected General Fund balance decreasing from \$7.7 billion at the end of SFY 2016-17 to \$6.4 billion as of March 31, 2018.

Rather than declining over the year, the General Fund balance at the end of SFY 2017-18 was \$9.445 billion, up approximately \$1.7 billion from a year earlier and \$3.1 billion more than projected when the fiscal year began. That figure was \$278 million more than anticipated in the last Financial Plan Update, as shown in Figure 2. Differences from earlier projections largely reflect higher-than-expected PIT receipts, although unanticipated monetary settlements and lower-than-anticipated spending also played a role. The State received \$838 million in monetary settlements during SFY 2017-18, \$805 million more than initially anticipated in the Enacted Budget Financial Plan.

Nearly \$7.6 billion was in the unrestricted fund balance at the end of SFY 2017-18. Relatively high year-end General Fund balances represent potential opportunities for the State to bolster its statutory reserves to better prepare for economic downturns or catastrophic events. Despite a higher than expected year-end General Fund balance including unplanned monetary settlements, no deposits were made to the State's statutory rainy day reserve funds at the end of the fiscal year. The most recent such deposits were in March 2015.

As noted above, DOB has indicated that a total of \$594 million in debt service prepayments were made in SFY 2017-18 that otherwise would have been made in SFY 2018-19. Such payments reduce the reported level of year-over-year spending growth, but do not affect debt service costs. In addition, \$500 million in PIT refunds were paid at the end of SFY 2017-18 instead of in SFY 2018-19 as previously planned.

**Figure 2**

**General Fund Reserves – SFY 2017-18 Plan and Actual Year-End Results**  
(in millions of dollars)

	SFY 2016-17 Actual	SFY 2017-18 Enacted Projection	SFY 2017-18 February Projection	SFY 2017-18 Actual (unaudited)
<b>Statutory Reserves</b>	<b>1,874</b>	<b>1,858</b>	<b>1,857</b>	<b>1,865</b>
Tax Stabilization Reserve Fund	1,258	1,258	1,258	1,258
Rainy Day Reserve	540	540	540	540
Contingency Reserve Fund	21	21	21	21
Community Projects Fund	56	40	39	46
<b>Refund Reserve (Unrestricted)</b>	<b>5,874</b>	<b>4,525</b>	<b>7,309</b>	<b>7,581</b>
Debt Management	500	500	500	NA
Labor Agreements	25	155	155	NA
Other	14	-	1,905	NA
Monetary Settlement Proceeds	5,335	3,870	4,749	NA
<b>Total</b>	<b>7,749</b>	<b>6,383</b>	<b>9,167</b>	<b>9,445</b>

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

Note: Figures may not add due to rounding. The actual allocation of amounts for Debt Management, Labor Agreements, Other and Monetary Settlement Proceeds is provided by DOB but has not yet been made available.

# III. Transparency, Accountability and Oversight

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Transparency, accountability and independent oversight are keys to ensuring that public resources are protected from waste, fraud and abuse, and that the public has access to important information regarding government activities. These essential elements also help assure that the State Budget is fiscally responsible and provides an honest representation of the State's spending plan. Provisions that weaken these protections leave public resources more vulnerable to misuse, and may diminish New Yorkers' confidence in their State government. As detailed below, certain elements of the SFY 2018-19 Enacted Budget fall short with respect to high standards of transparency, accountability and oversight.

## *Opaque budget process*

The process by which final agreements were reached lacked transparency in key ways. The Legislature's Joint Budget Conference subcommittee process was designed in part to provide public disclosure of budget negotiations. Although Legislative conference committees met after the Assembly and the Senate had issued their one-house budget proposals, major budget decisions were negotiated behind closed doors.

Although the Budget was enacted on time, eight of the ten bills that make up this year's Enacted Budget were passed by the Legislature soon after introduction using gubernatorial "messages of necessity" that bypass the three-day waiting period normally required by the State Constitution. Incorporating the majority of appropriations and numerous important policy decisions, these bills were passed with little time for review by legislators and the public. While fiscal estimates for certain changes from the Executive Budget were made public, the Budget was adopted with minimal information as to its overall fiscal impact.

## *Lack of clarity regarding levels of State Operating Funds spending and spending growth*

In recent years, the Executive has set a non-statutory goal limiting annual growth in State Operating Funds spending to no more than 2 percent. As described earlier in the Financial Plan Overview section of this report, the Budget includes timing-related adjustments, shifts and categorizations of spending that cloud the picture of spending growth. The total impact of such readily identifiable actions described in this report exceeds \$2.4 billion. The largest of these actions is a significant shift of existing MTA-related State spending, estimated to be \$1.4 billion in the current year, off-budget. See the Financial Plan Overview and the Metropolitan Transportation Authority sections of this report for additional detail.

Another example in the Enacted Budget is an Executive proposal to reclassify several State Special Revenue Funds as Enterprise Funds (these are accounted for outside of the four fund groups that comprise All Governmental Funds – General Fund, Special Revenue, Debt Service and Capital), including the Armory Rental Account and the Parking Services Fund, Solid Waste Fund and Special Events Fund. One result of the reclassification to "Enterprise Funds" is that spending from such funds is no longer accounted for within State Operating Funds or All Governmental Funds.

While such actions affect reported growth, they do not change the State's actual spending requirements. Given this, it is unclear how effectively the 2 percent State Operating Funds benchmark serves to restrain overall spending. The reliability of any presentations of such spending and growth are also diminished, and their meaning obscured. While budget management actions can be evaluated based on their individual merits, a clear delineation of all such measures, and their overall impact on spending levels, would improve transparency related to the State's fiscal condition and budgetary trends.

The Budget also takes steps to move spending from outside State Operating Funds back into that category, including approximately \$390 million in operating costs out of the Dedicated Highway and Bridge Trust Fund and a reduction in use of off-budget resources from the State Insurance Fund to pay certain State costs for workers' compensation.

#### *'Net of Refunds' language in appropriations*

Many appropriations throughout the State Operations and Aid to Localities budget bills include language providing that authorized spending levels are "net of refunds, reimbursements, credits, rebates and disallowances" (with various combinations thereof). This language has been interpreted by the Executive to allow certain revenues to "refresh" an existing appropriation, which would have the effect of lowering reported receipts and spending of the State. Such interpretation could also result in spending beyond actual amounts appropriated in a given fiscal year. This "refreshing" of appropriations should only be used in very limited circumstances, that are appropriate from an accounting perspective such as a return of an over-payment from the same payee deposited back into the same fund from which the over-payment was made in a prior year. However, using this "refreshing" practice more broadly, for instance, permitting a refund from an unrelated source to increase a program's spending authority, could potentially violate the legal prohibition against spending without an appropriation.<sup>2</sup>

#### *Use of lump-sum appropriations for Executive and Legislative initiatives*

The Enacted Budget expands the State's use of lump-sum and other broadly-scoped appropriations for yet-to-be-determined projects. In an effort to improve transparency and accountability in the State's spending, the Budget Reform Act of 2007 prohibited the use of lump-sum appropriations by the Legislature, with more limited restrictions for the Executive.<sup>3</sup> The statutory prohibition can, however, be circumvented in various ways. Such programs use less transparent mechanisms to distribute hundreds of millions of dollars, providing minimal disclosure of decision making regarding the allocation of funds, the intended recipients, specific expenditures and the potential benefits for New Yorkers. Examples of lump-sum or other broad scoped appropriations or provisions in the Enacted Budget include:

- **State and Municipal Facilities (SAM) Program.** Among the largest examples of lump-sum spending is the expansion of this primarily bond-financed program. Total SAM appropriations from its inception in SFY 2013-14 through the current year total \$2.4 billion. Authorized spending includes a broad range of economic development, education, environmental and other purposes, with no defined process by which such funds will be allocated, or purposes or entities identified to receive funding. This year's Enacted Budget

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<sup>2</sup> New York State Constitution, Article VII, Section 7 and State Finance Law Section 4.

<sup>3</sup> See State Finance Law Sections 2-a and 24.

provides a 23 percent increase over last year, with a new \$475 million appropriation. Bonding authorization was also increased by \$398.5 million. The already wide-ranging list of entities authorized to receive funding was expanded again, to include any not-for-profit corporation or other not-for-profit entity, sanitation districts, special districts, regional transportation authorities and the New York City Health and Hospitals Corporation. Appropriations can be allocated to any State agency or public authority at the discretion of the Executive; over three-quarters of the \$399.2 million in cumulative spending through the end of last fiscal year has been disbursed through the Dormitory Authority of the State of New York (DASNY). See the Debt and Capital section of this report for additional detail.

- **New York State Capital Assistance Program for Transportation, Infrastructure, and Economic Development.** This new \$122 million capital projects appropriation within the Department of Transportation provides for broadly-scoped purposes including: “transportation; aviation; water and sewer infrastructure improvements; industrial and manufacturing water supply infrastructure renovations and improvements; and other economic development purposes.” Funding is pursuant to a plan submitted to the Director of the Budget, although the language does not specify who is responsible for submitting the plan. Such funding may be interchanged or transferred to other appropriations or suballocated to other agencies or public benefit corporations. Little additional detail on use of these funds is available.
- **Other enacted lump-sum appropriations,** as proposed in the Executive Budget, include \$200 million for the New York Works Economic Development Fund and \$300 million for the High Technology Innovation and Economic Development Infrastructure program within the Urban Development Corporation.
- **Health Care Transformation Fund.** The Enacted Budget established a new Health Care Transformation Fund with no appropriations; however, moneys in the Fund are authorized to be transferred to any other fund of the State. The fund may receive amounts not exceeding \$750 million annually over a multi-year period as a result of Budget provisions authorizing the State to “redeploy” reserves of certain Medicaid managed care plans. In addition, the Fund can receive contributions from any other source. This newly enacted provision allows expenditure of potentially billions of dollars in State resources to support a broad variety of health care or other programs or purposes pursuant to a plan prepared by the Commissioner of DOH and approved by the Budget Director. Statutory language creating the fund does not provide any other parameters directing how these funds will be allocated and used. The Health Commissioner and the Budget Director are required to report certain information on the Fund to the Legislature. See the Health/Medicaid section of this report for more details.

#### *Expanded use of off-budget spending for State programs and purposes*

The Enacted Budget expands the practice of “off-budget” spending of certain funds, and shifting out State resources and spending that had traditionally been or otherwise would be included in the State Budget, in State revenue and spending totals and accounted for as receipts or disbursements in the Statewide Financial System (SFS). These provisions reduce the oversight of and accountability for taxpayer dollars that result when decisions regarding State resources are subjected to the annual budget process and spending flows through SFS.

Examples include several MTA-related actions which shift approximately \$1.5 billion in State resources annually outside of the State Treasury. Such funds will now flow directly to the MTA without a State appropriation. These actions include provisions to direct revenues and related spending from the State Payroll Mobility Tax (PMT), new State-imposed surcharges on certain taxi and other for-hire transportation trips in Manhattan and, potentially, payments to the MTA for the City's share of its Subway Action Plan.

The PMT-related provision will lower the reported level of State revenues and spending going forward, since such resources had previously been reported on-budget. According to the Executive, approximately \$1.5 billion in PMT receipts and \$1.4 billion in spending will be shifted off-budget in SFY 2018-19. These figures may be expected to increase in future years with normal economic growth in the MTA region. Spending and revenue estimates are not yet available from the Executive for the new surcharges. See the Financial Plan Overview and the Metropolitan Transportation Authority sections of this report for additional details.

The Budget includes provisions intended to mitigate the federal personal income tax impact on New Yorkers of the new \$10,000 limit on itemized deductions for state and local taxes. These include the creation of a Charitable Gifts Trust Fund at the State level, described in more detail in the Revenue section of this Report. While this year's Budget includes no appropriation from the Fund, it is essential that any dollars ultimately paid into it be subject to appropriation and the same level of transparency as tax dollars. The State should closely monitor and regularly report on the impact of this program.

Under a related new provision, taxpayers are allowed to claim nonrefundable tax credits, up to a total of \$30 million annually, for contributions to: Health Research, Inc. (HRI); the State University of New York Impact Foundation; and the Research Foundation of the City University of New York. Despite the use of State resources for tax credits, taxpayer contributions will be made directly to these off-budget entities, where such contributions may or may not be used for State purposes. Spending will not be subject to State appropriation and, as a result, will not be subject to the same level of transparency, accountability and independent oversight that comes when such resources are subject to the annual State budget process. See the Revenue section of this report for additional details.

Other off-budget spending includes the use of State Insurance Fund revenues, estimated at \$100 million this year, for certain State employee workers' compensation costs.

If these programs were appropriated within the State Budget, the spending would be subject to greater oversight and control, and would be counted within particular funds and categories (e.g., State Operating Funds, capital projects), providing a more accurate representation of the State's use of public resources.

### *Transparency and accountability for economic development*

The Enacted Budget provides no new requirements to enhance transparency and accountability related to economic development expenditures. Both houses of the Legislature proposed certain steps toward this end in their one-house budget proposals. Such provisions are not included in the Enacted Budget.

### *Bypassing of independent oversight and procurement integrity provisions*

The Enacted Budget includes several measures that bypass existing statutory provisions intended to ensure independent oversight and procurement integrity. In certain instances, the competitive bidding process and the Office of the State Comptroller's contract review authority are eliminated. In one case, the elimination of these protections is coupled with an authorization for the distribution of funds without a formally executed contract.

Under Section 112 of the State Finance Law, the Office of the State Comptroller conducts an independent review of most State agency contracts. Under Section 2879-a of the Public Authorities Law, the Comptroller also has the authority to review certain public authority contracts, particularly where such contracts are funded with State tax dollars.

The Office of the State Comptroller has had the authority to pre-audit contracts for over 100 years. The Comptroller's independent review of contracts protects taxpayers, agencies, not-for-profit organizations and other vendors contracting with the State by validating that a contract's costs are reasonable, that its terms are favorable to the State, and that a level playing field existed for bidders. Independent review serves as an important deterrent to waste, fraud and abuse.

As noted above, the Comptroller's ability to review and approve certain State contracts has been eliminated again this year. Examples where such review or competitive bidding requirements are bypassed include a \$30 million federally funded Aid to Localities appropriation for services for persons with heroin and opiate use addiction disorders, and a \$10 million capital projects fund appropriation related to substance abuse services, including housing. Unspecified portions of two Aid to Localities appropriations for the Office for People With Developmental Disabilities, totaling more than \$2 billion, authorize the disbursement of funds without a formally executed contract. Distribution of funds would instead be made pursuant to a "letter of agreement," raising questions regarding protections intended to safeguard public resources that are inherent in a binding contract.

The Governor recently issued an Executive Order declaring a State Disaster Emergency for New York City Housing Authority (NYCHA) complexes. The Order temporarily suspends existing statutory provisions relating to the Comptroller's pre-approval of contracts, competitive bidding and public advertising of competitive procurement opportunities. It is not clear whether State-appropriated funds will be used for contracts that would otherwise be subject to such requirements.

These examples are in addition to other areas where the Office of the State Comptroller's oversight was previously diminished, such as centralized contracts let by the Office of General Services and certain contracts let by the State University of New York and the City University of New York. In 2017, State agencies awarded more than \$3 billion in contracts without the benefit of the Comptroller's review.<sup>4</sup> For the largest areas where such oversight has been eliminated, the Office of the State Comptroller estimates that more than \$31 billion in contracts have been awarded without its pre-review since April 2011. Without such independent contract review, reduced oversight increases the risk of incidents of fraud and overspending. See Appendix D for additional information.

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<sup>4</sup> See *State Contracts By The Numbers: 2017 Calendar Year*, available at: <http://www.osc.state.ny.us/reports/procurement/state-contracts-by-numbers-2017.pdf>.



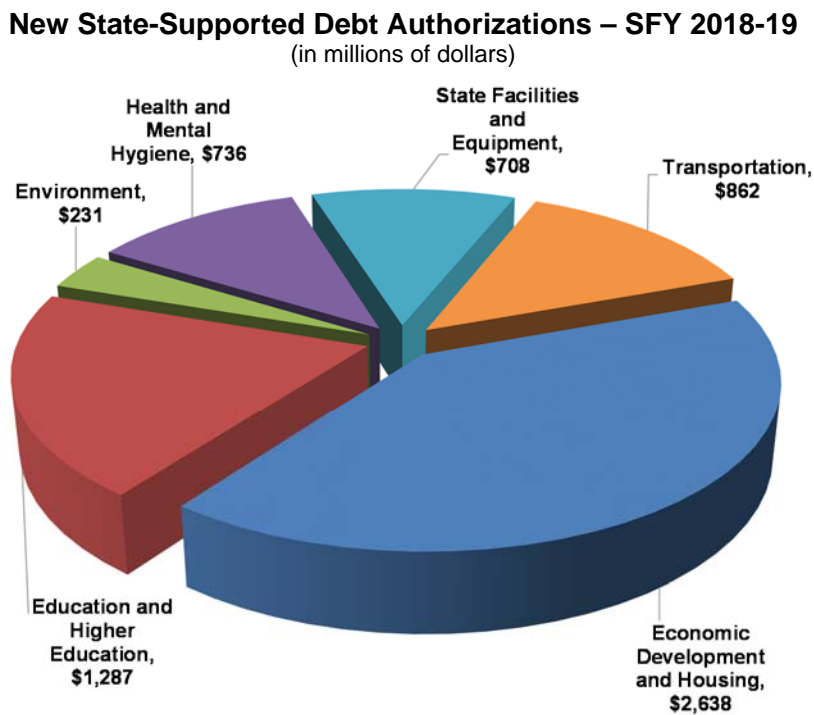
Other provisions bypass competitive bidding for: a \$525 million capital projects appropriation for the Health Care Facility Transformation Program; and \$46.4 million for OPWDD capital projects including funds for supportive housing.

# IV. Debt and Capital

## SFY 2018-19 Debt and Capital Overview

The Enacted Budget includes nearly \$6.5 billion in increased bonding authorizations for State-Supported debt, an increase of \$1.1 billion, or 21.5 percent, over the Executive proposal and an increase of 4.6 percent over previously authorized amounts, including those for General Obligation borrowing. There are no new General Obligation authorizations in the SFY 2018-19 Enacted Budget. Newly authorized borrowing increases are shown by programmatic area in Figure 3.<sup>5</sup> The Public Authorities section of this report provides additional detail regarding the changes in State-Supported public authority bond caps.

Figure 3



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

The Enacted Budget increases from the Executive Budget were largely focused in Economic Development (\$577 million); Housing (\$290 million); and Higher Education, including SUNY Educational Facilities (\$230 million) and SUNY Upstate Community Colleges (\$15 million).

<sup>5</sup> The programmatic purposes for which some newly authorized borrowing will be used are unclear. For example, an increase in bonding capacity for the New York Capital Assistance Program for Transportation, Infrastructure and Economic Development includes financing authorization for programs that include economic development and water and sewer infrastructure. Figure 3 reflects programmatic groupings as used by DOB in the Capital Program and Financing Plan. The State and Municipal Facilities Program is grouped within Economic Development, although the program may be used for a wide variety of purposes.

## ***Debt Management Actions***

### *Debt Service Prepayments*

As of the most recent Financial Plan updated for 30-day amendments, DOB expected to prepay \$340 million of debt service in SFY 2017-18 that would otherwise be paid when due in SFY 2018-19. According to DOB, prepayments in SFY 2017-18 totaled \$594 million, \$254 million more than initially planned. In recent years, prepayments have obscured year-over-year growth both in debt service spending itself and in the broader measures of spending growth in All Funds, State Operating Funds and the General Fund. Such prepayments do not reduce interest costs, and any fiscal benefits they are intended to provide are not clear.

### *New Authorizations*

The Budget includes language as proposed by the Executive to:

- authorize the use of Dormitory Authority of the State of New York (DASNY) Mental Health bonds (now issued under the PIT and Sales Tax credits) for grants for mental hygiene facilities owned or leased by voluntary agencies. Under prior law, such bonds could only finance loans to such voluntary agencies.
- authorize DASNY to provide design, construction and financing for the Office of Children and Family Services (OCFS).
- authorize DASNY to provide design, construction and financing for detention facilities certified by OCFS on its own or by such Office in conjunction with the State Commission of Correction or for the provision of residential facilities licensed by OCFS including all necessary and usual attendant and related facilities and equipment.

### *PIT Bond Program – Increase in Dedicated Revenues*

The Enacted Budget increases the share of PIT revenues dedicated to the State PIT bond program, as deposited to the Revenue Bond Tax Fund (RBTF), from 25 percent of PIT to 50 percent. In addition, 50 percent of the Employer Compensation Expense Tax (ECET or payroll tax) revenues will also be dedicated. In the event of either non-appropriation or nonpayment of PIT bond debt service, the amount of “locked box” revenue increases from (a) the greater of 25 percent of PIT or \$6 billion to (b) the greater of 40 percent of total PIT and ECET or \$12 billion. These changes are intended to ensure sufficient funds in the RBTF to pay debt service on the State’s PIT revenue bonds, regardless of any potential shifting of revenues from the PIT to the new payroll tax.

### *Debt Reduction Reserve Fund*

The SFY 2018-19 Enacted Budget includes an authorization to transfer up to \$500 million from the General Fund into the Debt Reduction Reserve Fund (DRRF), as have recent Enacted Budgets. It also includes an appropriation of \$500 million from the DRRF for the payment of debt service or related expenses, for retiring or defeasing bonds of any State-related bonding programs, or for the funding of capital projects which have been authorized to be financed through the issuance of bonds.

The Executive Budget included a provision that would have authorized the deposit to DRRF of 50 percent of any “cash basis surplus” within the General Fund, as calculated and certified by the Director of the Budget, and retained any balances in the DRRF at the end of any fiscal year. It also would have made permanent the exclusion of any DRRF spending from the spending limit calculation for purposes of the Executive’s non-statutory cap on annual growth in State Operating Funds of 2 percent. The latter provision is in current law, which sunsets on June 30, 2019. These proposals were omitted from the Enacted Budget.

### *Design-Build Procurement*

While the Enacted Budget omitted an Executive proposal to expand the Infrastructure Investment Act more broadly, several new design-build provisions for specific projects in New York City were added, as follows:

- the New York City Rikers Island Jail Complex Replacement Act authorizes the New York City Department of Design and Construction (NYC DD&C) to use design-build procurement for construction or reconstruction projects in excess of \$10 million related to the closure of Rikers Island.
- the New York City Housing Authority Modernization Investment Act authorizes NYC DD&C and the New York City Housing Authority (NYCHA) to use such procurement for the construction or reconstruction of residential properties owned by NYCHA.
- the New York City BQE Design-Build Act authorizes design-build to be used by NYC DD&C and the NYC Department of Transportation for projects related to the Brooklyn Queens Expressway (BQE). Issuance of requests for qualifications, final contract awards and contract execution for BQE projects must receive prior approval by the State Transportation Commissioner.

All three authorizations include provisions regarding participation by minority- and women-owned business enterprises and small business concerns, project labor agreements and the use of cost-plus not to exceed guaranteed maximum price and lump sum contract types.

### *State and Municipal Facilities Program*

The Enacted Budget includes a new appropriation of \$475 million and a bond cap increase of \$398.5 million for the State and Municipal Facilities (SAM) program. The Executive Budget had recommended a bond cap increase of \$13.5 million, but did not propose any new appropriation.

The SAM program was first enacted in SFY 2013-14 with an appropriation of \$385 million, and each Enacted Budget over the ensuing four years added identical amounts in new appropriation and bonding authority. With this year’s addition, the total amount authorized to be spent for this program is \$2.4 billion, with nearly all of it (over \$2.3 billion) authorized to be funded with bond proceeds. The new \$475 million capital projects appropriation is a 23 percent increase over last year’s authorization. The already broad list of eligible entities for which bonds can be issued was further expanded to include sanitation districts, special districts, regional transportation authorities, the New York City Health and Hospitals Corporation, and any other not-for-profit corporation or entity. The appropriation identifies \$40 million specifically for the Lake Ontario-St. Lawrence Seaway Flood Relief and Recovery Grant Program. As of March 31, 2017, \$399.2 million of the authorized funding had been spent. While over three-quarters of the spending for SAM through this period has flowed through DASNY, funds from these

appropriations can flow to any State agency or public authority at the discretion of the Executive.

Through SFY 2017-18, 20.7 percent of the cumulative amount authorized under the SAM program had been spent. DOB's projections for SAM spending in the Executive Budget Capital Program and Financing Plan, before any increase in the Enacted Budget, totaled nearly \$1.3 billion over the five-year capital plan period, reflecting expectations of higher annual spending than has occurred in any year since the program began. When combined with actual spending through SFY 2017-18, some 14 percent of total authorizations would remain available by the end of the plan period, before the newly enacted additional appropriation. See the Transparency, Accountability and Oversight section of this report for further discussion.

## V. Revenue

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The Executive and the Legislature reached agreement on an additional \$675 million to \$750 million in projected revenues as a result of the Consensus Revenue Forecast process in early March 2018.

The Enacted Budget includes a number of Executive Budget proposals that will increase revenues by a total of \$186 million in SFY 2018-19, according to Division of the Budget (DOB) estimates earlier this year. These include the creation of a \$100 million assessment on opioid manufacturers and distributors, the impact on business taxes of decoupling from the Internal Revenue Code, and a variety of provisions that would enhance the enforcement and administration of the Tax Law.

The Budget includes several major provisions in response to recent changes in the Internal Revenue Code, including the federal limitation on the itemized deduction for state and local taxes. The SFY 2018-19 Enacted Budget Financial Plan, anticipated to be released in the next several weeks, is expected to contain official estimates of the fiscal impacts of the enacted tax changes.

Certain provisions of the federal Tax Cuts and Jobs Act enacted in December 2017 affect New York's personal income and corporate taxes as a result of flow-through provisions in the State's Tax Law. These would have generated net additional State tax liability of more than \$1.0 billion, according to DOB estimates. The Enacted Budget eliminated \$1.5 billion in adverse impacts for New York taxpayers by de-coupling from federal law with provisions which include:

- Eliminating the limitation on the itemized deduction for local property taxes;
- Redefining the standard deduction for single filers;
- Re-establishing certain itemized deductions and subtractions;
- Allowing for the use of itemized deductions at the State level when using the standard deduction at the federal level; and
- Maintaining the threshold for the itemized deduction for medical expenses.

The Budget also eliminated what would have been a positive impact of the federal tax changes for many New York taxpayers, by decoupling the Empire State Child Tax Credit from federal law and maintaining it at 2017 levels. This decoupling has been estimated by DOB to preserve more than \$500 million in tax revenues annually.

The decoupling of State corporate tax provisions from the revised federal Code primarily relates to deductions of interest and other expenses associated with the repatriation of income. While most of these provisions result in the preservation of tax revenue from pre-existing law, DOB has estimated an increase in revenues of \$80 million in SFY 2018-19.

The Budget also includes two Executive proposals to mitigate the federal personal income tax impact on New Yorkers of the new \$10,000 limit on the itemized deduction for state and local taxes. These provisions include the creation of charitable funds at the State level, an authorization for school districts and municipalities to create such funds, and the imposition of an employer compensation expense tax (ECET or payroll tax).

## *Charitable Funds*

At the State level, the Charitable Gifts Trust Fund is established with two separate accounts: the Health Charitable Account and the Elementary and Secondary Education Charitable Account. Contributions to the health account can be used for services related to an overall goal of ensuring access to quality health care for New York State residents. Contributions to the education account can only be used for the support of elementary and secondary education of children enrolled in public school districts. This is a modification from the Executive proposal, which would have allowed contributions to be used for the support of both public and private elementary and secondary schools.

Taxpayers who make contributions to these accounts would be allowed to claim a nonrefundable tax credit equal to 85 percent of the contribution. For taxpayers who itemize their deductions, the intent is to allow contributions to also be deducted for purposes of the charitable contribution deduction at the federal and State levels. It is not clear whether the Internal Revenue Service will allow such deductions at the federal level.

In addition to contributions to these State accounts, taxpayers will also be allowed to claim a nonrefundable tax credit for contributions to Health Research, Inc. (HRI), a nonprofit corporation whose board is chaired by the State Health Commissioner; the State University of New York (SUNY) Impact Foundation; and the Research Foundation of the City University of New York (CUNY). Contributions to HRI can be used for the support of laboratory facilities and programs, bioinformatics programs, and other public health activities. Contributions to the SUNY and CUNY foundations can only be used to support programs benefitting students enrolled in SUNY and CUNY colleges and universities, but cannot be used for scholarships or tuition assistance.

Up to \$30 million annually in contributions to the three entities can qualify for the tax credit (\$10 million annually for each entity). In order to be eligible for the tax credit from HRI or the SUNY or CUNY foundations, the taxpayer is required to submit an application and receive a contribution authorization certificate from the entity before making a contribution. School districts are authorized to establish charitable funds for public educational purposes. Municipalities, including New York City, are authorized to create such funds and use the money in those funds for charitable purposes, which are not defined in the statute. This is a modification from purposes for each fund outlined in the Executive proposal, which had stated that the funds of the school district could be used for general educational purposes and the municipal funds could only be used for the payment of health care expenses or to defray the local social services district's yearly net share of medical assistance expenditures.

The new provisions give school districts and municipalities the option of providing a property tax credit for contributions made to their charitable funds. Although the legislation provides for a tax credit of 95 percent of the contribution, the school district or municipality also has the option of setting the allowable percentage at a lower level or capping the amount of the credit that can be claimed. In order to claim a property tax credit, the taxpayer would be required to submit a credit claim form to the appropriate tax collecting entity.

### *Employer Compensation Expense Tax*

Any employer in the State that is required to withhold income tax from wages has the option of paying the ECET on the payroll expense of its employees with annual wages over \$40,000. The tax will be imposed at the rate of 1.5 percent in 2019, 3 percent in 2020, and 5 percent in 2021 and thereafter. The tax is only applied to an employee's wages in excess of \$40,000; wages below that level remain subject to withholding under the personal income tax. Employers may opt-in to the program annually by December 1 of each year for the following calendar year.

Employees of businesses that opt-in to the ECET will remain subject to the personal income tax, including elements such as withholding and estimated taxes as well as tax credits, and are required to file annual returns. In order to avoid double taxation on the same wages, these employees are allowed to claim a nonrefundable credit for the amount of the ECET paid in relation to their wages and compensation. The employee, however, may not receive the full amount of the ECET as a tax credit, since the amount of the credit is based on the taxpayer's effective tax rate, which may be lower than the ECET rate. Employers are prohibited from deducting the cost of the new tax from employees' wages or compensation.

The Executive has indicated that, since both the Charitable Gifts Trust Fund and the ECET are voluntary, projections of participation levels and related fiscal impacts are not yet available. Among other uncertainties, it is unclear how many taxpayers may benefit from either program, and whether some employees may be disadvantaged by the ECET rather than benefitting from it.

### *Executive Tax Proposals Accepted or Modified*

The following tax-related proposals advanced by the Executive were accepted as proposed or adopted with some modifications in the Enacted Budget. Among other actions, the Enacted Budget:

- extends the statute of limitations for assessing tax on amended tax returns;
- provides for the quarterly reporting of employee wages for both the Department of Taxation and Finance (T&F) and the Department of Labor;
- exempts prepared foods sold for resale from the sales and use tax;
- authorizes the collection of unwarranted tax debt from unclaimed funds;
- extends the fees on oil and gas producers for three years;
- extends the Hire-A-Vet tax credit for two years;
- increases the tax credit under the New York Youth Jobs Program;
- exempts from sales tax certain medicines used by veterinarians;
- eliminates sales tax liability for certain members of limited liability companies and partnerships; and
- extends the additional sales tax rates in Genesee, Monroe, Onondaga, and Orange counties.



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

The Enacted Budget includes several revenue-related provisions added to the Executive Budget proposals. These include:

- a \$100 million annual assessment on opioid manufacturers and distributors with the allocation of the assessment based on each manufacturer's or distributor's share of the total amount of certain opioids sold or distributed in the State;
- an extension of the New York City personal income tax for one year;
- an extension of the historic home rehabilitation tax credit for five years and the decoupling of the credit from federal provisions;
- an extension of the musical and theatrical production tax credit for four years; and
- an imposition of surcharges of \$2.50 on taxi trips and \$2.75 per trip on for-hire transportation vehicles, along with a 75-cent surcharge per passenger on all pooled for-hire trips, in certain areas of Manhattan.

### *Executive Tax Proposals Omitted*

Major tax-related proposals in the Executive Budget that were not enacted include provisions which would have:

- deferred certain business tax credits;
- expanded the imposition of the sales tax on Internet marketplace sales;
- imposed an excise tax on opioids;
- imposed a surcharge on the profits of for-profit health insurers;
- amended the process by which property taxes are determined on taxable State land;
- allowed T&F to access child care data from other State agencies;
- imposed a fee on the compensation (carried interest) of hedge fund managers and private equity investors;
- allowed T&F to appeal Tax Tribunal decisions;
- amended the refund and joint liability provisions under the real estate transfer tax;
- amended the calculation of the excise tax on cigars;
- imposed an excise tax on vapor products;
- repealed the sales tax exemption on gas and electric services purchased from an energy service company; and
- amended the sales tax exemption on food and beverages sold through a vending machine.

# VI. Program Area Highlights

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## **Education**

### *School Aid*

The Enacted Budget includes \$26.3 billion in General Support for Public Schools (GSPS) for the 2018-19 School Year (SY), an increase of \$863 million or 3.4 percent over the previous year. It also includes an additional \$50 million in competitive grants, as proposed in the Executive Budget, bringing the total to \$244 million. The allocation of the additional \$50 million in competitive grants was largely unchanged from the Executive Budget. Major new grant funding includes:

- \$15 million for prekindergarten resources for three- and four-year olds.
- \$10 million for the Empire State After-School program.
- \$9 million for early college high school and career and technical education programs.
- \$6 million for the Smart Start Computer Science program focused on expanding computer science and engineering education.

The Executive Budget recommended \$769 million in new education funding, including an increase of \$655 million for GSPS, \$50 million for competitive grants, and \$64 million in an unprogrammed fiscal stabilization fund.

The \$863 million increase in GSPS includes:

- \$618 million in new Foundation Aid allocated through a variety of new formula provisions, bringing total Foundation Aid to \$17.8 billion, \$280 million more than the Executive Budget proposed. Community schools are set to receive \$50 million of the new Foundation Aid, bringing the total allocation for community schools to \$200 million.
- \$241 million to support growth in various expense-based aids based on updated claims. The Enacted Budget did not include Executive Budget proposals to freeze expense-based aid claims to Executive Budget levels or limit the future growth in Building, BOCES, and Transportation Aid to 2 percent.
- \$4 million in net changes to other categorical funding programs.

The Enacted Budget includes a requirement that school districts provide a detailed statement of the funding allocated to each school as a condition of receiving an increase in GSPS. Beginning in the 2018-19 school year, the requirement will apply to the New York City school district and school districts that receive more than 50 percent of their funding from the State and have more than four schools. By the 2020-21 school year, all districts will be required to submit a plan. School districts will have state aid increases withheld until such plans are properly submitted, as determined by the State. Completed plans must be made publicly available on the school district's website.

### *Charter Schools*

The Enacted Budget provides \$22.6 million in new direct aid to New York City charter schools as proposed in the Executive Budget. Other charter school proposals in the Executive Budget, including enhanced reimbursement to charter schools for building expenses and reduced reimbursement to New York City for charter-related costs, were not included in the final budget.

### *Nonpublic Schools*

As proposed in the Executive Budget, the Enacted Budget includes \$186.4 million for Mandated Services Aid (MSA) and the Comprehensive Attendance Policy (CAP) program, the two major State aid programs for nonpublic schools, an increase of \$5.4 million or 3 percent. The Enacted Budget includes an additional \$10 million to reimburse nonpublic schools for the costs of STEM instruction and \$7 million to fund the cost of school immunization programs. It also directs the State Education Department to consider additional information when determining whether certain nonpublic schools provide an education substantially equivalent to public schools.

### *Other Education Items*

The Enacted Budget includes two new \$40 million appropriations for additional grants to school districts, public libraries and not-for-profit organizations. One appropriation is subject to a plan approved by Assembly resolution and the other to a plan approved by Senate resolution. Of the \$80 million total, \$55 million cannot be made available until SFY 2019-20.

The Enacted Budget includes a “No Student Goes Hungry” initiative which includes a prohibition against “lunch shaming,” a requirement that certain school districts serve breakfast after the school day has begun, and expanded meal reimbursement for school lunches that contain 30 percent or more New York State food products.

An Executive Budget proposal to reduce reimbursement to school districts for summer school special education costs was not enacted.

## **STAR**

The Enacted Budget includes a provision to require income verification by the Department of Taxation and Finance for the Enhanced STAR (School Tax Relief) benefit, a change that DOB projected to result in State savings of \$35 million this fiscal year.

The Budget omits several STAR-related proposals in the Executive Budget, including one which would have capped homeowners’ STAR benefits at current levels rather than allowing annual growth up to 2 percent, as in current law.

## **Higher Education**

The Enacted Budget includes All Governmental Funds appropriations of \$11.1 billion for SUNY, \$2.1 billion for CUNY (excluding fiduciary funds), \$1.2 billion for the Higher Education Services Corporation (HESC) and \$30 million for Higher Education Facilities Matching Capital Grants. These amounts reflect net increases of \$371 million for SUNY, \$15 million for CUNY and \$5

million for HESC over the Executive proposal. Included in these figures is an increase of \$100 per full-time equivalent student in base operating aid for community colleges compared to the Executive Budget, which amounts to \$12.1 million for SUNY and \$6.3 million for CUNY.

The additional funding for SUNY compared to the Executive proposal also includes: \$245.6 million for capital improvements (\$210 million at senior colleges and \$35.6 million at community colleges); \$92 million for operating aid at SUNY hospitals; \$17.5 million for educational opportunity, small business development and a range of other programs at senior colleges; and \$1.8 million for child care and other programs at community colleges.

CUNY senior colleges receive an increase on an academic year basis of \$6.5 million for Search for Education, Elevation and Knowledge (SEEK) and other programs and an additional \$3.7 million for child care and other programs at community colleges, including the restoration of \$2.5 million for the Accelerated Study in Associate Programs.

The Enacted Budget provides \$4 million for the extension of the New York State Science, Technology, Engineering and Mathematics (STEM) Incentive Program to students attending private institutions based on the availability of funding. An appropriation of \$1 million is provided for a new Teacher Loan Forgiveness Program, with \$250,000 of such amount available for the 2018-19 academic year. Funding of up to \$20,000 per recipient will be used for awards to certified teachers with student loan debt who teach in a shortage subject area, teach in a hard-to-staff district, or are economically disadvantaged as defined by HESC, among other criteria.

The Enacted Budget modifies the Excelsior Scholarship and the Enhanced Tuition Award programs by:

- allowing HESC to change a student's determination for an Excelsior Scholarship or Enhanced Tuition Award if an applicant has had a change in household income due to the death, disability, divorce or separation of an individual whose income is used to determine the applicant's household income.
- not requiring an institutional match for the Enhanced Tuition Award program from those schools where tuition is lower by more than 15 percent from the tuition charged six years before the award year. In such instances, affected students would still be eligible to receive the State portion of the Enhanced Tuition Award.
- allowing students who attend proprietary colleges to be eligible for the Enhanced Tuition Award program.

The Enacted Budget also restores \$24.6 million in Bundy Aid to independent colleges and universities, and omits the Executive proposal to offer certain undocumented immigrants access to State financial tuition assistance in New York through the DREAM Act.

## ***Health / Medicaid***

The Enacted Budget authorizes the State Health Commissioner to make reserves of certain Medicaid health plans – potentially billions of dollars over a multi-year period – available to the State. It establishes a Health Care Transformation Fund, which may receive those reserves and other resources, including grants of money from any other source. The Health Care Shortfall Account proposed in the Executive Budget and omitted from the Enacted Budget would have, according to Budget documents, received moneys from health care conversions

or other transactions. While not specifically identified as a resource in the Transformation Fund, proceeds realized by the State from any such conversions or other transactions, including potential funds from the expected sale of assets of Fidelis Care New York, could be deposited in the Fund.

The Health Care Transformation Fund would support a broad variety of health care and other programs or purposes, including capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers pursuant to a plan prepared by the DOH Commissioner and approved by the Budget Director. According to the Executive, the Fund would mitigate risks of the loss of federal funds. Language included in the Executive Budget would have authorized moneys in the Health Care Shortfall Account to be used to address shortfalls in federal reimbursement for health care programs administered by the State, among other purposes. This is not identified as a specific use of funds for the new Health Care Transformation Fund.

The Budget does not include any appropriation from the Health Care Transformation Fund. The Article VII bill establishing the Fund includes language to allow moneys in the Fund to be transferred to any other fund of the State. The Executive Budget Financial Plan projected the State would receive \$750 million in the current and each of the three ensuing fiscal years from health plan conversions or similar transactions. In the Enacted Budget, the Fund may receive amounts not exceeding \$750 million annually over a multi-year period from reserves of certain Medicaid managed care plans, as well as certain other moneys. See the Transparency, Accountability and Oversight section of this Report for additional discussion.

The Budget authorizes the DOH Commissioner to promulgate regulations to establish a presumptive ceiling on reserves of certain Medicaid managed care plans. This ceiling would be no less than 150 percent of their minimum contingent reserves as established in State regulations. If the Commissioner determines that a plan subject to this provision has reserves above the ceiling for more than two consecutive quarters, the Commissioner may make a preliminary determination to “redeploy” all or a portion of such additional reserves to the Fund. Before making such determination, the Commissioner must consider factors including whether the State’s redeployment of such funds is consistent with financial soundness. The managed care plan must be afforded an opportunity to justify why such reserves should not be made available for use by the State.

Budget language exempts public benefit corporations (including New York City’s Health and Hospitals Corporation, which operates a Medicaid managed care plan) from the reserve redeployment provisions. Budget language also states that these provisions do not apply to any entity or any subsidiary or affiliate of such entity that disposes of all or a material portion of its assets pursuant to a transaction that: (1) was the subject of a request for regulatory approval first made to the Commissioner of Health in calendar year 2017; and (2) receives regulatory approval from the Commissioner before July 31, 2018.

This language may apply to a planned transaction between Fidelis Care and Centene Corporation. According to an April 2018 Centene filing with the U.S. Securities and Exchange Commission, Centene signed a definitive agreement in September 2017 under which New York State Catholic Health Plan, Inc., d/b/a Fidelis Care New York, will become Centene’s health plan in New York upon closing. Under the agreement, Centene will acquire substantially all of the assets of Fidelis Care for \$3.75 billion, subject to certain adjustments. The transaction is

expected to close on or about July 1, 2018. The filing indicates that, as part of the regulatory approval process, it is expected that the Corporation will enter into certain undertakings with DOH including a commitment to contribute \$340 million to the State to be paid over a five-year period for initiatives consistent with its mission of providing high quality healthcare to vulnerable populations within the State. Additionally, upon closing of the transaction, Fidelis will operate as a for-profit health insurer in New York, subject to certain taxes and fees, anticipated to result in not less than \$160 million of additional revenues for the State. The filing also indicates that Centene received regulatory approvals from DOH and the Department of Financial Services in April 2018, but that the transaction remains subject to regulatory approval from the Attorney General and certain closing conditions and that there can be no assurance that the closing will occur.<sup>6</sup> It is unclear what other revenue may accrue to the State, when or from what sources such revenue may be realized, and where such revenues would be deposited, as a result of this contemplated transaction.

The Enacted Budget provisions related to “redeployment” of reserves described above are effective from August 1, 2018 to August 1, 2023, which includes all or portions of six State fiscal years and six calendar years. Provisions establishing the Transformation Fund take effect immediately and have no expiration date.

The Budget reduces All Governmental Funds State and federal appropriations for the Department of Health (DOH) by \$786.2 million, compared to the Executive Budget, primarily reflecting a \$919.8 million decrease in State Funds appropriations, offset in part by a \$133.6 million increase in federally funded appropriations. The All Governmental Funds reduction largely results from the omission of a \$1 billion appropriation for a new Health Care Shortfall Account proposed by the Executive, offset in part by additional appropriations for various public health programs and initiatives, as well as a capital projects fund appropriation increase of \$100 million for health care providers. Instead of the shortfall account, the Enacted Budget establishes the Health Care Transformation Fund to support a broad range of health care and related uses.

As in recent years, the Budget includes two-year appropriations for DOH Medicaid expenditures, through SFY 2019-20. The Enacted Budget also amends or omits various Medicaid proposals included in the Executive Budget, advances several new initiatives and enacts additional savings actions that offset the impact of the amendments or omissions to the Executive Budget, as well as the new initiatives included in the Enacted Budget. Dollar values presented below are DOB estimates for SFY 2018-19.

The Budget omits various savings actions proposed in the Executive Budget, including:

- \$25.8 million in transportation actions such as eliminating supplemental payments to rural transportation networks and rural transit assistance;
- \$17.4 million by eliminating a prescriber’s right of final determination;
- \$17.1 million by reducing avoidable emergency room visits;
- \$11.3 million by increasing co-payments for non-prescription drugs and over-the-counter products in the Medicaid pharmacy program;

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<sup>6</sup> <https://centene.gcs-web.com/static-files/e0237a98-a11a-4bd2-920f-3517108f703a>

- \$7.8 million by eliminating the right of a non-institutionalized spouse to refuse to support an institutionalized spouse; and
- \$5 million by expanding the authority of the Office of the Medicaid Inspector General to recover overpayments to managed care organizations.

The Enacted Budget also provides support for several new initiatives not included in the Executive Budget, such as:

- \$30 million for safety-net hospitals;
- \$15 million for new categories of service for children and their families; and
- \$5 million for hepatitis C treatment.

The Budget offsets the restorations and new initiatives by enacting additional savings actions that include:

- \$46.3 million related to SUNY participation in a Medicaid waiver program to retrain hospital workers;
- \$42 million related to delayed or re-estimated repayment of federal Medicaid obligations;
- \$17 million related to enhanced reviews of Medicaid claims;
- \$15 million related to a three-year extension of the enrollment broker contract;
- \$10 million related to a reduction in Health Home quality improvement support; and
- \$10 million related to expanding use of telecommunications technology for health purposes.

Among other provisions, the Budget increases capital support for health care providers by \$100 million to \$525 million, adopts the Executive proposal to eliminate cost-of-living adjustments to certain DOH providers, and provides a total of \$39.7 million in DOH funding for various initiatives that were not included in the Executive Budget.

The Enacted Budget omitted an Executive Budget provision that would have authorized the Budget Director to revise the State's Child Health Plus program if federal funding for it is reduced or eliminated on and after October 1, 2017; after introduction of the Executive Budget, Congress extended the federal Children's Health Insurance Program for a multi-year period. The Budget also omitted Executive proposals to revise the Early Intervention Program, consolidate and reduce funding for various DOH public health programs, and eliminate audits of hospitals' compliance with limits on working hours of certain medical staff and postgraduate trainees.

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

The Enacted Budget provides a total of nearly \$209 million in net additional State and federal appropriations for the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA) compared to the Executive Budget, increasing All Funds appropriations for OCFS by approximately \$204.5 million and for OTDA by about \$4.5 million.

The Budget also provides \$15.6 million in net additional State appropriations for the Department of Labor (DOL) to support various employment and training and labor standards

programs, and nearly \$9 million in additional State appropriations for various community services programs operated by the State Office for the Aging (SOFA).

The additional OCFS appropriations include \$19 million in General Fund support for local child care subsidies. This increase is offset by a \$19 million decrease in federal Temporary Assistance for Needy Families (TANF) child care subsidies appropriated in OTDA, resulting in no net change in child care subsidies from these two funding sources.

The Budget also provides \$130 million in additional federal appropriation authority, reflecting the State's estimated share of an increase in Child Care and Development Block Grant (CCDBG) funding included in the federal budget for FFY 2018. Up to \$80 million of the \$130 million is for compliance with federal statutory health and safety requirements, including increased inspections, background checks of child care workers, professional development and training activities. At least \$10 million is for local social services districts to increase access to child care assistance for low income families, as long as the districts agree to use the funding to expand rather than supplant the availability of subsidized child care. Remaining funds may be used to increase market-based payment rates for child care services.

Nearly \$5.4 million is provided in OCFS's Youth Facilities Program to keep open the Ella McQueen Reception Center for Boys and Girls in Brooklyn, proposed for closure in the Executive Budget. Other funding totaling \$48.6 million added in the Enacted Budget is for various OCFS family and children's services, including \$20 million for non-profit human services organizations, \$5 million for the Advantage After School program, \$3 million for sexually exploited children and youth, nearly \$2.5 million for settlement houses, \$2 million for child advocacy centers, and smaller amounts for a range of other local initiatives.

An Executive proposal to cap State reimbursement of New York City child welfare costs at \$320 million was omitted. No additional appropriation authority was provided for this purpose because enacted OCFS appropriations are sufficient to support additional State costs that are projected to result, according to DOB. However, DOB indicates it will include \$17 million in the Enacted Budget Financial Plan to reflect the omission of this proposal.

The Enacted Budget provides additional OTDA General Fund support including \$2 million in enhanced services to help refugees attain economic self-sufficiency and reduce or eliminate reliance on public assistance benefits, \$1.5 million to provide legal representation to persons losing or denied federal disability benefits, and nearly \$1 million in various other initiatives. The Budget also provides \$19 million in federal TANF funding for various initiatives, including \$8.5 million for child care enrollment programs in New York City, Monroe County, the Capital Region and Oneida County; \$4 million for development of technology-assisted learning programs; \$2.9 million for employment services provided by the Career Pathways program; and various other local programs. Funding for these initiatives is provided through the \$19 million reduction in federal TANF support for OCFS child care subsidies.

The additional DOL appropriations support various local initiatives, most of which have received funding in the past, including \$7 million for the Workforce Development Institute, \$1.6 million for disabled homemaker services, and \$980,000 for the Chamber on the Job Training program to assist employers in certain areas of the State. The Budget also provides \$1 million related to wage theft investigations.



The Budget provides additional State Office for the Aging (SOFA) funding, including approximately \$2.3 million for the Community Services for the Elderly grant program, \$2 million for Naturally Occurring Retirement Communities (NORCs), \$2 million for Neighborhood NORCs, \$1.8 million for the Managed Care Consumer Assistance program, and smaller amounts for various other local programs.

The Budget includes Article VII provisions to:

- authorize rental subsidies for public assistance recipients with HIV/AIDS outside of New York City and the pass-through of any federal cost-of-living adjustment to Supplemental Security Income benefits.
- extend the Close to Home (CTH) initiative for an additional five years through March 2023 and repeal State reimbursement of New York City CTH costs. DOB had estimated State savings of \$31 million in SFY 2018-19 from this action.
- eliminate the statutory human services cost-of-living adjustment for SOFA and OCFS providers for SFY 2018-19.

## ***Mental Hygiene***

The Enacted Budget added a total of nearly \$44 million in additional net State appropriations for the Office of Alcoholism and Substance Abuse Services (OASAS), the Office of Mental Health (OMH) and the Office for People with Developmental Disabilities (OPWDD) compared to the Executive Budget. Enacted appropriation levels for other Mental Hygiene agencies – the Justice Center for the Protection of People with Special Needs and the Developmental Disabilities Planning Council – are unchanged compared to the Executive Budget.

The Budget provides a total of \$21.9 million in additional State appropriations for OASAS. This includes \$10 million in capital funding for projects related to opioid abuse and addiction, \$3.75 million for treatment and transition services for persons with substance use disorder who are incarcerated in county jails, \$2 million for substance abuse prevention and intervention specialists in New York City schools, \$1.5 million for an ombudsman office to help persons with a substance use disorder and/or mental illness receive appropriate health insurance coverage, and smaller amounts for various other initiatives.

A total of \$19.5 million in net additional State appropriations is provided for OMH, including \$10 million in capital funding to support children's behavioral health services, over \$3.7 million for veteran peer-to-peer services in certain counties, \$2.5 million for restoration of funds to treat certain defendants at OMH facilities rather than establishing jail- and prison-based programs as proposed by the Executive, \$1 million for a school mental health resource and training center, \$925,000 for crisis intervention teams and other mobile crisis programs, and smaller amounts for various other initiatives

The Budget provides approximately \$2.5 million in additional State appropriations for OPWDD, including \$250,000 to develop a training program for firefighters, police officers and EMS personnel responding to emergency situations involving people with autism spectrum disorder and other developmental disabilities, as well as amounts for various other initiatives.

An Executive Budget Article VII proposal to extend the reinvestment of resources from State psychiatric center inpatient bed closures to community mental health programs for three years was accepted.

An Executive proposal to impose an excise tax on the first sale of all opioids in the State to fund existing prevention, treatment and recovery services for opioid abuse and addiction was modified. Instead of imposing the excise tax, the Budget creates a fund – supported by a fee from manufacturers and distributors that sell or distribute certain opioids in the State – to provide \$100 million a year to support such opioid-related services and the DOH prescription monitoring program. Effective July 1, 2018, manufacturers and distributors are required to make payments every quarter based on their share of the sales or distribution of morphine milligram equivalents in the State.

## ***Economic Development***

The Enacted Budget includes appropriations totaling \$1.5 billion for economic development purposes within the Urban Development Corporation (UDC) and Department of Economic Development (DED), an increase of \$20.6 million from the Executive Budget. The Budget accepts State Operations and Capital Projects appropriation levels proposed by the Executive, including the lump sum appropriations of \$600 million for the life sciences laboratory and public health initiative, \$300 million for the High Technology Innovation and Economic Development Infrastructure Program, and \$200 million for the New York Works Economic Development Fund.

Within DED, the Budget increases Aid to Localities funding by \$4.3 million from the Executive Budget. Funding for the Centers of Excellence Program is increased by \$3.1 million, for a total of \$11.9 million. The Budget eliminates funding for the Center of Excellence for photonics and microsystems in Rochester and adds two new centers – one for food and agriculture innovation at Cornell University and one for digital game development which will be shared by New York University, Rensselaer Polytechnic Institute, and the Rochester Institute of Technology. These new centers and the existing nine centers will each be provided \$1 million. Other new funding under the High Technology Program includes:

- \$250,000 for the Center of Excellence in data science in atmospheric and environmental prediction and innovation at Albany;
- \$750,000 for the Center of Excellence in precision responses to bioterrorism and disaster at the New York Medical College;
- \$609,000 in additional funding for the technology development organization matching grant program; and
- \$500,000 for a new Small Business Innovation Research/Small Business Technology Transfer Technical Assistance Program within UDC to assist small businesses in obtaining grants through the federal Small Business Administration.

Under the Marketing and Advertising Program, the Budget includes Executive Budget funding of \$3.6 million for the promotion of agri-tourism and the State's food and beverage products through the State's Taste NY stores and increases funding for the local tourism promotion matching grant program by \$1.1 million. The Budget also provides \$4 million in additional funding for a variety of other initiatives.

The Community Development Revolving Loan Program, a new program created within UDC, is intended to provide low-interest loans to people and businesses in economically distressed areas for residential and commercial mortgages, home improvements, and business machinery and equipment. The loans will be made through community development financial institutions (CDFIs) and \$400,000 for the program was appropriated in the Budget.

The Enacted Budget increases Aid to Localities funding for UDC by \$11.2 million above the Executive proposal. The Budget accepts the proposed funding of \$44.5 million for tourism and business marketing, including Open for Business, START-UP New York, and the Global NY initiative, as well as \$26.2 million for the Economic Development Fund (EDF). Funding for the Federal Community Development Financial Institutions Program and the Minority and Women-Owned Business Development and Lending Program is increased by \$300,000 and \$395,000, respectively.

The Executive Budget included an Article VII proposal that would have established new requirements related to participation of minority members and women in certain State and municipal contracts. The Enacted Budget omits those provisions. It extends the State's existing Minority and Women-owned Business Enterprise Program, which had been scheduled to expire this year, for an additional year.

## ***Gaming***

The Enacted Budget accepts Gaming Commission appropriations as proposed in the Executive Budget. It also includes several statutory changes proposed by the Executive, including:

- measures dealing with the calculation of the franchise fee to be paid by the New York Racing Association to the State to exclude 90 days of operating expenses, an increase from 45 days under current law; and
- creation of an advisory committee on equine drug testing and research.

The Budget omits certain Executive Article VII proposals including authorization for racing after sunset at Belmont Park and changes in commissions paid to Video Lottery Terminal (VLT) operators.

## ***Transportation***

### *Department of Transportation*

The Enacted Budget accepts Executive proposals to remit directly most Payroll Mobility Tax (PMT) receipts to the MTA without appropriation and to shift certain Department of Transportation (DOT) and Department of Motor Vehicle (DMV) operating revenues and costs out of the Dedicated Highway and Bridge Trust Fund (DHBTF) to the General Fund. The Division of the Budget had estimated that \$1.4 billion in spending associated with the PMT would be shifted off-budget in SFY 2018-19. The total \$10 billion in appropriations for DOT, \$217 million more than the Executive Budget, reflects these shifts and additions. The increase comprises \$208 million in State-funded capital appropriations, for a total of \$5.6 billion, and \$9 million in local assistance appropriations, for a total of \$4.1 billion. The State Operations appropriation remains unchanged from the Executive proposal of \$387 million.

The increased capital appropriations include \$122 million for a new fund, the New York State Capital Assistance Program for Transportation, Infrastructure, and Economic Development for “transportation; aviation; water and sewer infrastructure improvements; industrial and manufacturing water supply infrastructure renovations and improvements; and other economic development purposes.” Grants cannot be less than \$125,000. Funding provided under this program may be interchanged or transferred to other appropriations or suballocated to other agencies or public benefit corporations.

The Budget also increases funding for non-MTA transit capital projects by \$20 million and adds \$65 million in local highway aid for Extreme Winter Recovery. It reallocates \$13 million in Executive Budget capital projects appropriations that had been allocated for private firm engineering costs to DOT engineers instead. As in the Executive proposal, the Budget provides \$478 million for local highway and bridge projects through the Consolidated Local Street and Highway Improvement Program (CHIPs, \$438.1 million) and the Marchiselli program (\$39.7 million), both of which remain at SFY 2013-14 levels.

The \$9 million increase in local operating aid under the Additional Mass Transportation Assistance Program (AMTAP) consists of \$3.5 million more for Verrazano Narrows Bridge toll rebates and an additional \$5.5 million for non-MTA transit agencies’ operations.

The Budget omits Executive proposals to: allow the sale of locally-sourced food and beverages at roadside rest areas; allow DOT to charge utilities for use of State highway rights of way in the installation of fiber optic cable; and establish a process for the siting of small cell wireless facilities.

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

The Budget accepts the proposed transfer of up to \$265.9 million from the General Fund to support expenses of the DHBTF, a decrease of 63 percent from the prior year. This reflects the shift of costs for snow and ice removal, and safety inspection and other programs, from the DHBTF to the General Fund. It also includes an Executive proposal for a General Fund transfer of \$5 million to the DHBTF for the State Police to provide work zone safety assistance to DOT.

#### *Department of Motor Vehicles*

The Budget increases DMV appropriations by \$375,000 compared to the Executive Budget to support county traffic programs designed to stop driving while intoxicated. Appropriations for DMV total \$362.2 million. General Fund appropriations of \$12.2 million for the Accident Prevention Course, Compulsory Insurance, DMV Seized Assets and Motorcycle Safety programs, as proposed by the Executive, reflect the shift of DHBTF operating revenues and costs to the General Fund.

The Budget extends by one year the statute authorizing the testing of autonomous vehicles on public roads, retains language related to supervision by the State Police, includes new language on law enforcement interaction with such vehicles and does not repeal the requirement that drivers must have one hand on the wheel, as was proposed by the Executive. It also amends the law to clarify that New York City is not required to report to the Justice Court Fund held by the State Comptroller.

The Budget omits Executive proposals to: authorize municipalities in the Metropolitan Commuter Transportation District (MCTD) and the MTA to establish railroad grade crossing monitoring demonstration programs; provide requirements related to wearing seat belts, junior drivers' use of mobile phones and electronic devices and their access to driving in New York City under supervision; and establish a pilot Internet pre-licensing course for drivers' license applicants.

## ***Agriculture***

The Enacted Budget includes All Funds appropriations of \$186.8 million within the Department of Agriculture and Markets, an increase of \$24.7 million or 15.3 percent over the Executive Budget. This is due in part to \$14 million in restorations or new funding for initiatives and personal service costs within the Agricultural Business Services Program. Capital projects appropriations are increased by \$10.7 million, with \$5 million for municipal fairgrounds, \$5 million for municipal animal shelters and \$700,000 for State Fair projects.

The Enacted Budget modified the Executive Budget proposal related to authorization for the Empire State Development Corporation (ESDC) to administer agricultural market orders, by extending this authorization for three years, until July 31, 2021, rather than making such authorization permanent as proposed by the Executive.

## ***Environment and Parks***

### *Environmental Conservation*

The Enacted Budget includes All Funds appropriations of \$1.2 billion within the Department of Environmental Conservation (DEC), an increase of \$1.9 million compared to the Executive Budget. This change primarily reflects a \$1.8 million increase in General Fund Local Assistance appropriations for a number of local initiatives.

The appropriation for the Environmental Protection Fund (EPF) was maintained at \$300 million as proposed by the Executive, but funding levels for certain EPF programs within such amount were modified. Increases included \$5 million for land acquisition; \$2.5 million for zoos, botanical gardens and aquaria; and \$2.2 million for the Hudson River Park. Programs with decreases from Executive Budget levels include waterfront revitalization, farmland protection, public access/stewardship and environmental justice.

The Executive Budget included an Article VII proposal to amend the law requiring not less than \$8 million in penalties collected for certain violations of the State's container deposit law be deposited to the EPF by removing the \$8 million minimum threshold. Penalties collected would continue to be deposited to the EPF. The Enacted Budget accepted this proposal.

The Budget modified certain other Executive proposals. Enacted statutory provisions that reflect such modifications include measures to:

- limit the amount of funding from the Clean Water Infrastructure Act of 2017 for remediation of solid waste sites and contaminated drinking water to \$25 million and \$20

million, respectively, and add annual reporting requirements on expenditures for these purposes;

- authorize continued State support for Brownfield Opportunity Area Program pre-nomination activities; and
- add certain lands to the Long Island Pine Barrens Core Preservation Area and the Central Pine Barrens area.

Enacted Budget additions to statutory provisions in the Executive Budget include:

- a requirement that the Department of Health study voluntary public water system consolidation and provide recommendations to public water systems;
- a requirement that certain State assistance to soil and water conservation districts be distributed equally among such districts;
- an amendment to the State law that requires plastic “six-pack rings” to be either photodegradable or biodegradable, allowing manufacturers to opt out of this provision by meeting certain requirements as to size or content of such articles;
- amendments to State pesticide applicator certification requirements to eliminate certain classes of certifications and corresponding fees that were valid for only one year. Now all certifications are valid for five years; and
- a one year extension, until December 31, 2019, of the compliance date for the requirement that heavy duty diesel vehicles operated by a State agency or authority install the best available emission control retrofit technology. The 2006 Diesel Emissions Reduction Act originally required all such heavy duty diesel vehicles to install best available emission controls by December 31, 2010, but the compliance date has been extended every year since that date.

Executive Budget proposals omitted from the Enacted Budget include the Empire Forests for the Future Initiative and a requirement that generators of certain amounts of food waste donate or compost such food.

### *Parks*

The Enacted Budget includes All Funds appropriations of \$436.1 million within the Office of Parks, Recreation and Historic Preservation, an increase of \$225,000 over the Executive Budget proposal. This increase is attributable to increased General Fund Local Assistance appropriations for a variety of grants.

A capital projects appropriation of \$50 million for the Hudson River Park Trust is included in the Enacted Budget, as proposed in the Executive Budget. A new provision is added to commit the State and New York City to each provide \$50 million to the Hudson River Park Trust for various capital projects, with the State’s commitment being met with the new \$50 million appropriation. The City’s share is required to be made available in its 2018-19 fiscal year.

The Budget adds a provision to include lands newly added to Bowman Lake State Park among those State lands subject to local property taxation.

## ***Energy***

The Enacted Budget includes All Funds appropriations of \$215 million for the New York Power Authority (NYPA), \$95 million for the Department of Public Service and \$17 million for the Energy Research and Development Authority (NYSERDA), all unchanged from the Executive Budget.

Executive Budget proposals to authorize NYPA to provide energy efficiency and renewable energy services to its current customers and certain public entities were omitted from the Enacted Budget.

The statute establishing the Electric Generation Facility Cessation Mitigation Fund, which provides relief for eligible counties, cities, towns, villages, school districts and special districts that lose tax revenue because of an electric generation facility closure, is amended by increasing the amount of funding that can be awarded under the program through the Urban Development Corporation by \$24 million to \$69 million. Awards under the program are contingent on available funding. No new sources of funding for this program are identified in the Enacted Budget.

## ***Housing***

The Enacted Budget includes All Funds appropriations of \$662.2 million within the Division of Housing and Community Renewal (DHCR), an increase of 61.3 percent over the Executive Budget largely reflecting a new appropriation of \$250 million for capital projects and other improvements of facilities owned by the New York City Housing Authority. This appropriation may be suballocated or transferred to any State department, agency, or public authority and requires funds to be spent in accordance with an emergency plan called for in a Governor's Executive Order issued shortly after the SFY 2018-19 Enacted Budget was adopted. The appropriation includes language indicating that no funding made available pursuant to the SFY 2017-18 Capital Projects Budget bill for capital projects and other improvements related to properties owned or operated by NYCHA can be allocated until the required plan is in place. The SFY 2018-19 Enacted Budget includes capital projects fund reappropriations which initially totaled \$200 million that are subject to this requirement. In addition, the Enacted Budget includes reappropriations which initially totaled \$100 million for modernization or improvement of NYCHA properties from the Mortgage Settlement Proceeds Trust Fund Account.

As provided in the Executive Order, the plan will govern the deployment of up to \$550 million in "emergency" State resources, all other unspent and unobligated State funding appropriated for repair, construction and reconstruction of NYCHA properties, any unspent NYCHA funds provided previously by New York City, and other funds to be but not yet provided by the City. In collaboration with State and local agencies and authorities, the plan is to be developed and implemented by an independent emergency manager selected by unanimous agreement among the New York City Mayor, the Speaker of the New York City Council and the President of the New York City Housing Authority Citywide Council of Presidents. The Order provides that authority granted to NYCHA under State Public Housing Law is vested in the manager to effectuate its purposes. It further provides that the manager is not bound by contracting and procurement rules otherwise applicable to NYCHA, and is granted authority to use design-build procurement. In addition, an Article VII provision in the Enacted Budget authorizes NYCHA to

use such procurement for the construction or reconstruction of residential properties it owns. The Order requires New York City to pay any operating and other expenses incurred by the manager to abate and remove the conditions that constitute a public nuisance. The City is also required to pay the expenses incurred by DOH for inspections of NYCHA facilities.

Other revisions to the Executive Budget include an increase in Local Assistance appropriations of \$6.2 million for Neighborhood and Rural Development Corporations and a reduction in State Operations appropriations of \$4.5 million for the DHCR Tenant Protection Unit.

Certain Executive proposals were modified in the Enacted Budget. These include authorization of certain transfers of State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF) resources. The proposal was modified by repealing two MIF transfers authorized in the SFY 2017-18 Enacted Budget, including \$1 million each for naturally occurring retirement communities and neighborhood naturally occurring retirement communities. These are replaced with:

- the transfer of \$2 million to the Homeless Housing and Assistance Corporation for the New York State Supportive Housing Program, the Solutions to End Homelessness Program, and the Operational Support for AIDS Housing Program for SFY 2018-19, and;
- the transfer of \$9 million to the City of Albany for its current fiscal year.

These modifications increase the total MIF transfer from \$44 million to \$55 million.

The Budget modifies another Executive proposal to include reverse mortgages in the definition of home loans for the purposes of the State Real Property Actions and Proceedings Law. This proposal was amended to include foreclosure protections for a surviving spouse or other successors living in a home in the event that the borrower has died.

Several new housing programs are established in the Enacted Budget, intended to:

- support municipal and nonprofit organizations in providing loans or grants to individuals over 60 years old, who meet certain income and other requirements, for emergency home repairs.
- support municipal and nonprofit organizations in providing loans or grants for adaptation or retrofit of homes or apartments occupied by disabled veterans with household incomes that are not more than 120 percent of area median income.
- provide financing through a revolving fund program in low-income communities that are underserved by financial services. Home mortgages are among the loans authorized under this program, which may receive funding from any source, including funds from civil settlements by the Department of Financial Services.

The Budget includes new provisions to:

- amend the Low Income Housing Tax Credit program by allowing for the transfer of State low-income housing tax credits to parties that do not have an ownership interest in the low-income housing project for which the credits were issued.
- amend provisions of State law authorizing tax credits for rehabilitation of historic structures by extending the period during which parties are eligible for a State tax credit equal to



applicable federal tax credits for five years from January 1, 2020 to January 1, 2025. After January 1, 2025, projects are eligible for 30 percent of the federal tax credit.

## ***Public Protection / Criminal Justice***

The Enacted Budget provides a total of \$34.6 million in net additional State funding for the Department of Corrections and Community Supervision (DOCCS), the Division of Criminal Justice Services (DCJS) and the Division of Homeland Security and Emergency Services (DHSES), compared to the Executive Budget. The Budget also omitted many statutory changes in the criminal justice area that had been proposed in the Executive Budget.

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

The Budget provides \$31.3 million in additional State funding for various local DCJS crime prevention and reduction programs. These include: \$5 million for legal and individual support services; nearly \$3 million for law enforcement, anti-drug, anti-violence, crime control and prevention programs; \$2.8 million to reimburse various local governments and/or not-for-profits providing civil or criminal legal services; nearly \$2 million for the Westchester County policing program; and \$1.6 million for programs that work to prevent domestic violence or aid domestic violence victims.

The Enacted Budget provides \$1.75 million in additional State funding for DOCCS, including \$1 million to purchase K-9 units, pepper spray and body cameras for use in DOCCS facilities and \$750,000 to reimburse county sheriffs for transporting State-ready inmates from county jails to State prisons. The Budget also provides an additional \$1.6 million for Red Cross emergency response preparedness services under the DHSES emergency management program.

The Dormitory Authority of the State of New York would be authorized to construct and finance certain juvenile detention facilities, as proposed by the Executive. The Budget includes several criminal justice-related provisions that had not been proposed in the Executive Budget. These include measures establishing the inability of individuals to consent to sexual contact when in police custody and authorizing the use of design-build contracts to construct new jails to replace Rikers Island jail facilities in New York City within two years.

Among proposed statutory changes that the Enacted Budget omitted were measures to allow geriatric parole for inmates in State prisons, eliminate monetary bail for individuals facing misdemeanor or non-violent felony charges, expand the discovery process to require the prosecution and the defense to share information before a trial takes place, and improve access to a speedy trial.

## ***New York City***

The Enacted Budget increases education aid to New York City by \$334 million in FY 2019, an increase of 3.3 percent, but \$121 million less than assumed in the City's current financial plan. Last year, a similar shortfall had no budgetary impact because the City delayed new programmatic initiatives. The Executive Budget included initiatives that would have increased the City's operating budget costs by an estimated \$251 million in FY 2019. Most of these initiatives were excluded from the Enacted Budget, reducing the operating budget impact to \$42 million, according to the City. The Enacted Budget also requires the City to fund half of the MTA's Subway Action Plan (\$418 million in FY 2019), of which it is expected that a significant portion will be funded through the operating budget. In addition, the City is required to provide \$50 million in capital funding in FY 2019 to help complete the Hudson River Park project. For information regarding the New York City Housing Authority, see the Housing portion of the Programmatic Highlights section of this report.

## ***Metropolitan Transportation Authority***

The Enacted Budget requires the State and the City to fund \$836 million in capital and operating costs related to projects contained in the Metropolitan Transportation Authority's (MTA) New York City Subway Action Plan. The State share of \$418 million consists of appropriations first enacted in the current State budget, additional funds and tax remissions. Such appropriations include \$194 million from the General Fund and \$174 million from the capital projects fund, a total of \$368 million. Executive Budget documents had indicated that \$60 million would also be made available for this purpose from an acceleration of Payroll Mobility Tax (PMT) revenues related to the proposal, which was included in the Enacted Budget, to remit most PMT receipts to the MTA without appropriation. Specific monthly payment schedules are established for both the State and City funding shares. Both the State and the City must make full payment by December 31, 2018. In the event the City fails to certify to the State Comptroller and the Director of the Budget that the City has paid in full, the Budget Director will direct the Comptroller to: (a) transfer funds in an amount equal to the unpaid balance of any undisbursed amounts available from certain General Fund or Special Revenue Fund local aid appropriations to the City and/or (b) collect and deposit any other revenue source of the City in accordance with the plan, into the newly-created Subway Assistance Fund. A provision is included whereby such amounts cannot "reduce or supplant" the commitment from the State or the City to provide funding for any current or future commitment to the MTA.

Beginning on January 1, 2019, a surcharge of \$2.50 on taxi trips and \$2.75 on for-hire transportation trips will be imposed on all trips that originate in or enter Manhattan south of 96<sup>th</sup> Street. A 75 cent surcharge per passenger will be added to all pooled for-hire trips as well. All revenue net of certain costs will be provided to the MTA. Such revenue will be deposited into a new fund, the New York City Transportation Assistance Fund (TAF), to be established by the MTA. These revenues may not be diverted from the TAF to the State's General Fund or to other funds, or for purposes not authorized by the TAF and they "shall only supplement and shall not supplant any federal, State or local funds expended by the MTA." The first \$362 million collected or received in 2019, the first \$301 million in 2020, and the first \$300 million collected or received annually thereafter will be dedicated to the operating and capital costs of the New York City Subway Action Plan. The next \$50 million collected or received will be dedicated to MTA projects in the outer boroughs to improve connectivity to Manhattan or to

fund a toll reduction program at MTA crossings. Any revenue collected above those amounts could be used by the MTA for general purposes.

The MTA is also authorized to install no fewer than 50 cameras on bus rapid transit routes operating south of 96<sup>th</sup> Street in Manhattan. Any revenue from fines imposed on vehicles blocking bus lanes will be remitted to the MTA. Finally, the Metropolitan Transportation Sustainability Advisory Workgroup is established to make recommendations on public transportation strategies, sustainable funding, motor vehicular traffic and bridge tolling among other transportation issues. The Workgroup will be made up of ten members appointed by State and City elected leaders and officials, and will approve and issue a final report by majority vote on or before December 31, 2018.

## ***Local Governments***

The Enacted Budget continues the trend of holding flat most direct aid to municipalities. Aid and Incentives to Municipalities (AIM) is the largest unrestricted aid category providing direct assistance to cities, towns and villages. The Enacted Budget adopts the Executive's proposal to keep AIM funding at \$715 million, the same level of funding as each year since SFY 2011-12.

The Budget also contains the Executive's proposals to hold funding for various other aid programs at SFY 2017-18 levels, including:

- \$75.8 million to fund municipal grants and loans by the Financial Restructuring Board for Local Governments.
- \$35 million for Citizens Reorganization Empowerment Grants and the Citizens Empowerment Tax Credits. Amendments to the tax credit program cap additional annual aid when villages dissolve and make newly formed towns and villages ineligible to receive the credit.
- \$28.9 million for Aid to Municipalities with Video Lottery Gaming Facilities (VLT Aid).
- \$4 million for the Local Government Efficiency Grant Program.

As in several previous years, this year's Executive Budget proposed eliminating Village per Capita Aid (\$1.8 million in SFY 2017-18); unlike previous years, the Enacted Budget accepted the elimination. The Budget provides an additional \$12 million for the City of Albany through two separate grants: \$9 million from State of New York Municipal Bond Bank Agency from funds of the Mortgage Insurance Fund administered by the State of New York Mortgage Agency; and \$3 million contingent on approval by the State Budget Director after consideration of factors, including availability of reserve funds and ongoing efforts to achieve management efficiencies.

The Budget provides \$12 million in Miscellaneous Financial Assistance to other specific local governments. This total includes \$1.3 million allocated in varying amounts among eight municipalities for police and fire services associated with "institutions of higher learning." In the SFY 2017-18 Enacted Budget, two municipalities each received \$194,500, for a total of \$389,000.

As with the AIM program, funding for local streets and highways remains flat, with the Consolidated Highway Improvement Program (CHIPs) at \$438.1 million and the Marchiselli

program at \$39.7 million. The Budget provides for \$65 million in new funding for Extreme Winter Recovery grants, which was not included in the Executive Budget. Division of Budget documents describe the Enacted Budget as maintaining \$100 million each for the BRIDGE NY and PAVE NY initiatives available to local governments in SFY 2018-19. However, as in prior years, the Budget does not include appropriations or Article VII language specifically identifying these programs. Funding for these programs may be provided from appropriations included in the Enacted Budget or other sources.

The Budget includes the Executive's proposal of a \$100 million Department of State appropriation for the third round of the Downtown Revitalization Initiative to be used for "transformative housing, economic development, transportation and community projects." It also increases by \$24 million the total amount of awards that can be made for eligible local governments, school districts and special districts that experience a reduction in revenues due to the shutdown of an electric generating facility on or after June 15, 2015, for a total of \$69 million. (For additional detail, see the Energy portion of the Programmatic Highlights).

The Executive Budget proposed making permanent the county-wide shared service panels that were required as part of last year's Enacted Budget, while also expanding the eligible panel participants to include any fire district, fire protection district, school district, board of cooperative education services (BOCES) or special improvement district in the county. The Enacted Budget modified this proposal by extending the panels until December 31, 2021, while adopting the Executive's proposal for the additional eligible panel participants. The Budget also included the \$225 million appropriation proposed in the Executive Budget to match eligible net savings "actually and demonstrably realized" by these panels' approved and submitted property tax savings plans. The Executive would have limited use of this appropriation to approved 2017 or 2018 plans, but the Enacted Budget allows for it to be used for past or future shared service plans. Also, the Enacted Budget requires the Department of State to prepare a public report summarizing the shared service plans by June 30, 2022.

The Enacted Budget modified the Executive's proposal to streamline the process to allow multiple towns to share town justices. While the Executive proposed such authorization for adjacent towns within a county, the Enacted Budget allows participating towns in a county to be non-adjacent and restores the existing requirement that such sharing arrangements must be approved by the State Legislature, which the Executive had proposed to eliminate.

The Enacted Budget omitted various Executive initiatives that would have affected local governments, including:

- authorizing counties to regulate, administer and enforce planning, zoning and other land use regulations upon the request of a local government;
- authorizing early voting;
- changing the interest rate paid by local governments on court judgments or accrued claims from the current fixed 9 percent rate to a market rate;
- increasing financial disclosure requirements for local elected officials;
- changing the payment structure for taxes on State-owned land so that any increase in State payments is dependent on the allowable levy growth factor each year; and
- subjecting local governments to Minority and Women-Owned Business Enterprise (MWBE) requirements for product or service purchase contracts over \$50,000, when funds for the contract come from State sources.

The Enacted Budget includes language that would require any employees of a public entity found personally liable for a sexual harassment claim to reimburse the public entity for their proportionate share of the judgment.

The Budget adds requirements, effective April 15, 2020, for local governments and school districts to provide annual certifications to the Office of the State Comptroller and other entities of their compliance with the tax levy limit. This certification is similar to that which was required in the SFY 2014-15 Enacted Budget for the Tax Freeze Program, but does not link compliance to any tax relief or other incentive.

## Public Authorities

### Borrowing Authorizations

The Enacted Budget increases statutory bond caps (authorizations to borrow) for 25 programs financed through State-Supported debt issued by public authorities.

Figure 4

### SFY 2018-19 State-Supported Bond Caps/Authorizations (in millions of dollars; in order of amount of increase from current cap)

Program	SFY 2018-19		SFY 2018-19	Enacted	Enacted
	Current Cap <sup>1</sup>	Proposed Cap	Enacted Cap	Change from Current Cap	Change from Proposed Cap
Economic Development Initiatives	6,708.3	8,158.6	8,300.6	1,592.3	142.0
SUNY Educational Facilities	12,343.0	12,948.9	13,178.9	835.9	230.0
Housing Capital Programs	5,384.2	5,691.4	5,981.4	597.2	290.0
Consolidated Highway Improvement Program (CHIPs)	9,699.6	10,186.9	10,251.9	552.4	65.0
State and Municipal Facilities (SAM)	1,925.0	1,938.5	2,323.5	398.5	385.0
Mental Health Facilities	8,392.8	8,758.7	8,778.7	385.9	20.0
Health Care Initiatives <sup>2</sup>	2,700.0	3,000.0	3,050.0	350.0	50.0
Prison Facilities	7,741.2	8,082.9	8,082.9	341.7	-
CUNY Educational Facilities	7,982.0	8,314.7	8,314.7	332.7	-
Environmental Infrastructure Projects	4,951.8	5,296.2	5,147.3	195.5	(148.9)
MTA Transportation Facilities	1,520.0	1,694.0	1,694.0	174.0	-
Transportation Initiatives	4,364.0	4,480.0	4,500.0	136.0	20.0
State Office Buildings and Other Facilities	654.8	744.8	748.8	94.0	4.0
Information Technology	450.5	541.0	541.0	90.4	-
Youth Facilities	682.9	769.6	769.6	86.7	-
SUNY Upstate Community Colleges	914.6	953.3	968.5	54.0	15.3
Regional Economic Development (2004)	243.3	243.3	293.3	50.0	50.0
Division of State Police	173.6	220.1	220.1	46.5	-
Water Pollution Control (State Revolving Fund)	875.0	910.0	910.0	35.0	-
Library Facilities	183.0	197.0	217.0	34.0	20.0
Higher Education Capital Matching Grants	240.0	270.0	270.0	30.0	-
OGS State Buildings and Other Facilities	140.0	165.0	165.0	25.0	-
Division of Military & Naval Affairs	47.0	67.0	67.0	20.0	-
Homeland Security and Training Facilities	250.0	253.0	253.0	3.0	-
Food Laboratory	40.0	40.7	40.7	0.7	-
<b>Total Public Authority Bond Caps with Enacted Changes</b>	<b>78,606.6</b>	<b>83,925.5</b>	<b>85,067.9</b>	<b>6,461.4</b>	<b>1,142.4</b>
<b>All Other Public Authority Bond Caps</b>	<b>44,084.1</b>	<b>44,084.1</b>	<b>44,084.1</b>	<b>-</b>	<b>-</b>
<b>Total Public Authority Bond Caps</b>	<b>122,690.6</b>	<b>128,009.6</b>	<b>129,152.0</b>	<b>6,461.4</b>	<b>1,142.4</b>
<b>General Obligation Bond Act Authorizations<sup>3</sup></b>	<b>19,185.0</b>	<b>19,185.0</b>	<b>19,185.0</b>	<b>-</b>	<b>-</b>
<b>Total State-Supported Bond Caps/Authorizations</b>	<b>141,875.6</b>	<b>147,194.6</b>	<b>148,337.0</b>	<b>6,461.4</b>	<b>1,142.4</b>

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

Note: Totals may not add due to rounding.

(1)The current cap reflects the amount previously authorized, some or all of which may already have been issued. (2) This figure reflects the enacted statutory bond cap increase of \$350 million; however, the appropriation language for this purpose authorizes up to \$525 million in bonds to be issued. Similarly, in the 2017-18 Enacted Budget, the statutory bond cap increase was \$300 million; however, the appropriation language for this purpose authorized bonds to be issued up to \$500 million.(3)This table reflects General Obligation Bond Acts for which there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.

As shown in Figure 4, bonding authorizations have increased by nearly \$6.5 billion or 5.3 percent over current limits. The increase is \$1.1 billion above that proposed in the Executive Budget. The largest increase is \$1.59 billion for Economic Development Initiatives, representing nearly 25 percent of total increases.

New language authorizes the issuance of bonds for various purposes, including a high tech innovation and economic development infrastructure program and a downstate revitalization initiative. Bonding authorization for the State and Municipal Facilities Program, which has also provided funding for economic development among other purposes, is increased by \$398.5 million.

### *Transfers and Other Budget Support*

As shown in Figure 5, the Enacted Budget authorizes a total of \$122 million in transfers and other uses of funds from public authorities. Of this, \$67.1 million is intended to provide General Fund support. The Budget also includes the transfer of \$55 million in “excess” reserves of the State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF) to the Housing Trust Fund Corporation (HTFC), the Homeless Housing and Assistance Corporation (HHAC) and the Municipal Bond Bank Agency (MBBA) to fund various purposes. The MIF transfer amount is \$11 million more than the Executive budget, reflecting the inclusion of \$9 million for the City of Albany as well as certain other revisions.

**Figure 5**

### **SFY 2018-19 Transfers and Miscellaneous Receipts from Public Authorities** (in millions of dollars)

<b>Public Authority</b>	<b>Amount</b>
<b>Transfers and Receipts to the General Fund:</b>	
Dormitory Authority of the State of New York	22.0
Power Authority of the State of New York	20.0
New York State Energy Research and Development Authority <sup>1</sup>	25.1
<b>Total to General Fund</b>	<b>67.1</b>
<b>Transfers for Various Purposes:</b>	
State of New York Mortgage Agency <sup>2</sup>	55.0
<b>Total from Public Authorities</b>	<b>122.1</b>

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

Notes: (1) The NYSERDA transfer to the General Fund includes \$23 million from the proceeds of auctions of carbon Dioxide emission allowances under the Regional Greenhouse Gas Initiative (RGGI), and up to \$913,000 to help offset debt service requirements related to the remediation of the Western New York Nuclear Service Center. In addition, \$1 million is provided for the Department of Environmental Conservation, and \$150,000 for the Department of Agriculture and Markets is authorized to be transferred to the General Fund, while \$825,000 is authorized to be transferred directly to the University of Rochester for the Laboratory for Laser Energetics.

(2) The SONYMA transfer language includes an authorization for \$10.3 million to HHAC for the New York State Supportive Housing Program, the Solutions to End Homelessness Program, and the Operational Support for AIDS Housing Program for SFY 2018-19, and authorizes HHAC to enter into an agreement with the Office of Temporary and Disability Assistance to administer such amount in accordance with the requirements of the programs.

The Budget omits a proposal to modify the Infrastructure Investment Act related to design-build procurement, but adds several new design-build provisions. For additional detail, see the Debt and Capital section of this Report.

Other provisions in the Enacted Budget include:

- authorization for DASNY to provide design and capital construction services and financing to the Office of Children and Family Services (OCFS), not-for-profit members or affiliates of Cerebral Palsy Associations of New York State and certain juvenile detention facilities.
- an Article VII provision establishing the New York Pennsylvania Station Public Safety Improvements Act, which provides various declarations with respect to the current condition of Penn Station in New York City and plans for its redevelopment. It declares that Penn Station is found to be “antiquated, substandard and inadequate to meet current transportation and public safety needs and presents an unreasonable safety risk” and a “clear public safety hazard”, and that “the State will provide funds to UDC to begin with the planning of any such redevelopment.” While the legislation provides that the MTA and UDC “should coordinate and consult with public leaders, business groups and federal and city government to develop a solution,” it does not provide any further specifics, authorizations or identify any sources of funding.
- capital funding of \$63.5 million for the Olympic Regional Development Authority, including \$50 million for an upgrade and modernization plan to support improvements to the Olympic, ski and other facilities, \$10 million for maintenance and energy efficiency projects, \$2.5 million appropriated from OPRHP, including \$500,000 for Belleayre Mountain Ski Center, and \$1 million appropriated from DEC for Belleayre projects.
- a one-year extension of Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises in State contracts. State authorities and certain local public authorities are covered by this provision.

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

- authorization for the Thruway Authority to set fees for the use of its fiber optic system instead of requiring disposal through public auction or negotiation as required by Public Authorities Law Section 2897;
- elimination for all public authorities of the 15-day notice period for the purchase of goods or services valued at \$1 million or more from a foreign business enterprise; and;
- an increase in the threshold for sealed bidding for the Metropolitan Transportation Authority from \$100,000 to \$1 million.

## ***General State Charges***

The Enacted Budget accepted Executive proposals to use up to \$145 million of certain assessment reserves to be transferred, at the request of the Budget Director, from the Workers’ Compensation Board to the State Insurance Fund (SIF) for partial payment of the State’s workers’ compensation obligations. The Budget omitted an Executive proposal to shift certain health insurance costs for State retirees by capping reimbursement of the Medicare Part B premium for State retirees and their dependents, and eliminating reimbursement of the Medicare Income-Related Monthly Adjustment Amounts to higher income State retirees and their dependents.

## **State Workforce**

The Executive proposal permitting the Office of Information Technology Services to make certain term appointments without Civil Service examination for information technology positions was omitted from the Enacted Budget. An Executive proposal that would have generally required that State judges certify each month to having worked full eight-hour days in the preceding month, and required the Comptroller to periodically audit such certifications, was also omitted.

The Budget includes several changes to the Civil Service Law, General Municipal Law and State Finance Law regarding employee organizations' representation of State and local government employees. These new provisions relate to factors including deduction of membership dues, public employers' notification of employee organizations as to newly hired employees, and employee organizations' representation of nonmembers.

The Budget creates a five-member “compensation committee” to recommend by majority vote whether the salaries, and allowances pursuant to Section 5-a of the Legislative Law, and non-salary benefits, for members of the Legislature, statewide elected officials, and certain executive branch agency heads and other officers warrant an increase on January 1, 2019. Members include the Chief Judge, the State Comptroller, the current Chairs of the State University and City University Boards of Trustees, and the New York City Comptroller. The law provides that the committee may implement cost-of-living adjustments that apply annually and/or phase-in salary adjustments annually for three years, but not beyond January 1, 2021. Any phased-in salary increase or cost-of-living adjustments are conditioned upon “performance” and the “timely” passage of the State budget for the prior year. The law calls for the Committee to report its recommendations to the Governor and the Legislature by December 10, 2018. It provides that recommendations to implement determinations as to salaries and allowances “shall have the force of law.” With regard to legislative salaries and allowances, and salaries for certain agency heads and other officers but not those for statewide elected officials, such recommendations “shall supersede, where appropriate” inconsistent provisions of Executive Law and Legislative Law unless changed by subsequent statutory enactment. This statute will be repealed December 31, 2018.

## **Other Issues**

### *New York State Secure Choice Savings Program*

The New York State Secure Choice Savings program is established in the Enacted Budget as a new, voluntary State-administered retirement savings program for private sector employers and employees. Among other changes from the Executive Budget, which would have assigned administration of the program to the State’s Deferred Compensation Board, the enacted legislation creates a seven-member New York Secure Choice Savings Program Board including the Commissioner of Taxation and Finance, the Superintendent of the Department of Financial Services, the State Comptroller, two public representatives with expertise in retirement savings administration and/or investment (one appointed by the Assembly Speaker and one by the Temporary President of the Senate), and one representative each of participating employers and of enrollees (both appointed by the Governor). The Tax Commissioner is the Chair and the Board may delegate authority for implementing the program



to the Department of Taxation and Finance. Proposed language that would have allowed the Comptroller to invest or reinvest moneys in the fund has been removed. The requirement that administrative expenses shall not exceed 0.75 percent of the total trust balance has also been removed.

#### *New York State 2020 Complete Count Commission*

A new provision in the Budget establishes the 2020 Complete Count Commission to study issues that may have resulted in past federal Census undercounts in New York State and to make recommendations for ensuring an accurate count in the 2020 Census. The Governor will appoint the Chair, Co-Chair and six other members of the 16-person Commission, with four coming from Executive agencies and organizations that have significant interactions with the public, two from agencies of the City of New York and two representing interests of regions outside the City. The Speaker of the Assembly and the Temporary President of the Senate shall each have three appointments and the Minority Leaders of the Assembly and Senate shall each have one.

On or before January 10, 2019, the Commission is required to transmit a report to the Governor and the Legislature which, among other things, includes a comprehensive action plan to ensure an accurate count in the 2020 census. On or before January 10, 2020, the Commission is required to issue a follow-up report detailing the actions taken since the initial report, use of SFY 2019-20 appropriations, along with any changes to its previous recommendations regarding State funds necessary to ensure an accurate count in the 2020 United States census.

#### *Election-Related Provisions*

The Executive Budget included several significant proposals related to public campaign financing and other campaign finance reforms, early voting, and automatic voter registration which were not included in the Enacted Budget.

The Enacted Budget includes a revised version of an Executive Budget proposal requiring disclosure of the identities of entities or individuals making expenditures for certain paid Internet or digital political communications. It provides that no foreign national, government or agent may register as an independent expenditure committee for the purpose of making independent expenditures in any State or local election. Broadcast stations, cable and satellite television providers, and online platforms must require independent expenditure committees that purchase communications through such entities to provide them a copy of the committee's registration with the State Board of Elections.

The Budget also includes a \$5 million appropriation for the Board of Elections for contractual services related to securing "election infrastructure" from cyber-related threats, including creation of an election support center and provision of cyber risk vulnerability assessments and support for local boards of election. The funds are to be spent pursuant to a plan developed by the Board in consultation with State, local and federal stakeholders.

# Appendices

## Appendix A: Summary of SFY 2018-19 Article VII Bill Sections

### Public Protection and General Government – S.7505-C / A.9505-D Chapter 55 of the Laws of 2018

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Criminal Procedure Law with regard to waivers and time limits for a speedy trial	A	Intentionally Omitted	
Amend the Judiciary Law to require the Chief Administrator of the Courts to ensure State court trial judges are operating courtrooms for a full workday	B	Intentionally Omitted	
Amend the Criminal Procedure Law with regard to procedures regulating the release of persons charged with criminal offenses pending trial	C	Intentionally Omitted	
Amend various sections of law related to discovery and the sharing of evidence and information between prosecutors and defense	D	Intentionally Omitted	
Amend various sections of law related to civil asset forfeiture	E	Intentionally Omitted	
Extend provisions related to the disposition of certain moneys recovered by county district attorneys for one year	F	F	Amended.
Eliminate reimbursements to counties for personal service expenses related to the transportation of State-ready inmates	G	Intentionally Omitted	
Expand merit time eligibility and qualifications for the six-month Limited Credit Time Allowance (LCTA) program	H	Intentionally Omitted	
Eliminate parole supervision fee	I	Intentionally Omitted	
Authorize the Department of Corrections and Community Supervision (DOCCS) to pilot two temporary release programs	J	Intentionally Omitted	
Amend various sections of law related to certain occupational licensing for applicants with criminal convictions	K	Intentionally Omitted	
Amend the Executive Law to allow for geriatric parole for inmates	L	Intentionally Omitted	
Suspend the transfer of moneys into the emergency services revolving loan fund from the public safety communications account for two years	M	M	
Authorize the Superintendent of State Police to issue administrative subpoenas during the course of investigations related to certain online sexual offenses against children	N	Intentionally Omitted	
Amend various sections of law in regard to establishing the armory rental account fund	O	O	
Amend the Criminal Procedure Law to eliminate the statute of limitations for sexually related felony offenses committed against a child	P	Intentionally Omitted	

## Public Protection and General Government (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Criminal Procedure Law to eliminate the statute of limitations for sexually related felony offenses committed against a child	P	Intentionally Omitted	
Amend the Alcoholic Beverage Control Law to create a new special on-premises hotel license for hotels without full service restaurants	Q	Intentionally Omitted	
Amend the Alcoholic Beverage Control Law to create a license for businesses to produce and sell mead and braggot	R	Intentionally Omitted	
Amend the Alcoholic Beverage Control Law to create a license to export New York State alcoholic beverages	S	Intentionally Omitted	
Extend the authority of the State Commission on the Restoration of the Capitol for five years	T	T	
Amend the Public Lands Law to expand the types of government bodies that may obtain surplus State lands for nominal consideration	U	Intentionally Omitted	
Establish parking services, solid waste and special events accounts as enterprise funds	V	V	
Permit the Office of Information Technology Services (ITS) to make term appointments to temporary positions without initial Civil Service examination	W	Intentionally Omitted	
Permit the New York State Deferred Compensation Board to establish the New York State Secure Choice Savings program for private sector employees	X	X	Amended.
Amend the Workers' Compensation Law in regard to the investment of surplus funds of the State Insurance Fund	Y	Intentionally Omitted	
Cap reimbursement of the Medicare Part B standard premium for eligible State retirees and their dependents in the New York State Health Insurance Program	Z	Intentionally Omitted	
Eliminate reimbursement of the Medicare Income Related Monthly Adjustment Amounts to high income State retirees and their dependents	AA	Intentionally Omitted	
Amend various sections of law to provide a market interest rate on court judgments	BB	Intentionally Omitted	
Amend the State Finance Law related to the Citizen Empowerment Tax Credit	CC	CC	Amended.
Amend various provisions of law related to town justice courts and zoning functions related to local government shared services	DD	DD	Amended.
Amend the General Municipal Law to make county-wide shared services panels permanent	EE	EE	Amended.
Authorize the Town of Islip Resource Recovery Agency to select its independent auditors	FF	FF	
Authorize various transfers, temporary loans, and amendments to capital and debt provisions, including bond caps	GG	Moved to Part BBB of S.7509-C /A.9509-C	

## Public Protection and General Government (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Penal Law in regard to prohibiting a sexual orientation panic defense	HH	Intentionally Omitted	
Amend various sections of law related to the placement of sex offenders in shelters	II	Intentionally Omitted	
Amend the Penal Law, in relation to establishing incapacity to consent when a person is under arrest, in detention, or otherwise in actual custody	JJ	JJ	
Amend the Correction Law and the Civil Service Law, in relation to employee safety and employee discipline for misconduct	KK	Intentionally Omitted	
Authorize the Dormitory Authority of the State of New York (DASNY) to finance and/or construct certain juvenile detention facilities	LL	LL	
Amend the County Law related to plans for representation of persons accused of a crime or certain parties in family court or surrogate's court		MM	
Amend various provisions of law related to the crime of coercion in the second and third degree		NN	
Establish the New York State 2020 Complete Count Commission		OO	

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

**Education, Labor and Family Assistance – S.7506-B / A.9506-B**  
**Chapter 56 of the Laws of 2018**

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Education Law and make other changes necessary to authorize School Aid and implement education-related programs	A	Moved to Part CCC of S.7509-C /A.9509-C	
Amend provisions of law related to school meal programs	B	B	Amended.
Amend various sections of law in regard to authorizing school bus stop cameras and increasing fines for passing a stopped school bus	C	Intentionally Omitted	
Amend the Education Law related to participation in recovery high school programs	D	D	
Establish the New York State DREAM Act	E	Intentionally Omitted	
Allow public accounting firms to have minority ownership by individuals who are not Certified Public Accountants	F	Intentionally Omitted	
Extend the sunset of the Close to Home initiative for five years	G	G	
Authorize the Office of Children and Family Services (OCFS) to close the Ella McQueen Reception Center	H	Intentionally Omitted	
Extend the sunset of the Youth Development Program for three years	I	I	
Extend the authority of OCFS to contract with Boards of Cooperative Educational Services (BOCES) to provide certain educational services to youth in OCFS juvenile justice facilities for three years	J	J	
Authorize DASNY to provide capital design, construction, and financing services to OCFS	K	K	
Amend the Social Services Law related to increasing the standards of monthly need for aged, blind and disabled persons living in the community	L	Moved to Part YY of S.7509-C /A.9509-C	
Authorize a rental subsidy for public assistance recipients living with HIV/AIDS in counties outside the City of New York	M	Moved to Part ZZ of S.7509-C /A.9509-C	
Provide for the use of moneys in the Mortgage Insurance Fund (MIF)	N	Moved to Part WW of S.7509-C /A.9509-C	
Permit the transfer of funds among three programs established in the Lake Ontario-St. Lawrence Seaway flood recovery and International Joint Commission Plan 2014 mitigation grant program	O	Moved to Part DDD of S.7509-C /A.9509-C	
Repeal a provision of Education Law related to the development of a methodology for calculating chargeback rates by the State University of New York (SUNY) and the City University of New York (CUNY)		P	
Amend the Public Health Law to require public schools serving students in grades 6 through 12 to provide free feminine hygiene products in restrooms	Originally Part L of S.7511 /A.9511	Q	

## Education, Labor and Family Assistance (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Create new computer science education standards	Originally Part J of S.7511 /A.9511	R	Amended.
Amend the Education Law related to appointees to the State Board for Medicine	Originally Part D of S.7511/A.9511	S	Amended.
Amend the Education Law related to income requirements for the Excelsior Scholarship program		T	
Amend the Education Law related to CUNY tuition waivers for certain firefighters and fire officers		U	
Amend the Education Law related to the Foster Youth College Success Initiative		V	
Amend the Education Law related to Enhanced Tuition Awards		W	
Establish the Residential Emergency Services to Offer Home Repairs to the Elderly program (RESTORE)		X	
Create the New York Access to Home for Heroes Program		Y	
Establish the SUNY Stony Brook Eastern Long Island Hospital Affiliation escrow fund		Z	
Establish the New York State Teacher Loan Forgiveness program		AA	
Amend the Education Law related to the New York State Science, Technology, Engineering and Mathematics Incentive program		BB	
Amend the Social Services Law related to the education of children in foster care		CC	
Amend various sections of law related to income savings plans for the City of New York		DD	

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

**Health and Mental Hygiene – S.7507-C / A.9507-C**  
**Chapter 57 of the Laws of 2018**

<b>Description</b>	<b>Executive Art. VII</b>	<b>Enacted Art. VII</b>	<b>Comments</b>
Amend various provisions of law related to implementing hospital-related Medicaid Redesign Team recommendations	A	A	Amended.
Amend various provisions of law related to implementing long-term care-related Medicaid Redesign Team recommendations	B	B	Amended.
Amend various provisions of law related to implementing Medicaid Managed Care-related Medicaid Redesign Team recommendations	C	C	Amended.
Amend various provisions of law related to implementing pharmaceutical-related Medicaid Redesign Team recommendations	D	D	Amended.
Amend various provisions of law related to implementing transportation-related Medicaid Redesign Team recommendations	E	Intentionally Omitted	
Related to excess Medicaid managed care plan reserves	F	Intentionally Omitted	
Authorize the provision of certain health services by retail practices	G	Intentionally Omitted	
Amend the Education Law related to the practice of nursing by certified nurse anesthetists (CRNAs)	H	Intentionally Omitted	
Amend various sections of law related to managed care organizations, overpayments and fraud, waste and abuse	I	Intentionally Omitted	
Amend New York State's False Claims Act to align with the Federal False Claims Act	J	J	Amended.
Extend the Medicaid Global Cap through 2020 and require certain providers to submit cost reporting	K	K	Amended.
Authorize the Budget Director to make changes to the Child Health Plus program in the event federal funding is reduced or eliminated on or after October 1, 2017, and amend the Social Services Law to permit the program to contract for third party liability recoveries	L	Intentionally Omitted	
Extend the Physicians Excess Medical Malpractice program for one year	M	M	
Discontinue Cost-of-Living Adjustment (COLA) payments to certain Department of Health (DOH) providers	N	N	
Amend various provisions of law related to the Early Intervention program for infants and toddlers with disabilities and their families	O	Intentionally Omitted	
Amend the Public Health Law to eliminate certain programs funded by the Health Care Reform Act (HCRA)	P	Intentionally Omitted	
Authorize additional capital funding for the Health Care Facility Transformation Program	Q	Q	Amended.
Amend various provisions of law related to lead abatement and enforcement	R	Intentionally Omitted	
Amend various provisions of law related to implementing Regulatory Modernization Initiative-related Medicaid Redesign Team recommendations	S	S	Amended.

## Health and Mental Hygiene (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Extend the sunset of various provisions of the Public Health Law and the Social Services Law related to previously enacted Medicaid and health savings initiatives	T	T	Amended.
Extend existing processes for certain time-limited demonstration programs for specialized inpatient psychiatric units for children and adults	U	U	
Extend community reinvestment for State psychiatric center inpatient bed closures	V	V	
Authorize the Office of Mental Health (OMH) to permit voluntary restoration to competency programs within locally-operated jails and State prisons	W	Intentionally Omitted	
Extend the authority of OMH and the Office for People with Developmental Disabilities (OPWDD) facility directors to act as representative payees for three years	X	X	
Amend the Education Law with regard to licensure of certain professions	Y	Y	Amended.
Update statutory references with respect to OPWDD waiver services, and extend and amend OPWDD's managed care authority	Z	Z	Amended.
Eliminate the statutory human services COLA for State fiscal year 2018-19	AA	AA	
Amend various provisions of law related to expanding the list of controlled substances to include synthetic cannabinoids and synthetic fentanyl	BB	BB	Amended.
Amend various sections of law related to inquiries or complaints of professional misconduct	CC	CC	Amended.
Permanently authorize pharmacists to administer influenza vaccines to children	DD	DD	Amended.
Amend the Social Services Law related to insurance payments for independent practitioner services for individuals with developmental disabilities		EE	
Establish the Office of the Independent Substance Use Disorder and Mental Health Ombudsman		FF	
Establish Certified Peer Recovery Advocate Services program		GG	
Amend various sections of law related to sexual assault forensic exams	Originally Part G of S.7511/A.9511	HH	Amended.
Amend the Mental Hygiene Law related to State-operated individualized residential alternatives		II	
Establish a training program for first responders for handling emergency situations involving individuals with autism spectrum disorder and other developmental disabilities		JJ	
Amend various sections of law to address sexual harassment in the workplace	Originally Part I of S.7511/A.9511	KK	Amended.
Establish a voluntary public water system consolidation study		LL	



## Health and Mental Hygiene (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend various sections of law related to pharmacy benefit managers, coverage for certain outpatient substance abuse services, the establishment of the Children and Recovering Mothers program, lead screening, establishment of a Statewide plan for lead service line replacement, a study of high asthma rates in Brooklyn and Manhattan and coverage for pasteurized donor human milk		MM	
Enact the Opioid Stewardship Act		NN	

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

**Transportation, Environment and Economic Development – S.7508-C / A.9508-C**  
**Chapter 58 of the Laws of 2018**

<b>Description</b>	<b>Executive Art. VII</b>	<b>Enacted Art. VII</b>	<b>Comments</b>
Amend various provisions of law related to the State's authority to enforce Federal Motor Carrier Safety regulations	A	A	Amended.
Amend the Highway Law with regard to the sale of food and beverages at roadside rest areas operated by the Department of Transportation (DOT)	B	Intentionally Omitted	
Amend the Transportation Law related to the enforcement of State and federal law related to the safety of rail fixed guideway public transportation systems under the oversight of the Public Transportation Safety Board (PTSB)	C	C	Amended.
Amend the Public Authorities Law to permit the Thruway Authority to set fees for the use of its fiber optic system instead of requiring disposal through public auction or negotiation	D	Intentionally Omitted	
Authorize DOT to collect a \$120 fee for semiannual inspections of certain for-profit vehicles	E	Intentionally Omitted	
Authorize DOT to charge for use and occupancy of fiber optic lines and establish a process for the siting of small cell wireless facilities	F	Intentionally Omitted	
Amend various sections of law related to seat belt usage for back seat passengers, safety restraints for children under age eight, use of mobile devices by persons under the age of 18, junior license holders in New York City and commuter railroad demonstration programs and crossing monitoring systems	G	Intentionally Omitted	
Amend provisions related to autonomous vehicle testing and extend the sunset of the authorization	H	H	Amended.
Amend State Finance Law to remove the requirement that the City of New York obtain approval of the State Comptroller in order to utilize alternative reporting procedures	I	I	Amended.
Amend the Vehicle and Traffic Law to establish a pre-licensing course Internet pilot program	J	Intentionally Omitted	
Redirect certain revenues and program spending from the Dedicated Highway and Bridge Trust Fund (DHBTFF) to the General Fund and direct revenues from the Metropolitan Commuter Transportation Mobility Tax directly to the Metropolitan Transportation Authority (MTA) without appropriation	K	Moved to Part UU of S.7509-C /A.9509-C	
Amend various provisions of law related to the creation of transportation improvement subdistricts and authorization for a tax levy to fund certain operations of the MTA	L	Intentionally Omitted	
Amend the Public Authorities Law related to requiring the City of New York to fund the capital program of the MTA	M	Intentionally Omitted	
Eliminate for all public authorities the 15-day notice period for certain purchases from foreign business enterprises and increase the threshold for sealed bidding for the MTA	N	Intentionally Omitted	

## Transportation, Environment and Economic Development (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Extend the authorization of the Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund for one year	O	O	
Extend UDC's authorization to grant general loans for one year	P	P	
Extend Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises (MWBES) in State contracts for five years, and amend certain provisions based on the 2016 disparity study	Q	Moved to Part 000 of S.7509-C /A.9509-C	
Modify the Infrastructure Investment Act to expand the authorization to utilize design-build	R	Intentionally Omitted	
Extend the authorization of the Secretary of State to charge increased fees for expedited handling of documents for one year	S	S	
Amend various provisions of law related to the Department of State and the mailing of copies of process documents	T	Intentionally Omitted	
Expand eligibility criteria for the Brownfield Opportunity Area program and simplify application requirements	U	U	Amended.
Eliminate the local match requirement for localities utilizing Federal Community Service Block Grant funds	V	V	
Amend the Banking Law related to the licensing and regulation of student loan servicers	W	W	Amended.
Extend the authorization for DASNY to establish subsidiaries for certain purposes for two years	X	X	
Make permanent UDC's authority to administer agricultural and dairy marketing orders	Y	Y	Amended.
Amend various provisions of law to expand eligibility for the forestry property tax exemption, establish a grant program to support sustainable forestry and provide assistance to municipalities affected by the exemptions	Z	Intentionally Omitted	
Amend various sections of law related to administration of certain Clean Water Infrastructure Act programs and revenues of the Environmental Protection Fund	AA	AA	Amended.
Create a new excess food and food scraps recycling and donation program	BB	Intentionally Omitted	
Amend the Environmental Conservation Law related to the Central Pine Barrens Core Preservation Area	CC	CC	Amended.
Authorize certain State agencies to finance public health campaigns and utility oversight costs from assessments on cable television companies and public utilities	DD	DD	

## Transportation, Environment and Economic Development (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Authorize the New York State Energy Research and Development Authority (NYSERDA) to finance certain of its programs along with the Department of Environmental Conservation (DEC) climate change program from assessments on gas and electric corporations, and authorize transfers to the General Fund for DEC and the Department of Agriculture and Markets and to the University of Rochester's Laboratory for Laser Energetics	EE	EE	
Authorize the Power Authority of the State of New York (NYPA) to provide energy-related services to any of its customers	FF	Intentionally Omitted	
Authorize NYPA to develop renewable energy generating facilities or procure renewable energy and then sell renewable energy to its customers	GG	Intentionally Omitted	
Amend the definition of home loan in the Real Property Actions and Proceedings Law to include reverse mortgages	HH	HH	Amended.
Amend various sections of law related to the Fix NYC Advisory Panel and its recommendations	II	Intentionally Omitted	
Amend the Public Buildings Law to require lactation rooms in certain public buildings		JJ	
Direct the Department of State to analyze and report on the feasibility of installing adult changing stations in public buildings		KK	
Require all new or substantially renovated buildings with publicly accessible restrooms to provide safe and compliant changing tables	Originally Part M of S.7511/A.9511	LL	
Amend the Soil and Water Conservation District Law related to State aid to districts		MM	
Amend the Environmental Conservation Law related to retrofit technology for diesel-fueled vehicles		NN	
Amend the Environmental Conservation Law related to fees for certification of pesticide applicators		OO	
Amend the Environmental Conservation Law related to beverage container requirements		PP	
Amend various provisions of law related to the New York State Health insurance Continuation Assistance Demonstration Project		QQ	
Create a Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Assistance Program within UDC		RR	
Establish the Community Development Revolving Loan Program to be administered by UDC to support loans for small businesses and other entities in underserved areas		SS	
Authorize DASNY to perform financing and construction services for Cerebral Palsy Associations of New York State and any of its nonprofit members		TT	

## Transportation, Environment and Economic Development (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Commit the State and New York City to fund \$100 million in capital expenses, \$50 million each, for the completion of the Hudson River Park and indicates that the funds be provided to the Hudson River Park Trust		UU	
Amend the Real Property Tax Law related to the taxation of certain lands in Bowman Lake State Park		VV	

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

**Revenue – S.7509-C / A.9509-C**  
**Chapter 59 of the Laws of 2018**

Description	Executive Art. VII	Enacted Art. VII	Comments
Cap homeowners' STAR benefits at current levels	A	Intentionally Omitted	
Make STAR Income Verification Program (IVP) mandatory for enhanced STAR recipients	B	B	Amended.
Require the filing of a real property transfer report with the Department of Taxation and Finance (DTF) for the sale of a co-op or co-op share	C	Intentionally Omitted	
Amend the Real Property Tax Law related to reports of manufactured housing park owners for purposes of the STAR Personal Income Tax credit	D	Intentionally Omitted	
Amend various provisions of law related to property tax programs and related issues including the property tax freeze credit, School Tax Relief Fund, partial payments of property taxes, property tax payment deadline extensions, certification of STAR exempt amounts and limiting married couples to one STAR check	E	E	Amended.
Amend the Real Property Tax Law related to the process of determining taxes due on taxable State land	F	Intentionally Omitted	
Extend the sunset of provisions of law related to assessment ceilings for telecommunications properties for four years and provide for a phasing-in of ceiling changes	G	G	
Extend the statute of limitations for assessing tax on amended tax returns	H	H	
Amend the Tax Law related to providing for employee wage reporting consistency between the DTF and the Department of Labor (DOL)	I	I	
Amend the Tax Law related to resale exclusion under the sales and compensating use taxes on prepared foods sold for resale	J	J	
Authorize the Commissioner of Taxation and Finance to share information with the State Comptroller for the purpose of collecting unwarranted fixed and final debt from unclaimed funds	K	K	
Allow the DTF to access dependent and child care data from other State agencies for the purpose of verifying child and dependent care credit claims	L	Intentionally Omitted	
Impose an additional fee on the compensation of hedge fund managers and private equity investors	M	Intentionally Omitted	
Grant the DTF the right to appeal DTF Tribunal decisions	N	Intentionally Omitted	
Amend the Tax Law and the Administrative Code of the City of New York related to the definition of resident for the purposes of personal income tax	O	O	
Amend the Tax Law to de-couple the Empire State Child Tax Credit from the federal child tax credit	P	P	
Extend the Hire-A-Vet tax credit for two years	Q	Q	
Increase the amount of tax credits available under the New York Youth Jobs program	R	R	Amended.

## Revenue (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Tax Law related to the temporary deferral of certain business tax credits	S	Intentionally Omitted	
Amend the refund and joint liability provisions of the real estate transfer tax	T	Intentionally Omitted	
Amend the definition of wholesale price for purposes of the excise tax on tobacco	U	Intentionally Omitted	
Repeal sales tax exemption for gas and electric service associated with energy purchases from an energy service company (ESCO)	V	Intentionally Omitted	
Convert the sales tax credit for certain medicines used by veterinarians to a sales tax exemption	W	W	
Amend the Tax Law related to providing relief from sales tax liability for certain partners of a limited liability partnership and members of a limited liability company	X	X	
Amend the Tax Law related to exempting food and beverage items from sales and compensating use taxes when sold from certain vending machines	Y	Intentionally Omitted	
Amend the Tax Law related to sales and use tax rates in Genesee, Monroe, Onondaga and Orange counties	Z	Z	
Amend the Tax Law related to imposing the sales and use tax on Internet marketplaces	AA	Intentionally Omitted	
Amend the Tax Law related to imposing an excise tax on vapor products and electronic cigarettes	BB	Intentionally Omitted	
Impose an excise tax on opioids and establish the opioid prevention, treatment and recovery account	CC	Intentionally Omitted	
Impose a surcharge on profits of for-profit health care insurance companies	DD	Intentionally Omitted	
Amend various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law related to the amount of reserves kept by the New York Racing Association (NYRA), nighttime racing and an advisory committee on equine drug testing and research	EE	EE	Amended.
Amend various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law related to permitting the New York State Thoroughbred Breeding and Development Fund and the Agriculture and New York State Horse Breeding Development Fund to support aftercare for retired horses	FF	Intentionally Omitted	
Amend the Racing Law to extend certain tax rates and simulcasting provisions for one year	GG	GG	
Eliminate the Video Lottery Gaming (VLG) hold harmless transfer provision	HH	HH	
Amend the Tax Law related to the commissions paid to operators of video lottery facilities	II	Intentionally Omitted	

## Revenue (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Tax Law related to decoupling from certain provisions of the Internal Revenue Code, including the State and local tax deduction cap, the temporary medical expense deduction increase, the repeal and limitation of remaining federal deductions and the New York single filer standard deduction	JJ	JJ	
Amend the Tax Law to require business taxpayers to add back any deductions allowed at the federal level that are currently exempt from tax at the State level	KK	KK	Amended.
Establish the Charitable Gifts Trust Fund, the Health Charitable Account and the Elementary and Secondary Education Charitable Account and authorize school districts and counties to establish charitable funds	LL	LL	Amended.
Authorize an employer compensation expense tax	MM	MM	Amended.
Extend the New York Jockey Injury Compensation Fund by one year and create an account to secure workers' compensation insurance		NN	
Disposition of net revenues of Off-Track Betting Corporations		OO	
Amend the Public Housing Law and the Tax Law related to the State low-income housing credit		PP	
Extend the New York City personal income tax rates for one year		QQ	
Decouple the historic home rehabilitation tax credit from federal provisions and extend the credit for five years		RR	
Allow for donations to the Charitable Gifts Trust Fund as well as deductions for such donations under the New York City personal income tax code		SS	
Extend the authorization for video lottery gaming operators to earn capital awards intended to encourage facility upgrades and improvements for one year		TT	
Redirect certain revenues and program spending from the Dedicated Highway and Bridge Trust Fund (DHBTFF) to the General Fund and direct revenues from the Metropolitan Commuter Transportation Mobility Tax directly to the Metropolitan Transportation Authority (MTA) without appropriation	Originally Part K of S.7508/A.9508	UU	
Commit the State and NYC to provide funds for the Metropolitan Transportation Authority (MTA) Subway Action Plan, create the Subway Assistance Fund and authorize payment of funds without appropriation		VV	
Provide for the use of moneys in the Mortgage Insurance Fund (MIF)	Originally Part N of S.7506/A.9506	WW	Amended.
Amend the Judiciary Law related to the number of supreme court justices in certain judicial districts		XX	



## Revenue (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Social Services Law related to increasing the standards of monthly need for aged, blind and disabled persons living in the community	Originally Part L of S.7509/A.9509	YY	
Authorize a rental subsidy for public assistance recipients living with HIV/AIDS in counties outside the City of New York	Originally Part M of S.7506/A.9506	ZZ	
Amend certain sections of law authorizing UDC to provide funds to municipalities where an electric generating facility has closed		AAA	
Authorize various transfers, temporary loans, and amendments to capital and debt provisions, including bond caps	Originally Part GG of S.7505/A.9505	BBB	Amended.
Amend the Education Law and make other changes necessary to authorize School Aid and implement education-related programs	Originally Part A of S.7506/A.9506	CCC	Amended.
Permit the transfer of funds among three programs established in the Lake Ontario-St. Lawrence Seaway flood recovery and International Joint Commission Plan 2014 mitigation grant program	Originally Part O of S.7506/A.9506	DDD	
Create an online system for reimbursements of interest on underpayments of federal tax liability		EEE	
Amend various sections of law related to establishing the Health Care Transformation Fund and authorize the Commissioner of Health to redeploy excess reserves of certain not-for-profit managed care organizations		FFF	
Extend the expiration of payments to members of the Assembly serving in special capacity and amend certain provisions of law related to the operation and administration of the Legislature		GGG	
Establish a "compensation committee" to recommend whether the salaries, and allowances pursuant to Section 5-a of the Legislative Law, and non-salary benefits, for members of the Legislature, statewide elected officials, and certain executive branch agency heads and other officers warrant an increase		HHH	
Extend the musical and theatrical production tax credit for four years		III	
Establish the Democracy Protection Act and amend the Election Law related to the disclosure of the identities of political committees, persons, organization or agents making certain expenditures for political communications	Originally Part A of S.7510/A.9510	JJJ	Amended.
Establish the New York City Rikers Island Jail Complex Replacement Act which includes design-build authorization		KKK	
Establish the New York City Housing Authority Modernization Investment Act which includes design-build authorization		LLL	

## Revenue (continued)

Description	Executive Art. VII	Enacted Art. VII	Comments
Establish the New York Pennsylvania Station Public Safety Improvements Act declaring that Penn Station is inadequate to meet current transportation and public safety needs and that the MTA and UDC should coordinate and consult with Community leaders, business groups and federal and City government to design a solution for Penn Station		MMM	
Impose congestion surcharges, establish the Metropolitan Transportation Sustainability Advisory Workgroup, require the MTA to establish the NYC Transportation Assistance Fund and allow installation of bus lane photo devices in Manhattan		NNN	
Extend Article 15-A of the Executive Law relating to participation by minority- and women-owned business enterprises (MWBES) in State contracts for one year	Originally Part Q of S.7508/A.9508	OOO	Amended.
Establish the New York City Housing Authority (NYCHA) Emergency Management Act to remediate conditions affecting the health and safety of tenants of the NYCHA		PPP	
Establish the New York City BQE Design-Build Act which authorizes the New York City Department of Design and Construction and the New York City Department of Transportation to utilize design-build for the purposes of BQE-related projects		QQQ	
Amend various provisions of law related to union dues and the duty of fair representation		RRR	
Amend the Education Law related to substantial equivalence for nonpublic elementary and secondary schools		SSS	
Intentionally Omitted		TTT	
Amend the Public Health Law related to the Health Care Facility Transformation program, to permit up to \$525 million of the funds appropriated for this purpose to be awarded without competitive bidding and provide certain other requirements for the appropriation		UUU	

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

**Good Government and Ethics Reform – S.7510 / A.9510  
Bill Not Enacted**

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend the Election Law related to the disclosure of the identities of political committees, persons, organizations or agents making certain expenditures for political communications	A	Moved to Part JJJ of S.7509-C /A.9509-C	
Establish early voting and automatic voter registration	B	Intentionally Omitted	
Require members of the Legislature to seek an advisory opinion on outside income	C	Intentionally Omitted	
Amend the Election Law related to political contributions by limited liability companies (LLCs) or other corporate entities	D	Intentionally Omitted	
Require financial disclosure for certain local elected officials	E	Intentionally Omitted	
Establish contribution limits and a public campaign financing system	F	Intentionally Omitted	
Amend the Public Officers Law and various other statutes to broaden the State's Freedom of Information Law (FOIL)	G	Intentionally Omitted	
Provide the State Inspector General (IG) with jurisdiction to investigate nonprofit organizations and foundations affiliated with State University of New York (SUNY) and City University of New York (CUNY)	H	Intentionally Omitted	
Authorize the IG to investigate alleged corruption, fraud, criminal activity, conflicts of interest or abuse by officers, employees and contracted parties in State procurements	I	Intentionally Omitted	
Provide the IG with oversight of the implementation and enforcement of financial control policies at SUNY, CUNY and affiliated nonprofit organizations and foundations	J	Intentionally Omitted	
Create a Chief Procurement Officer to oversee all State procurements	K	Intentionally Omitted	
Prohibit campaign contributions from any individual or entity actively seeking a State procurement contract until the close of the bidding period or, for the recipient of a final contract award, six months after the award	L	Intentionally Omitted	
Require a report on the feasibility of a system of single identifying vendor codes or numbers for all contractors, vendors or grantees directly receiving State funds	M	Intentionally Omitted	

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

**Women's Agenda – S.7511 / A.9511  
Bill Not Enacted**

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend various provisions of law related to the provision of contraceptive coverage	A	Intentionally Omitted	
Amend various provisions of law related to codifying certain abortion rights	B	Intentionally Omitted	
Establish the Maternal Mortality Review Board	C	Intentionally Omitted	
Require the State Board of Medicine to include experts in women's health and experts in reducing health disparities	D	Moved to Part S of S.7506-B /A.9506-B	
Amend various provisions of law related to possession of weapons by domestic violence offenders	E		This part was amended and introduced as Governor Program #19, S.8121/A.10272 and is not considered a budget bill. This legislation was enacted in Chapter 60 of the Laws of 2018.
Amend various provisions of law to criminalize sexual extortion and the unlawful publication of sexual images	F	Intentionally Omitted	
Amend the Public Health Law to extend the storage timeline for forensic rape kits at hospitals	G	Moved to Part HH of S.7507-C /A.9507-C	
Extend anti-discrimination protections to public schools	H	Intentionally Omitted	
Amend various provisions of law to address sexual harassment in the workplace	I	Moved to Part KK of S.7507-C /A39507-C	
Create new computer science education standards	J	Moved to Part R of S.7506-B /A.9506-B	
Create the "Be Aware, Be Informed" awareness, prevention and education program	K	Intentionally Omitted	
Amend the Public Health Law to require public schools serving students in grades 6 through 12 to provide free feminine hygiene products in restrooms	L	Moved to Part Q of S.7506-B /A.9506-B	
Require all new or substantially renovated buildings with publicly accessible restrooms to provide safe and compliant changing tables	M	Moved to Part LL of S.7508-C /A.9508-C	

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

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

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

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

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend Section 6 of Article 3 of the State Constitution related to limiting the income a member of the Legislature may earn for non-governmental services	-	Not Introduced	

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

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend Section 5 of Article 2 of the State Constitution related to voter registration	-	Not Introduced	

**Add “Sex” as a Protected Class (Concurrent Resolution) – Not Introduced**

Description	Executive Art. VII	Enacted Art. VII	Comments
Amend Section 11 of Article 1 of the State Constitution related to equal protection of laws	-	Not Introduced	

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

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

## Appendix B: Summary of SFY 2018-19 Appropriations

Appropriations reflect the legal authority to spend during any given State fiscal year. They provide an upper limit for spending on a designated program or purpose. Anticipated actual spending from the appropriations is included in the Financial Plan, which provides comprehensive estimates of the State's revenue and spending for its current and three subsequent fiscal years, and which is updated several times during the fiscal year.

For Local Assistance appropriations, spending typically is close to the amount of appropriations. For other categories of spending (State Operations, Capital Projects and Debt Service), spending may be significantly below appropriations. Some recent Enacted Budgets have included two-year appropriations for certain programs (e.g., Medicaid and school aid). The SFY 2018-19 Enacted Budget includes two-year appropriations for Medicaid, while the last year's Enacted Budget included two-year appropriations for Medicaid and school aid. This partially explains why the totals for enacted SFY 2018-19 appropriations in the tables below are markedly lower than those for the previous year in the Local Assistance appropriation type, where school aid appropriations appear, and in the Education, Labor and Family Assistance program area. The following two tables summarize new appropriations by appropriation type.

### Summary of New Appropriations by Appropriation Type SFY 2018-19 Enacted Budget Compared to SFY 2017-18 Enacted Budget (in millions of dollars)

	Enacted SFY 2017-18	Enacted SFY 2018-19	Dollar Change From SFY 2017-18	Percentage Change From SFY 2017-18
State Operations	\$ 44,280	\$ 48,065	\$ 3,785	8.5%
Local Assistance	235,557	212,873	(22,684)	-9.6%
Capital Projects	20,165	15,057	(5,108)	-25.3%
Debt Service	9,836	9,969	134	1.4%
<b>Total</b>	<b>\$ 309,837</b>	<b>\$ 285,964</b>	<b>\$ (23,873)</b>	<b>-7.7%</b>

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

### Summary of New Appropriations by Appropriation Type SFY 2018-19 Enacted Budget Compared to SFY 2018-19 Executive Budget (in millions of dollars)

	Executive Budget SFY 2018-19	Enacted SFY 2018-19	Dollar Change From Executive	Percentage Change From Executive
State Operations	\$ 49,244	\$ 48,065	\$ (1,180)	-2.4%
Local Assistance	212,949	212,873	(76)	0.0%
Capital Projects	13,718	15,057	1,339	9.8%
Debt Service	9,969	9,969	-	0.0%
<b>Total</b>	<b>\$ 285,880</b>	<b>\$ 285,964</b>	<b>\$ 84</b>	<b>0.0%</b>

Note: Totals may not add due to rounding. The Executive Budget SFY 2018-19 column is updated for 30-Day Amendments.  
Sources: Office of the State Comptroller; Division of the Budget

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

**Summary of New Appropriations by Program Area**  
**SFY 2018-19 Enacted Budget Compared to SFY 2017-18 Enacted Budget**  
(in millions)

	Enacted SFY 2017-18	Enacted SFY 2018-19	Dollar Change From SFY 2017-18	Percentage Change From SFY 2017-18
Public Protection & General Government	\$ 19,500	\$ 22,998	\$ 3,498	17.9%
Health and Mental Hygiene	158,141	163,422	5,281	3.3%
Education, Labor & Family Assistance	92,762	67,481	(25,281)	-27.3%
Transportation, Economic Development and Environment	26,395	18,799	(7,597)	-28.8%
Legislature	226	231	4	2.0%
Judiciary	2,976	3,064	88	3.0%
Debt Service	9,836	9,969	134	1.4%
<b>Total</b>	<b>\$ 309,837</b>	<b>\$ 285,964</b>	<b>\$ (23,873)</b>	<b>-7.7%</b>

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

**Summary of New Appropriations by Program Area**  
**SFY 2018-19 Enacted Budget Compared to SFY 2018-19 Executive Budget**  
(in millions)

	Executive Budget SFY 2018-19	Enacted SFY 2018-19	Dollar Change From Executive	Percentage Change From Executive
Public Protection & General Government	\$ 24,257	\$ 22,998	\$ (1,258)	-5.2%
Health and Mental Hygiene	164,155	163,422	(733)	-0.4%
Education, Labor & Family Assistance	66,155	67,481	1,326	2.0%
Transportation, Economic Development and Environment	18,049	18,799	750	4.2%
Legislature	231	231	-	0.0%
Judiciary	3,064	3,064	-	0.0%
Debt Service	9,969	9,969	-	0.0%
<b>Total</b>	<b>\$ 285,880</b>	<b>\$ 285,964</b>	<b>\$ 84</b>	<b>0.0%</b>

Note: Totals may not add due to rounding. The Judiciary total includes Interest on Lawyers Account appropriations of \$15 million.  
The Executive Budget SFY 2018-19 column is updated for 30-Day Amendments.  
Sources: Office of the State Comptroller; Division of the Budget.

## Appendix C: Evolution of SFY 2018-19 Budget Bills

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

Appropriation Bills	Executive Budget		21-Day Amendments		30-Day Amendments		One-House Bills		Executive Resubmittal *		PASSED		DELIVERED TO GOVERNOR	Chapter & Date Signed
	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly		
State Operations	7500 16-Jan-2018	9500 16-Jan-2018			7500-A 16-Feb-2018	9500-A 16-Feb-2018	7500-B 13-Mar-2018	9500-B 12-Mar-2018	7500-C 30-Mar-2018	9500-C 30-Mar-2018	7500-D 30-Mar-2018	9500-D 30-Mar-2018	2-April-2018	CH. 50 12-April-2018
Legislature & Judiciary	7501 16-Jan-2018	9501 16-Jan-2018									7501 29-Mar-2018	9501 30-Mar-2018	2-April-2018	CH. 51 12-April-2018
Debt Service	7502 16-Jan-2018	9502 16-Jan-2018									7502 22-Mar-2018	9502 21-Mar-2018	2-April-2018	CH. 52 12-April-2018
Local Assistance	7503 16-Jan-2018	9503 16-Jan-2018			7503-A 16-Feb-2018	9503-A 16-Feb-2018	7503-B 13-Mar-2018	9503-B 12-Mar-2018	7503-C 30-Mar-2018	9503-C 30-Mar-2018	7503-D 30-Mar-2018	9503-D 30-Mar-2018	2-April-2018	CH. 53 12-April-2018
Capital Projects	7504 16-Jan-2018	9504 16-Jan-2018			7504-A 16-Feb-2018	9504-A 16-Feb-2018	7504-B 13-Mar-2018	9504-B 12-Mar-2018	7504-C 30-Mar-2018	9504-C 30-Mar-2018	7504-D 30-Mar-2018	9504-D 30-Mar-2018	2-April-2018	CH. 54 12-April-2018

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

Article VII / Language Bills	Executive Budget		21-Day Amendments		30-Day Amendments		One-House Bills				PASSED		DELIVERED TO GOVERNOR	Chapter & Date Signed
	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly		
Public Protection / General Government (PPGG)	7505 18-Jan-2018	9505 18-Jan-2018			7505-A 16-Feb-2018	9505-A 16-Feb-2018	7505-B 13-Mar-2018	9505-B & C 13 & 14-Mar-2018	7505-C 28-Mar-2018	9505-D 28-Mar-2018	7505-C 29-Mar-2018	9505-D 29-Mar-2018	2-April-2018	CH. 55 12-April-2018
Education, Labor & Family Assistance (ELFA)	7506 18-Jan-2018	9506 18-Jan-2018					7506-A 13-Mar-2018	9506-A 12-Mar-2018	7506-B 28-Mar-2018	9506-B 28-Mar-2018	7506-B 29-Mar-2018	9506-B 29-Mar-2018	2-April-2018	CH. 56 12-April-2018
Health and Mental Hygiene (HMH)	7507 18-Jan-2018	9507 18-Jan-2018			7507-A 16-Feb-2018	9507-A 16-Feb-2018	7507-B 13-Mar-2018	9507-B 12-Mar-2017	7507-C 30-Mar-2018	9507-C 30-Mar-2018	7507-C 30-Mar-2018	9507-C 30-Mar-2018	2-April-2018	CH. 57 12-April-2018
Transportation & Economic Development (TED)	7508 18-Jan-2018	9508 18-Jan-2018			7508-A 16-Feb-2018	9508-A 16-Feb-2018	7508-B 13-Mar-2018	9508-B 13-Mar-2018	7508-C 29-Mar-2018	9508-C 29-Mar-2018	7508-C 30-Mar-2018	9508-C 29-Mar-2018	2-April-2018	CH. 58 12-April-2018
Revenue	7509 18-Jan-2018	9509 18-Jan-2018			7509-A 16-Feb-2018	9509-A 16-Feb-2018	7509-B 13-Mar-2018	9509-B 12-Mar-2018	7509-C 30-Mar-2018	9509-C 30-Mar-2018	7509-C 30-Mar-2018	9509-C 30-Mar-2018	2-April-2018	CH. 59 12-April-2018
Good Government and Ethics Reform	7510 18-Jan-2018	9510 18-Jan-2018												
Women's Agenda	7511 18-Jan-2018	9511 18-Jan-2018			7511-A 16-Feb-2018	9511-A 16-Feb-2018								
Limit Outside Income of Legislators Concurrent Resolution**														
Establish Same-Day Voter Registration Concurrent Resolution**														
Impose Term Limits for Elected Officials Concurrent Resolution**														
Add "Sex" as a Protected Class Concurrent Resolution**														

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

\*\* The Executive Budget submittal on January 16, 2018 included four Concurrent Resolutions which the Legislature did not introduce.

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



## Appendix D: Selected Examples of Actions Taken to Reduce or Eliminate Pre-Review Oversight of Contracts

Chapter Laws / Enacted Budget	Action Taken
Chapter 53, Laws of 2018 SFY 2018-19 Enacted Budget, Aid to Localities Budget Bill S. 7503-D/A. 9503-D	Eliminates the requirement that Health Care Reform Act contracts of the Department of Health related to emergency assistance be reviewed and approved by the Office of the State Comptroller before becoming effective (\$2.9 million appropriation).
Chapter 53, Laws of 2018 SFY 2018-19 Enacted Budget, Aid to Localities Budget Bill S. 7503-D/A. 9503-D	Eliminates the requirement that contracts related to funding from the Office of Alcoholism and Substance Abuse Services for local expenses of jail-based substance use disorder treatment and transition services be reviewed and approved by the Office of the State Comptroller before becoming effective (\$3.75 million appropriation).
Chapter 53, Laws of 2018 SFY 2018-19 Enacted Budget, Aid to Localities Budget Bill S. 7503-D/A. 9503-D	Eliminates the requirement that contracts related to funding from the Office of Alcoholism and Substance Abuse Services for the development, expansion and operation of treatment, recovery and/or prevention services for persons with heroin or opiate use and addiction disorders be reviewed and approved by the Office of the State Comptroller before becoming effective (\$30 million appropriation).
Chapter 53, Laws of 2018 SFY 2018-19 Enacted Budget, Aid to Localities Budget Bill S. 7503-D/A. 9503-D	Eliminates the requirement that contracts with the Office for People with Developmental Disabilities for care coordination entities be reviewed and approved by the Office of the State Comptroller before becoming effective, and authorizes the disbursement of funds without a formally executed contract. Distribution of funds would instead be made pursuant to a "letter of agreement" (unspecified portion of two appropriations totaling more than \$2 billion).
Chapter 54 Laws of 2018 SFY 2018-19 Enacted Budget, Capital Projects Budget Bill S. 7504-D/A. 9504-D	Eliminates the requirement that Office of Alcoholism and Substance Abuse Services contracts for the development, expansion and/or operation of facilities for persons with heroin and opiate use and addiction disorders be reviewed and approved by the Office of the State Comptroller before becoming effective (\$10 million appropriation).
Chapter 57, Laws of 2018 Part C §8 SFY 2018-19 Enacted Budget, Health & Mental Hygiene Article VII Bill S. 7507-C/A. 9570-C	Eliminates the requirement that Department of Health contracts for health homes be reviewed and approved by the Office of the State Comptroller before becoming effective.

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