



FY 2022

Executive Budget Briefing Book

Andrew M. Cuomo, Governor
Robert F. Mujica Jr., Budget Director

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At this time last year, Governor Cuomo had made New York a model for fiscal discipline.

After 10 years of responsibly managing our finances, the State enjoyed its longest period of economic expansion. The economy added 1.3 million private sector jobs reaching a record high 8.4 million. Debt was at the lowest levels since the 1960s, and we achieved our highest credit ratings since the 1970s. Revenue for the upcoming fiscal year was expected to grow 6.7 percent.

When the pandemic -- and resulting economic upheaval -- arrived in March with no warning or protection from the Federal government, Governor Cuomo stabilized New York's finances, freezing hiring, new contracts, and wages. He delivered historic levels of unemployment insurance, and established new programs to nourish the hungry, support small businesses, and assist our tenants. Our nearly empty transit systems kept moving to ensure essential workers could get to work.

Now, we are paying the price. The bottom line is the Federal government failed New York. We now know that. The administration in Washington let the virus come here unchecked, ignoring the warnings. If this were a hurricane, a fire, or an earthquake, where the damage could easily be seen, by now they surely would have acted.

Still, New Yorkers are tough and we came together to bend the curve of the virus's spread. Our data-based approach to re-opening helped the largest sectors of the economy to restart and get New Yorkers back to work amid the lowest infection rates in the nation.

In April, we projected a \$63 billion, four-year revenue loss. At the time, 1.8 million New Yorkers had lost their jobs as the virus's spread was peaking. But in the third quarter of 2020, the economy recovered faster than our expectations. While the economic improvement is beneficial, it has not been enough to offset dramatic revenue loss and we remain down \$39 billion over four years, including losses of \$11.5 billion in FY 2021 and \$9.8 billion in FY 2022.

Now, we face a \$15 billion gap between estimated revenue and spending. The Federal government must deliver the \$15 billion we need to close our deficit so that New York State can afford even baseline investments. The out-year gaps will remain a major challenge. Here is where we must start.

With new leadership in Washington there is renewed hope that the Federal promise to act will become a reality. Yet we cannot build a spending plan on hope alone.

The FY 2022 Executive Budget implements State spending reductions impacting schools, hospitals, dedicated state workers, and services that support our grandparents, youth, and other vulnerable New Yorkers. It implements a temporary surcharge on the wealthiest New Yorkers to raise \$1.5 billion, freezes the implementation of middle class tax cuts to save \$400 million, and adds new revenue sources in adult-use cannabis, mobile sport wagering that will raise \$850 million annually when fully implemented.

The State has no choice. Unlike the Federal government we cannot print money and must balance our budget. Every spending decision is zero sum: Any area where we don't reduce spending means deeper reductions in another. If \$15 billion in Federal funding materializes, the tax increases that will make New York less competitive and the spending reductions that hurt New Yorkers go away. If they fail to act, the State's ability to meet even the most basic funding needs

will be cut for universities and affordable college programs, childcare, combatting homelessness, and much more.

Federal irresponsibility would also endanger our ability to advance the Governor's vision to reimagine, rebuild, and renew New York, which is supported by the Executive Budget.

The Governor's infrastructure plan has expanded to \$306 billion to create jobs and make generational investments that will continue to strengthen our transit systems, roads, bridges, and airports while providing for clean water and supporting a green economy built on renewable energy. Federal approvals for Congestion Pricing, and funding for the Second Avenue Subway, the Gateway Tunnel, the Buffalo Skyway and I-81 in Syracuse is needed for critical projects to advance. The Budget also takes steps to get New Yorkers back to work with job training and retention programs. It provides new resources to our small businesses and restaurants all hit particularly hard by the pandemic and all at risk if Washington fails us.

It's not just New York's recovery that's at stake, but also the nation's. New York State produces 8% of U.S. gross domestic product. If we are hobbled by Federal inaction, so too are our fellow Americans. Let's not forget, New York already sends \$23 billion more to Washington than it receives annually. This was made worse by the imposition of the cap on state and local taxes, or SALT, that was part of the Federal tax plan enacted in 2017, raising taxes on New Yorkers by over \$30 billion. The nation's first double tax in history.

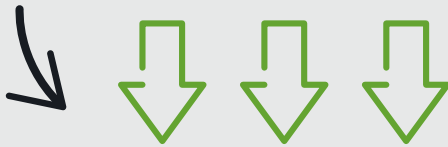
Governor Cuomo will continue to fight to protect New Yorkers and repeal the SALT cap and for the Federal funding we need to ensure essential services are provided and our economy has every chance to grow. He advances this Budget to outline responsible steps needed to keep moving forward and to meet the needs of our citizens both now and in a future that will be brighter if we all continue to work together.

New York has faced challenges before and has not only survived but thrived and grown stronger. With the Federal government as our partner, we can do it again. Excelsior.

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



DEBT DECLINED



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



**LOWEST DEBT
SINCE
THE 1960s**



We need **\$15 billion** from
Washington to support our
schools and hospitals.



Budget Highlights

Prudent Fiscal Practices. The Executive Budget holds annual spending growth in State Operating Funds to 1.2 percent.

Closes \$15 billion Two-Year Gap. The Executive Budget eliminates the entire two-year General Fund gap brought on by the COVID-19 pandemic.

Lowers Multi-Year Budget Gap. The five-year cumulative budget gap is reduced from \$48.6 billion to \$17.5 billion.

Overview

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

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

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

- Limiting the annual growth in State Operating Funds to two percent;
- Eliminating unsustainable inflators in major programs;
- Negotiating collective bargaining agreements that provide fair and affordable wages and benefits;
- Creating a new tier of fair and affordable pension benefits, which is expected to save the State and local governments more than \$80 billion over 30 years;
- Relieving localities of the growth in the Medicaid program, and all its administrative costs, as a way to help counties remain within the property tax cap;

- Controlling and targeting new borrowing to keep debt service affordable and within the State's debt limit; and
- Formal saving for the future by more than tripling the State's reserves by setting aside an additional \$2.6 billion to reduce debt and meet needs.

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

Performance Profile

New York's prudent fiscal management has resulted in the following:

- Spending in FY 2022 is less than the 2 percent spending benchmark.
- Total State debt has increased by only 0.7% annually since the Governor took office in 2011.
- Credit ratings have been upgraded and the State had its highest credit rating since 1972 prior to the pandemic.
- Spending for agency operations has been reduced through ongoing State agency redesign and cost-control efforts.
- State reserves have grown by \$4.5 billion since 2011 and are now nearly four times higher than when the Governor took office.

Financial Plan Overview



FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)			
	FY 2020	FY 2021	FY 2022
	Results	Current Estimate	Executive Proposal
State Operating Funds Disbursements			
Size of Budget	\$102,160	\$102,186	\$103,405
Annual Growth	0.3%	0.0%	1.2%
Other Disbursement Measures			
General Fund (Including Transfers) ¹	\$77,469	\$74,747	\$81,960
Annual Growth	6.4%	-3.5%	9.6%
Capital Budget (Federal and State)	\$11,999	\$13,949	\$17,209
Annual Growth	-2.2%	16.3%	23.4%
Federal Operating Aid ²	\$58,823	\$76,595	\$72,329
Annual Growth	0.6%	30.2%	-5.6%
All Funds	\$172,982	\$192,730	\$192,943
Annual Growth	1.2%	11.4%	0.1%
Capital Budget (Including "Off-Budget" Capital) ³	\$12,484	\$14,254	\$17,609
Annual Growth	-2.3%	14.2%	23.5%
All Funds (Including "Off-Budget" Capital) ³	\$173,467	\$193,035	\$193,343
Annual Growth	1.2%	11.3%	0.2%
Inflation (CPI)	1.9%	1.1%	2.3%
All Funds Receipts			
Taxes	\$82,889	\$77,746	\$83,506
Annual Growth	9.7%	-6.2%	7.4%
Miscellaneous Receipts	\$29,466	\$31,707	\$27,581
Annual Growth	-5.5%	7.6%	-13.0%
Federal Receipts (Operating and Capital) ²	\$65,080	\$84,096	\$78,662
Annual Growth	6.1%	29.2%	-6.5%
Total All Funds Receipts ²	\$177,435	\$193,549	\$189,749
Annual Growth	5.5%	9.1%	-2.0%
General Fund Cash Balance			
Rainy Day Reserves	\$2,476	\$2,476	2,476
Extraordinary Monetary Settlements	\$2,610	\$2,185	1,226
Economic Uncertainties	\$890	\$1,490	1,490
All Other Reserves/Fund Balances	\$2,968	\$1,086	538
Debt			
Debt Service as % All Funds Receipts ⁴	2.8%	3.1%	3.4%
State-Related Debt Outstanding	\$54,447	\$59,852	\$67,806
Debt Outstanding as % Personal Income	3.9%	4.1%	4.6%
State Workforce FTEs (Subject to Direct Executive Control)	118,193	115,551	114,721
¹ Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes. ² Includes the receipt and planned use in FY 2021 of \$5.1 billion from the Coronavirus Relief Fund, pursuant to the Federal CARES Act. ³ Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities. ⁴ Excludes the repayment of \$4.5 billion in short-term borrowing executed and expected to be repaid in FY 2021.			

Executive Summary

- The United States remains in the grip of COVID-19. The virus has killed 400,000 people since it began circulating in the states in early 2020. The Federal government's response to the evolving public health crisis has been slow and inconsistent. States and local governments have filled the void by instituting a patchwork of public health measures, with mixed results.
- At the same time, the economic well-being of millions of Americans has been shattered by the pandemic-induced recession. The official unemployment rate stands at 6.7 percent, nearly twice as high as February 2020, the month before urgent public health measures were instituted to limit the spread of COVID. The Bureau of Labor Statistics (BLS) reports that, in addition to the 10.7 million people counted as unemployed in the December 2020 official statistics, an additional 7.3 million people were unable to find employment. The job losses throughout the pandemic have fallen disproportionately on low-wage workers.
- In New York, as in other states, the recession has upended government finances. DOB reports that the estimates for General Fund receipts for FY 2021 through FY 2024 in this Financial Plan are \$39 billion lower than in the February 2020 Financial Plan, the last public plan before the pandemic struck. A modest increase in tax receipts estimates since the Mid-Year Update in October 2020 has not fundamentally altered the State's fiscal challenges. The two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget totals \$15 billion.
- As states struggle to meet rising service needs amid revenue losses, Federal aid has been confined to pandemic-response, health care, and related costs. Proposals for direct financial relief to the states have been stalled for months in Congress. The results of Federal inaction have been predictable: a contraction in government employment and spending at a time when health, education, mental health, public safety, and other services are deeply needed. The BLS reports that employment in the state-local sector has fallen by over 1.3 million (-6.8 percent) from December 2019 to December 2020. The National Association of State Budget Officers in its most recent survey found that expenditures by the states in FY 2021 were anticipated to fall by 1.1 percent compared to FY 2020.
- The odds have improved that the Federal government will approve Federal aid to the states in 2021 following the election of Joseph R. Biden as President and a change in party control in the U.S. Senate. The President-elect, who takes office on January 20, 2021, has already outlined a \$1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic. The draft plan includes \$350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.
- The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for \$15 billion in COVID relief aid to maintain State services. The requested aid would replace less than 40 percent of the State's estimated receipts losses through FY 2024.

- Definitive information on how much aid the State may receive under the Biden Administration’s proposal will not be known before the release of the Governor’s Executive Budget for FY 2022. In 2021, the State Budget is due on January 19, the day before the new administration takes office.
- Until new information is available, DOB must incorporate a cautious estimate for potential new Federal aid. The Executive Budget Financial Plan includes \$6 billion in new aid, which DOB believes is at the lower end of possible outcomes. The aid in the Financial Plan is apportioned evenly over two years, with \$3 billion in both FY 2022 and FY 2023, to reduce the FY 2022 budget risk if such aid is delayed or approved at a lower level than expected.
- With this level of new aid, the FY 2022 Executive Budget includes difficult spending cuts in local aid and agency operations. It also includes tax increases. Both will slow the State’s economic and fiscal recovery. These reductions and tax increases are explained in greater detail later in this Financial Plan.
- If the Governor’s full \$15 billion aid request is approved, the State would be able to reverse or modify many of these difficult proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event the Federal government provides the full amount of aid requested by the Governor.

Updated “Base” Budget Gaps

The Mid-Year Financial Plan showed a balanced budget in FY 2021 and a budget gap of \$8.7 billion in FY 2022. The estimates in the Mid-Year Plan were predicated on the assumption that DOB would execute \$8.2 billion in mid-year cuts in local assistance programs to maintain a balanced budget in FY 2021. At the time, the cuts were expected to be needed to bridge the estimated difference between \$79.1 billion in General Fund disbursements (prior to the execution of mid-year cuts) and \$70.9 billion in General Fund resources. It was further anticipated that the FY 2022 Executive Budget would propose making the FY 2021 local assistance cuts permanent. The Mid-Year budget gaps without the reductions were thus \$8.2 billion in FY 2021 and \$16.7 billion in FY 2022, a two-year gap of \$24.9 billion.

The following table shows the reported budget gaps with and without the local assistance cuts included in the Mid-Year Financial Plan:

GENERAL FUND SURPLUS/(GAP) PROJECTIONS: MID-YEAR UPDATE					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR SURPLUS/(GAP) ESTIMATE	0	(8,725)	(9,743)	(9,419)	
Add Back Unallocated Local Assistance Cuts	(8,180)	(8,000)	(8,000)	(8,000)	
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	(8,180)	(16,725)	(17,743)	(17,419)	(18,722)
<i>FY 2021/FY 2022 Combined Budget Gap</i>		<i>(24,905)</i>			

Tax receipts have shown sustained strength through December 2020 and into the important first week of collections in January 2021. PIT collections, the largest source of State tax receipts, were \$2.25 billion above the estimate in the Enacted Budget Financial Plan through the first three

quarters of FY 2021. Sales and use tax collections through the same period were \$515 million higher than expected. At the same time, business tax collections, principally related to audits, have been weaker than expected, which partly offset the significant improvements in PIT and sales tax collections.

Based on collections to date and an updated economic forecast, DOB is increasing the annual estimates for General Fund tax receipts by \$3.3 billion in FY 2021 and \$6.3 billion in FY 2022, exclusive of debt service revisions and proposed tax law changes in the Executive Budget described below. Changes in the PIT estimates account for \$8.4 billion of the increased tax receipts estimate over the two years (FY 2021: \$2.4 billion; FY 2022: \$6.0 billion), reflecting strength in both the withholding and estimated components of the tax, as well as a downward revision in estimated refunds. Sales and use tax have been revised upward by \$1.5 billion in FY 2021 and \$551 million in FY 2022, reflecting strength in consumer purchasing. A reduction of \$868 million to the annual estimates over two years for business taxes partially offsets these changes. A minor increase to non-tax receipts has also been made.

The improved receipts forecast has reduced the current year gap by \$3.4 billion in the current year and \$6.5 billion in FY 2022 – leaving a combined gap of \$15 billion. The outyear gaps after forecast revisions are projected at \$10.5 billion in FY 2023, \$10.8 billion in FY 2024, and \$12.3 billion in FY 2025.

The following table shows the revised budget gaps that are addressed in this Executive Budget Financial Plan.

GENERAL FUND SURPLUS/(GAP) PROJECTIONS WITH RECEIPTS FORECAST REVISIONS (millions of dollars)					
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT ATL CUTS	(8,180)	(16,725)	(17,743)	(17,419)	(18,722)
General Fund Taxes	3,348	7,094	7,798	7,167	7,056
Other Receipts	60	215	209	208	206
UPDATED "BASE" BUDGET GAPS	(4,772)	(9,416)	(9,736)	(10,044)	(11,460)
<i>FY 2021/FY 2022 Combined Budget Gap</i>		<i>(14,188)</i>			

With these changes, estimated General Fund receipts in FY 2021 and FY 2022 are still \$21.3 billion below the February 2020 Financial Plan (FY 2021: -\$11.5 billion; FY 2022: -\$9.8 billion). On a year-over-year basis, FY 2021 All Fund tax receipts are expected to decline by 6.2 percent from FY 2020 - and remain below FY 2020 levels through FY 2022 (before proposals to increase receipts in the Executive Budget). These downward shocks to tax receipts, along with the lack of new Federal aid, drives the need for the spending reductions and tax increases proposed in this budget.

FY 2022 Executive Budget Financial Plan

The Executive Budget Financial Plan, if adopted and executed as proposed, would eliminate the two-year budget gap of \$15 billion. The total gap over the Financial Plan (FY 2021-FY 2025) would be reduced by \$31 billion – from \$48.6 billion to \$17.5 billion. The following table summarizes the multi-year gap-closing plan.¹

EXECUTIVE BUDGET GAP-CLOSING PLAN					
(millions of dollars)					
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
UPDATED "BASE" BUDGET GAPS	(4,772)	(10,201)	(10,524)	(10,835)	(12,255)
Local Assistance ¹					
Local District Funding Adjustment	0	1,506	1,518	1,466	1,419
Medicaid	1,230	599	351	297	136
All Other	991	1,265	880	997	928
Agency Operations	44	110	(591)	26	43
Debt Service/Capital Projects	517	135	139	(297)	(245)
New Revenues:					
PIT High-Income Surcharge	0	1,537	1,404	1,195	367
PIT Middle-Class Tax Cut One-Year Pause	0	394	403	445	464
All Other	17	60	348	513	542
Federal Resources:					
CRF	2,476	0	0	0	0
Medicaid FMAP	497	995	0	0	0
FEMA Reimbursement	(1,000)	600	200	200	0
Unrestricted Federal Aid	0	3,000	3,000	0	0
EXECUTIVE BUDGET GAPS	0	0	(2,872)	(5,993)	(8,601)

1. Includes savings from reductions outside the General Fund that are achieved through the transfer of balances and/(or) increase in revenues made available by spending reductions.

¹ To simplify the presentation, the categorization of actions in the table does not in all instances match reporting by Financial Plan category.

The following summarizes, in broad strokes, the gap-closing actions for FY 2021 and FY 2022.

Spending Reductions (FY 2021: \$2.8 billion; FY 2022: \$3.6 billion)

Reductions in planned local aid spending are expected to provide savings of \$2.2 billion in FY 2021 and \$3.4 billion in FY 2022 compared to the base forecast.

- **School Aid/Local District Funding Adjustment:** State funding for school districts is reduced, largely through the consolidation and reduction of certain expense-based School Aid categories and a Local District Funding Adjustment against other reimbursements to districts. However, due to the significant additional Federal aid for school districts through the Coronavirus Response and Relief Supplemental Appropriations Act, total district support increases by approximately 7.1 percent in SY 2022. (FY 2021: \$0; FY 2022: \$1.5 billion).
- **Medicaid:** Savings in FY 2021 are achieved by reducing rates paid to managed care and long-term care insurance carriers based on lower health care utilization due to the pandemic, the use of available balances, and revisions to estimated costs. In FY 2022, savings are mainly achieved from across-the-board reductions and the use of available resources to support spending. Spending under the Global Cap is expected to increase at the indexed rate.
- **Other Local Assistance:** In general, cash disbursements have been reduced by 5 percent for most local aid programs in the current year and are recommended to remain flat in FY 2022 after adjustments for timing anomalies and other factors. A range of cost-savings measures have been proposed to accomplish the savings expected in FY 2022. In addition, savings are realized from revisions to local assistance spending estimates based on updated data.

Agency operations were reduced by 10 percent in the Mid-Year Update, with certain exceptions for facility operations and public health and safety. Incremental changes have been made to the savings estimates based on a review of operating results. The Financial Plan assumes that the State will continue to withhold planned general salary increases through FY 2022, with repayment budgeted in FY 2023.

Savings in the debt service budget are expected from portfolio management, including refundings. The Financial Plan also includes changes in the expected timing of capital reimbursements, which have a minimal net impact over the two years.

New Revenues (FY 2021: \$17 million; FY 2022: \$2.0 billion)

The Executive proposes two significant tax law changes:

- **Enact Temporary PIT High Income Surcharge.** The current top PIT rate is 8.82 percent for married taxpayers with taxable income above \$2,155,350. The Budget establishes surcharge rates on taxable income above \$5 million, effective Tax Years 2021 through 2023. Taxpayers may voluntarily prepay Tax Year 2022 and Tax Year 2023 surcharge liability through their Tax Year 2021 estimated payments. If they take this option, they receive a repayment via tax deductions in Tax Years 2024 and 2025. The proposal is an innovative way to address the State's short-term fiscal challenges while minimizing the

impact on taxpayers over the long-term and to help maintain New York's ability to compete.

- **Middle-Class PIT Reduction Phase-in:** The Budget pauses the phase-in of the middle-class tax cut, which began in 2018 and was scheduled to fully phase in by 2025. Tax Year 2020 rates will remain in effect for an additional year.
- **Other Revenue Actions.** The Executive Budget proposes the authorization of mobile sports wagering that is expected to provide additional State support for education costs. It also includes certain extensions, enforcement initiatives and reforms. Other new tax actions include the imposition of sales tax on vacation rentals, establishment of a regulatory structure for the adult-use of cannabis and creation of a new tax credit to support businesses in rehiring workers that were displaced by the COVID-19 pandemic.

Available Federal Resources (FY 2021: \$2.0 billion; FY 2022: \$1.6 billion)

The Financial Plan includes the following available Federal resources.

- **CRF:** The State can charge to the CRF certain health and public safety payroll costs that were already budgeted in the Financial Plan. The updated Financial Plan reflects an additional \$2.5 billion in payroll charges to the CRF. The Financial Plan includes funding for direct COVID expenses, which DOB continues to assume will be funded from Federal sources. The remaining balance in the CRF is expected to be fully expended for, among other things, vaccine distribution costs by the end calendar year 2021.
- **Emergency FMAP:** The U.S. Secretary of Health and Human Services has extended, through June 30, 2021, the enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures (the enhanced rate is 56.2 percent compared to the regular rate of 50 percent). The enhanced rate reduces State-share expenditures and increases Federal expenditures by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates State-share savings of \$500 million in FY 2021 and \$1.0 billion in FY 2022.
- **FEMA Reimbursement (Timing):** The State is expected to incur an estimated \$1 billion in COVID expenses in FY 2021 that are eligible for FEMA reimbursement (at one hundred percent of cost). FEMA reimbursement is currently expected in FY 2022 (\$600 million), FY 2023 (\$200 million), and FY 2024 (\$200 million). The timing difference between the State outlay and FEMA reimbursement creates a current-year cost of \$1 billion and a commensurate savings from FY 2022 through FY 2024.

New Unrestricted Federal Aid (FY 2021: \$0; FY 2022: \$3 billion)

The timing and amount of Federal aid will ultimately determine the level of spending cuts and tax increases that must be enacted in FY 2022. For now, until new information is available, DOB is incorporating a cautious estimate of \$3 billion in new Federal aid in both FY 2022 and FY 2023. The aid is apportioned evenly over the two years to reduce the risk to the FY 2022 budget if such aid is delayed or approved at a lower level than expected.

The Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted Federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the Financial Plan. The reductions would be calculated to generate savings equal to the difference between the Federal aid assumed in the Financial Plan and the amount approved.

The Governor has asked Congress for \$15 billion in COVID relief aid to maintain State services. The requested aid would replace less than 40 percent of the State's estimated receipts losses over four years. The difference between the new Federal aid assumed in the Financial Plan (\$6 billion) and the Governor's request to maintain services (\$15 billion) is \$9 billion.

If aid were to be approved at the level requested, it would allow the State to reverse or modify the most harmful spending reductions and tax increases. The illustrative table below shows the value of the spending reductions and tax increases that could be avoided, grouped by general categories. The aid amounts are generally two-year totals to conform with the apportionment of the \$6 billion in aid assumed in the Financial Plan.

USES OF FEDERAL CONTINGENT APPROPRIATION (billions of dollars)	
Federal Aid Needed	15.0
Funding Included in Executive Budget Plan	6.0
Cuts that could be Avoided:	
Education	3.5
Across-the-Board Reductions	0.9
Contractual Salary Increases	0.6
Other Restorations	0.3
Tax Increases that could be Avoided	3.7

Other Financial Plan Highlights

Payment Withholds

In June 2020, DOB began temporarily withholding 20 percent of most local aid payments. It initiated the withholds to ensure that up to \$8.2 billion in local aid payments could be withheld permanently, if needed, by the end of FY 2021. This was consistent with the assumptions in the Mid-Year Financial Plan Update.

Through December 2020, withholds are estimated to have totaled \$2.9 billion. An improved receipts picture, the availability of Coronavirus Relief resources, and the extension of the higher Federal matching rate on Medicaid expenditures through June 30, 2021 has reduced the need for local assistance reductions.

DOB now expects to reduce most local aid payments by a total of 5 percent from the Enacted Budget estimate, rather than the 20 percent anticipated in the Mid-Year Update and executed to date. Amounts that have been withheld in excess of the 5 percent are expected to be reconciled and repaid in the final quarter of FY 2021.

The local aid reductions will be executed pursuant to section 1 (f) of the FY 2021 ATL bill, which allows the director to withhold payments in response to the direct and indirect financial effects of the COVID-19 pandemic.

Liquidity and Debt

The FY 2021 Enacted Budget authorized the State to access external liquidity during FY 2021, in the form of short-term notes and a line of credit, in response to the COVID-19 pandemic. The Executive Budget proposes continuing these authorizations in FY 2022 as the State continues to respond to the pandemic.

Accordingly, the Executive Budget includes authorization to issue up to \$8 billion of short-term borrowing in the form of personal income tax revenue notes (or bond anticipation notes) during FY 2022. The statutory authorization requires any such notes to be issued on a subordinated basis by December 31, 2021, with an initial maturity no later than March 31, 2022. The notes can be renewed once for up to a year, and, as a contingency option, may be refinanced on a long-term basis.

In addition, the Executive Budget includes continuing authorization for up to \$3 billion of credit facilities in the form of a line of credit at one or more banks. The line of credit would be authorized for a 3-year period, through FY 2024, and would allow draws in any year, subject to annual appropriation. The FY 2021 authorization was for a one-year facility that could be extended, but only allowed draws in the first year. As a contingency option, any balance may be refinanced on a long-term basis.

The Executive Budget does not currently assume any PIT note sales or use of the line of credit in FY 2022. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued \$4.5 billion of PIT notes to manage a delay in State personal income tax receipts after the Federal government extended the April 15, 2020 personal income tax deadline. As of the Executive Budget, \$3.5 billion of PIT notes remain outstanding. The budget reflects full repayment of the remaining notes when they mature in March 2021. In FY 2021, the interest expense on the notes and the commitment fee on the credit facility are being reimbursed with Federal aid provided for in the Coronavirus Relief Fund, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, the Executive Budget proposes a continuation of the suspension of the Debt Reform Act for FY 2022 issuances. State legislation enacted in connection with the adoption of the FY 2021

Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances would not be limited by a maximum maturity (currently capped at 30 years by the Debt Reform Act). Bonds would still be subject to Federal tax law limitations, but this change allows bonds to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (i.e., MTA projects).



REVENUE

PROPERTY TAX CAP



Property taxes have grown by an average of just **1.8% per year**

Taxpayers

saved \$58.8B since 2012



The typical taxpayer has **saved \$7,900**



The Executive Budget

authorizes



MOBILE SPORTS BETTING



creates



ADULT-USE CANNABIS PROGRAM

which is expected to create jobs, spur economic activity, and generate significant tax revenue

BACK TO WORK COVID-19 RECOVERY TAX CREDIT

The budget will support businesses **rehiring workers** displaced by the COVID-19 pandemic



Budget Highlights

Enact High Income PIT Pre-Payment with Payback.

The Budget establishes that taxpayers with incomes over \$5 million will have the option to pre-pay two years of excess liability based on five new tax brackets. A new deduction will return the pre-payment to affected taxpayers between 2024 and 2025.

Pandemic Recovery and Restart Program.

Establishes three new tax credits and expands another totaling \$130 million to help smaller businesses in the accommodation, arts and entertainment, restaurant and musical and theatrical production industries to recover from the pandemic and bring back jobs to New York.

Authorize Mobile Sports Wagering.

The Budget authorizes mobile sports wagering throughout the State. Currently, sports wagering is limited to in-person betting at the four upstate casinos.

Enact the Cannabis Regulation and Taxation Act.

The Budget establishes a regulatory structure for the adult-use of marijuana and imposes three taxes.

The FY 2022 Executive Budget responds to the public health and economic crisis created by the COVID-19 pandemic that is causing an estimated \$19.7 billion drop over FY 2021 and FY 2022 in revenue from projections made in February 2020 just before the pandemic struck and decimated State finances. Specifically, in the absence of requested Federal aid to offset these losses, the Budget raises income tax rates on the state's highest earners with a pre-payment plan and adds new revenue sources including online sports wagering and adult-use cannabis.

Overview

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

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

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

Prior to the pandemic, New York State was experiencing the longest period of economic growth in modern history and in February 2020 was projecting a revenue increase for FY 2021 of 6.7 percent. This was built on a strong economic foundation of fiscal discipline fostered by the Governor. For a decade, Governor Cuomo held average annual spending growth to 2 percent, making possible lower income tax rates for every New Yorker. The economy in the Governor's tenure added 1.3 million private sector jobs, reaching a record high 8.4 million in February 2020. The global pandemic upheaved the New York State economy, and its subsequent impact on State revenues has been devastating.

In April, when 1.8 million New Yorkers lost their jobs as the virus spread, the State projected a \$63 billion, four-year revenue loss. Economic analysis estimated that the worst performing quarters would be the third and fourth quarters of 2020.

But New Yorkers responded, came together and bent the curve of the virus's spread. The State took a data-driven approach to re-opening and maintained the lowest rates of infection in the nation. These efforts helped speed the economic recovery and a rebound began in the third quarter of 2020. While this improvement is beneficial, it is not sufficient to offset the dramatic revenue loss.

Projections in the FY 2022 Executive Budget Financial Plan are for a \$37 billion, four-year revenue loss due entirely to the pandemic. In FY 2021, revenue is down \$10.2 billion, in FY 2022 \$9.5 billion, FY 2023 \$8.4 billion and \$9.1 billion in FY 2022.

This Federal failure to act and support states that have been on the frontline in combatting the pandemic builds on previous attacks from Washington on New York State. This includes the implementation of a cap on the deductibility of State and local taxes -- known as SALT -- at \$10,000, costing New York taxpayers as much as \$15 billion a year. The SALT cap undermines the progressivity of the State's tax system, the investments and services the State provides for its residents, and the competitiveness of New York's economy long-term.

It also threatens efforts the State has taken to better compete for jobs, including lowering income tax rates for every New Yorker and implementing a permanent 2% cap on annual property tax growth. As a result of these efforts, and just prior to the pandemic, New York State had 37 consecutive quarters of job growth, adding nearly 1.3 million private sector jobs and marking the longest period of employment growth in at least 80 years. The State reached nearly 8.4 million private sector jobs -- an all-time high -- in February just before the pandemic struck

The Federal tax increase through the cap on SALT deductions targeted at New Yorkers is compounded by the Federal government's failure, to date and despite promises, to deliver promised funding to states that offset revenue losses caused by the pandemic.

Responding to COVID-19

The FY 2022 Executive Budget takes numerous steps to mitigate this Federal failure to act so that critical services remain funded and in operation to continue to support New Yorkers in a time when they need it most. Actions are proposed that will help replace the loss of State's resources while working to maintain the State's long-term ability to compete for jobs and grow our economy.

These include:

- **Enact Temporary PIT High Income Surcharge.** The current top PIT rate is 8.82 percent for married taxpayers with taxable income above \$2,155,350. The Budget establishes surcharge rates on taxable income above \$5 million, effective Tax Years 2021 through 2023. Taxpayers may voluntarily prepay Tax Year 2022 and Tax Year 2023 surcharge liability through their Tax Year 2021 estimated payments. If they take this option, they receive a repayment via tax deductions in Tax Years 2024 and 2025. The proposal is an innovative way to address the State's short-term fiscal challenges while minimizing the

impact on taxpayers over the long-term and to help maintain New York's ability to compete.

- **Delay Middle Class Tax Cut by One Year.** The devastating revenue losses caused entirely by the pandemic, and Federal inaction thus far to offset those losses, leaves the State with no choice but to pause the continued phase-ins of the Middle-Class Tax Cut, which began in 2018 and is scheduled to fully phase in by 2025. Rather than the planned tax cut scheduled for Tax Year 2021, Tax Year 2020 rates will remain in effect for an additional year, with the Tax Year 2021 cut occurring in Tax Year 2022, the Tax Year 2023 cut occurring in Tax Year 2024, and so on until the cut is fully phased in by 2026, rather than the original full phase in set for 2025.
- **Enact the Pandemic Recovery and Restart Program.** Establish three new tax credits and increases another totaling \$130 million to help small businesses in the accommodation, arts and entertainment, restaurant and musical and theatrical production industries to recover from the pandemic and bring back jobs to New York.
 - **Small Business Return-To-Work Tax Credit** – provides up to \$50 million in tax credits to support small businesses in the hiring of additional workers through 2021.
 - **Restaurant Return-To-Work Tax Credit** – provides up to \$50 million in tax credits to support restaurants hard hit by the pandemic through 2021.
 - **New York City Musical and Theatrical Production Tax Credit** – provides up to \$25 million in tax credits for the jump start of the industry and the support of tourism activity in the City.
 - **Extend and Enhance the Musical and Theatrical Production Credit for Four Years.** In order to support musical and theatrical productions that occur in the State but outside of New York City, the Budget extends this credit for four years through 2025 and doubles it to \$8 million.
- **Enact Employer Child Care Credits.** The Budget enhances the Excelsior Jobs Program and Employer Provided Child Care Credit, providing meaningful incentives to employers to help them provide much needed child care to their employees. The Excelsior Jobs Program is enhanced to allow for an expanded five percent Investment Tax Credit component and a credit for six percent of ongoing net child care expenditures provided by the credit recipient. The Employer Provided Child Care Credit is also enhanced by doubling the current credit percentages to 50 percent of qualified child care expenditures and 20 percent of qualified child care resource and referral expenditures while increasing the per taxpayer cap from \$150,000 to \$500,000.

Tax Cuts and Credits

- **Extend Low-Income Housing Credits for Five Years.** To help expand affordable housing in New York, this program provides credits to develop qualifying low-income housing projects. The Budget authorizes the Division of Housing and Community Renewal to allocate an additional \$400 million over five years.
- **Extend the Film Tax Credit for One Year.** The Budget extends the film tax credit for an additional year through 2026 with an annual allocation of \$420 million. Additionally, this extension includes several Upstate counties to the additional ten percent wage and labor credit for post-production projects, bringing this portion of the credit in line with credits for production projects.
- **Extend Brownfield Tangible Property Redevelopment Credit for Two Years.** The Budget extends by two years the period for which the tangible property credit component of the Brownfield redevelopment tax credit is allowed for projects whose original period did or will expire between March 15, 2020 and December 31, 2021.
- **Extend the Farm Workforce Retention Credit for Three Years.** The Farm Workforce Retention Credit provides a benefit of between \$250 and \$600 per employee (depending on the tax year) between tax years 2017 and 2021. The Budget extends this credit through Tax Year 2024 at the \$600 per employee level.
- **Extend the Alternative Fuels Exemption for Five Years.** In order to incentivize the continued use of renewable fuels and as part of a comprehensive strategy to reduce the State's dependence on foreign oil, the Budget extends the existing full exemptions of E-85, CNG, and hydrogen, and the partial exemption of B-20 from motor fuel, petroleum business, and State and local sales taxes for five additional years.
- **Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act for Three Years.** The Dodd-Frank Wall Street Reform and Consumer Protection Act required certain financial institutions to create subsidiaries and then transfer property or services to those subsidiaries. In order to continue to address the unintended consequence of the Federal Act as it pertains to "separate legal entities," the Budget extends a tax exemption first provided in 2015 that excludes these required transfers from taxable sales. The date by which transfers must be made or a binding contract entered into is extended from June 30, 2021 to June 30, 2024 and the expiration date of the exemption is extended from June 30, 2024 to June 30, 2027.
- **Extend the Economic Transformation and Facility Redevelopment Program Tax Credit for Five Years.** This program supports the economies of communities affected by the closure of certain correctional and juvenile justice facilities since 2011. The Budget extends the tax credits and facility eligibility for an additional five years through 2026.
- **Extend the Hire-A-Vet Credit for Two Years.** To support veterans in their return to the workforce, the Budget extends this credit for an additional two years, adding the 2021 and 2022 hiring periods. The program provides a tax credit to employers equal to 10 percent

of wages paid to a qualified veteran (up to \$5,000) and 15 percent of wages paid to a disabled veteran (up to \$15,000).

Reform and Simplification Actions

- **Reform and Simplify Various Business Tax Provisions.** The Budget repeals the Article 9 tax on foreign buses, which has limited impact and costs more to administer than it brings to the State in revenue. Additionally, the Budget requires all S corporations at the Federal level to be treated as such for state tax purposes. Currently, Federal S corporations with investment income above 50 percent of Federal gross income are treated as NYS S corporations. This change addresses tax avoidance in cases where shareholders change residence to avoid tax on dividends.
- **Modernize Tax Law to Include the Vacation Rental Industry.** In order to create a level playing field between traditional hospitality industry participants such as hotels, motels, and B&Bs and the growing vacation rental sector, the Budget subjects all vacation rentals to State and local sales taxes, as well as the daily NYC Convention Center hotel fee of \$1.50 per unit. Under these new provisions, any vacation rental marketplace provider that facilitates the occupancy of a vacation rental will be responsible for collecting and remitting the State and local sales taxes, in addition to the NYC hotel unit fee.
- **Simplify Certain Tax Filing and Reporting Requirements.** The Budget reduces the filing frequency for certain filers of the highway use tax from quarterly/monthly filing and the alcohol beverage tax from quarterly/monthly filing to annual filing. These annual filings will reduce the administrative burden on DTF and filers alike.
- **Make Technical Changes to Cigarette Licensing Provisions.** The Budget clarifies that cigarette licensees with a revoked license cannot store cigarette or tobacco products at their retail premises. This change will aid with enforcement of revoked licenses and unlicensed sales of untaxed products.
- **Make Technical Correction to Sales Tax Remote Vendor Registration.** The Budget makes a technical correction to the Tax Law to clarify and conform the sales volume threshold at which remote vendors are required to register with the State for the purposes of collecting sales tax.
- **Amend the Collection and Reporting of Taxicab Tax and Congestion Surcharge.** Technology Service Providers (TSPs) are licensed providers of in-vehicle technology used by taxicabs, HAIL vehicles, and dispatch vehicles for driver authentication, credit card processing, and trip data collection and transmission. Under existing law, TSPs collect the taxicab tax and the existing congestion surcharge in the New York City congestion zone south of 96th Street from passengers, then transfer it to agents and medallion and HAIL vehicle owners, who are responsible for remittance. Additionally, TSPs also collect and send the corresponding data records to the Taxi & Limousine Commission (TLC). However, since the TLC reporting requirements do not perfectly align with the Tax Law, there are data matching and reconciliation issues. To streamline and improve upon the existing tax collections and enforcement mechanisms, the Budget transfers the collection,

reporting, and remittance responsibilities of the taxicab tax and congestion surcharge from individual agents and medallion and HAIL vehicle owners to TSPs.

- **Reform the State Racing Admissions Tax.** The Budget repeals the State racing admissions tax imposed by the Racing, Pari-Mutuel Wagering and Breeding law and replaces it with State sales tax. Both the admissions tax and State sales tax are four percent, making this change revenue neutral while simplifying tax administration and compliance. Any local racing admissions taxes remain unimpacted.
- **Make Permanent Local Sales Tax Rate Authorizations.** In an effort to shore up local government finances and to ensure revenue stability and certainty for local governments going forward, the Budget grants permanent local sales tax authority for all counties and cities at their existing rates or up to four percent. As such, local governments would no longer need to seek and receive the State's approval as long as they want to extend their existing rates or increase their rate to no more than four percent. All local governments will still be required to seek and receive temporary approval by a majority vote of the local government's governing body in order to impose additional sales tax above the current statutory three percent threshold.
- **Modernize and Merge Real Property Tax Forms and Processes.** The Budget consolidates duplicative real property transfer tax forms and implements an online system for e-filing and remittance of associated fees; however, the new streamlined process will be optional for local administrators who can elect to continue to utilize the existing paper form process. The Budget also clarifies that certain modernizations and simplifications taken to the Real Property Tax Form submissions will not alter local revenue streams.
- **Make Technical and Conforming Changes to Real Property Tax Law.** The Budget clarifies the language pertaining to population-based real property tax exemptions, eliminates unnecessary real property tax hearings, improves the ability of the State Board to reach a quorum, and makes various conforming language changes to the Real Property Tax Law.

Enforcement and Compliance Initiatives

- **Enact a Pass-Through-Entity Tax.** The Budget includes a new voluntary Pass-Through-Entity Tax designed to mitigate the impact of the cap on state and local tax (SALT) deductions enacted in the 2017 Tax Cuts and Jobs Act. Pass-through entities can deduct this tax at the Federal level, thereby allowing partners of partnerships and shareholders of S corporations to receive the benefit of a full deduction for SALT paid before income is passed-through to them. A credit will be allowed against regular State income tax to offset the new Entity tax. This proposal aligns with similar efforts in Connecticut and enables individuals affected by the SALT cap to use IRS-allowed business deductibility to mitigate its impacts.
- **Increase Wage and Withholding Filing Penalty.** The Budget increases the maximum penalty for employers who fail to timely and accurately file wage and withholding reports.

Currently, such fines are \$50 per employee per report, capped at \$10,000. Raising the maximum penalty to \$50,000 further incentivizes reporting accuracy.

- **Update Tax Preparer Regulation and Enforcement.** To provide more protections for taxpayers, the Budget updates various tax preparer provisions, including: allowing for charges against tax preparation businesses with preparers that fail to register; eliminating the penalty cure period to induce more voluntary registration compliance; increasing failure to register penalties; establishing clear authority regarding the issuance, revocation, suspension, and cancellation of registration certificates; and requiring registration certificates to be prominently displayed.
- **Enhance Real Estate Transfer Tax Compliance.** To address tax avoidance, the Budget adds responsible persons language and prohibits sellers from passing the basic tax responsibility onto buyers. Additionally, the Budget makes technical fixes to the 2019 law that requires disclosure of LLC members as a condition of filing RETT in order to clarify the requirements to record a deed when an LLC is owned by a publicly traded corporation or REIT without interfering with the law's underlying purpose of transparency in ownership.
- **Increase the Interest Free Period for Certain Sales Tax Refunds.** The Budget doubles the interest-free period from 90 to 180 days for sales tax refunds of \$100,000 or more to provide the Tax Department more time to accurately process high value refund requests without incurring and paying out interest.

Other Actions

- **Enact the Cannabis Regulation and Taxation Act.** The Budget regulates and controls the production, distribution, transportation, and sale of cannabis, cannabis related products, and medical cannabis within NYS, for the purposes of fostering and promoting temperance in their consumption, to properly protect the public health, safety, and welfare, and to promote social equality. Three taxes are imposed on the adult-use of cannabis:
 - A wholesale THC-based tax at various rates according to the potency level or THC content of different product categories in an effort to more accurately capture both the true market value and the potential public health risks associated with the final cannabis product. Cannabis flower/pre-roll/shake products are taxed at a rate of 0.7 cent per milligram of THC content. Cannabis concentrates/oil products are taxed at a rate of 1 cent per milligram of THC content, while cannabis infused/edible products are taxed at a rate of 4 cents per milligram of THC content.
 - The sale of adult-use cannabis products by a retail dispensary to a consumer is subject to a surcharge at a rate of 10.25 percent of the final retail sale price; and
 - The applicable State and local sales tax rates are imposed on the same retail sale by a retail dispensary to a consumer. The prevailing local sales tax rate is based on the county and/or city in which the retail dispensary is located.

Of the THC-based tax, retail surcharge, and any license fees, the first \$10 million in FY 2023, \$20 million in FY 2024, \$30 million in FY 2025, \$40 million in FY 2026, and \$50

million annually thereafter are directed for social equity purposes, with the remainder directed to the newly established New York State Cannabis Revenue Fund.

Additionally, included within the Cannabis Regulation and Taxation Act, the Budget continues the success of the expanding medical cannabis program by extending the current excise tax provisions, as well as the current revenue distributions for an additional seven years and directing the currently undistributed 45 percent of tax revenue to the newly established New York State Cannabis Revenue Fund.

- **Allow DTF the Right to Appeal DTA Tribunal Decisions.** The Tax Appeals Tribunal is an independent body with the ability to cancel assessments, invalidate regulations and reverse prior decisions of the state tax commission. While a taxpayer may appeal an adverse decision of the Tribunal to a court, the Tax Commissioner may not. This presents a significant flaw in the statute: it denies the Tax Department the right to seek judicial review of an adverse decision that it believes is contrary to the interests of the people of this State.
- **Extend Implementation Deadline for the Secure Choice Program.** The COVID-19 pandemic has delayed implementation of the New York State Secure Choice Savings Program. The Budget extends the statutory deadline for implementing the program to December 31, 2021.
- **Promote the Development of Renewable Energy Projects.** The Budget creates a standardized approach to local property tax assessments for solar and wind renewable energy projects. A standard methodology for assessment of wind and solar projects would be established to facilitate meeting New York's aggressive carbon reduction goals while still leaving municipalities the flexibility to negotiate PILOT agreements.

School Tax Relief (STAR) Program Actions

- **Improve and Enhance STAR Program Administration.** The Budget implements several changes designed to improve administration of the STAR program for the Tax Department and local officials.
 - **Preserve Enhanced STAR Exemption Beneficiaries.** The FY 2017 Enacted Budget closed the Basic and Enhanced STAR Exemption Program to new applicants and homeowners that moved homes. However, homeowners who didn't move were still able to shift from a Basic exemption to an Enhanced exemption, if eligible. The Budget eliminates this backdoor into the Enhanced Exemption Program by preserving current Enhanced STAR Exemption beneficiaries in the Program, while also eliminating new entrants to the Program. When Basic exemption beneficiaries become eligible for an Enhanced STAR benefit, homeowners will be permitted to claim the larger Enhanced STAR credit.
 - **Improve Mobile Home STAR Exemption Administration.** Administration of STAR benefits to mobile homeowners is problematic, largely due to the fact that mobile homes are not itemized on assessment rolls. The Budget converts all existing STAR

exemptions for mobile homes into STAR credits to streamline the process and get STAR benefits to mobile homeowners faster.

- **Make Various STAR Program Reforms.** The Budget moves forward the date to voluntarily switch from a STAR exemption to a STAR credit from June 15 to May 1 in 2021, which has no impact on benefits to taxpayers while making the program easier to administer for assessors. The Budget also specifies that appeals of STAR exemption denials will be heard by the DTF's Bureau of Conciliation and Mediation Services and allows the Department to provide decedent reports to assessors.

Gaming Initiatives

- **Authorize Mobile Sports Wagering and Establish a Casino Tax Rate Petition Process.** The Budget authorizes mobile sports wagering throughout the State. Currently, sports wagering is limited to in-person betting at the four upstate casinos. This change would bring back revenue generated by New Yorkers wagering in other states where mobile sports betting is already allowed, increasing revenues in New York State directed to education. Additionally, The Budget establishes a process allowing a casino to petition the Gaming Commission for slot tax rate reduction no lower than 25 percent based on certain criteria with a final determination made by the Director of the Budget.
- **Eliminate Quick Draw Restrictions.** The Budget eliminates the last two remaining restrictions on Quick Draw. The current 2,500-square-foot size restriction imposed on locations offering Quick Draw is eliminated, expanding the current number of eligible license agents to approximately 17,000. Additionally, the requirement to be 21 years of age at Quick Draw locations where alcohol is served is eliminated to conform with the age restrictions for all other lottery games. Eliminating these restrictions will strengthen the game's ability to generate additional sales.
- **Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year.** The Budget extends the current pari-mutuel tax rate structure and other racing-related provisions for one year.
- **Decouple the Gaming Commission and the Gaming Inspector General.** To eliminate any potential conflicts of interest between the Gaming Commission and the Gaming Inspector General, the Gaming Inspector General's resources and authority are extracted and segregated from Gaming Commission resources.
- **Remove Restriction on Lottery Draw Game Offerings.** The Budget removes the requirement that lottery draw games be offered no more than once daily. This change provides the Gaming Commission the flexibility to determine the number of offerings per day for draw games in a timelier manner. The Commission plans to increase the number of Take 5 drawings to twice-per-day in FY 2022.
- **Authorize a Request for Information for Gaming Facility Licenses.** The Budget authorizes the Gaming Commission to issue a request for information for the purpose of soliciting interest regarding the three unawarded gaming facility licenses authorized by the State Constitution.

- **Temporarily Suspend Certain Racing Support Payments.** The Budget would temporarily suspend payments, required by law, from Rivers Casino to Saratoga Casino and Raceway to keep their horsemen and breeders held harmless at 2013 levels adjusted for inflation. This suspension would be in effect while any COVID-19 related restrictions are in place for either facility but would resume accruing once each facility operates without any COVID-19 related restrictions for six full and consecutive calendar months.

Fee Actions

- **Expand Hunting and Crossbow Licensing.** The Budget includes expanding the existing crossbow season and increasing the pool of possible big game hunters to 12- and 13 year-olds to encourage and expand outdoor recreation.
- **Allow Non-CPA Owners of Public Accounting Firms.** The Executive Budget proposes legislation to modernize the State's incorporation laws to allow public accounting firms to incorporate with minority ownership by individuals who are not Certified Public Accountants. In today's rapidly evolving economy, accounting firms endeavor to provide a variety of services to their clients and to do so often requires the skills of individuals who are not Certified Public Accountants. As part of this proposal, each owner of a public accounting firm who is not a licensed Certified Public Accountant would pay a \$300 annual administration fee to the State Education Department.
- **Impose a DMV Convenience Fee.** In an effort to limit the number of required DMV office visits per the COVID-19 safety protocols, the Budget ensures and expands customer access to online transactions by imposing a \$1 per transaction fee for each license and registration transaction executed. Revenues from this fee will be used to maintain and improve DMV's technology systems and infrastructure.
- **Increase Penalties for Mental Hygiene Law Violations and Establish Application Fees for Office of Mental Health (OMH) Operating Certificates.** The Budget includes legislation to enhance OMH's ability to impose sanctions due to a provider's failure to comply with the terms of their operating certificate or applicable law; and charge fees for the purpose of processing applications for the issuance of operating certificates.

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

	REVENUE ACTIONS (millions of dollars)			
	General Fund		All Funds	
	FY 2022	FY 2023	FY 2022	FY 2023
Covid-19 Response	1,896	1,717	1,896	1,717
Enact Temporary PIT High Income Surcharge	1,537	1,404	1,537	1,404
Delay Middle Class Tax Cut by One Year	394	403	394	403
Enact the Pandemic Recovery and Restart Program	(35)	(90)	(35)	(90)
Enact Employer Child Care Credits	-	-	-	-
Tax Cuts and Credits	(1)	(9)	(3)	(12)
Extend Low-Income-Housing Credits for Five Years	-	(8)	-	(8)
Extend the Film Tax Credit for One Year	-	-	-	-
Extend and Enhance Brownfield Tangible Property Redevelopment Credit for Two Years	-	-	-	-
Extend the Farm Workforce Retention Credit for Three Years	-	-	-	-
Extend the Alternative Fuels Exemption for Five Years	(1)	(1)	(3)	(4)
Extend Certain Sales Tax Exemption Related to the Dodd-Frank Protection Act for Three Years	-	-	-	-
Extend the Economic Transformation and Facility Redevelopment Program Tax Credit for Five Years	-	-	-	-
Extend the Hire-a-Vet Credit for Two Years	-	-	-	-
Tax Reform and Simplification	9	23	9	24
Reform and Simplify Various Business Tax Provisions	-	6	-	6
Modernize Tax Law To Include the Vacation Rental Industry	9	17	10	18
Simplify Certain Tax Filing and Reporting Requirements	-	-	(1)	-
Make Technical Changes to Cigarette Licensing Provisions	-	-	-	-
Make Technical Correction to Sales Tax Remote Vendor Registration	-	-	-	-
Amend the Collection and Reporting of Taxicab Tax and Congestion Surcharge	-	-	-	-
Reform the State Racing Admissions Tax	-	-	-	-
Make Permanent Local Sales Tax Rate Authorizations	-	-	-	-
Modernize and Merge Real Property Tax Forms and Processes	-	-	-	-
Make Technical and Conforming Changes to Real Property Tax Law	-	-	-	-
Tax Enforcement and Compliance	17	17	17	17
Enact a Pass-Through-Entity Tax	-	-	-	-
Increase Wage and Withholding Filing Penalty	2	2	2	2
Update Tax Preparer Regulation and Enforcement	15	15	15	15
Enhance Real Estate Transfer Tax Compliance	-	-	-	-
Increase the Interest Free Period on Certain Sales Tax Refunds	-	-	-	-

	General Fund		All Funds	
	FY 2022	FY 2023	FY 2022	FY 2023
Other Actions	-	13	20	118
Enact the Cannabis Regulation and Taxation Act	-	13	20	118
Allow DTF the Right to Appeal DTA Tribunal Decisions	-	-	-	-
Extend Implementation Deadline for the Secure Choice Program	-	-	-	-
Promote the Development of Renewable Energy Projects	-	-	-	-
STAR Actions	(1)	(3)	(36)	(80)
Preserve Enhanced STAR Exemption Beneficiaries	(1)	(2)	(36)	(72)
Improve Mobile Home STAR Exemption Administration	-	(1)	-	(8)
Make Various STAR Program Reforms	-	-	-	-
Gaming Initiatives	-	-	71	396
Authorize Mobile Sports Wagering and Establish a Casino Tax Rate Petition Process	-	-	49	357
Eliminate Quick Draw Restrictions	-	-	15	30
Extend Pari Mutuel Tax Rates and Simulcast Provisions for One Year	-	-	-	-
Decouple the Gaming Commission and the Gaming Inspector General	-	-	-	-
Remove Restrictions on Lottery Draw Game Offerings	-	-	7	9
Authorize a Request for Information for Gaming Facility Licenses	-	-	-	-
Temporarily Suspend Certain Racing Support Payments	-	-	-	-
Fee Actions	1	1	8	15
Expand Hunting and Crossbow Licensing	-	-	2	2
Allow Non-CPA Owners of Public Accounting Firms	-	-	2	-
Impose a DMV Convenience Fee	-	-	4	13
Increase Penalties for Mental Hygiene Law Violations and Establish Application Fees for Office of Mental Health (OMH) Operating Certificates	1	1	1	1
TOTAL REVENUE ACTIONS	1,921	1,759	1,981	2,195



INFRASTRUCTURE

More than **\$300 billion** supports an expanded, five-year infrastructure plan to rebuild mass transit systems, construct affordable housing, build new schools, and support a sustainable energy future



\$51.5 BILLION



MTA'S 5-YEAR CAPITAL PLAN
and DOT's 2-year
\$11.9 billion
capital plan



CLEAN WATER INFRASTRUCTURE

\$4 BILLION

clean water infrastructure investment grows by \$500 million

STATE PARKS INFRASTRUCTURE



\$110 MILLION

strengthens infrastructure of NYS parks



Budget Highlights

\$300+ Billion Infrastructure Plan. The Executive Budget supports over \$300 billion for the Governor's newly expanded, five-year infrastructure plan that will rebuild mass transit systems, construct affordable housing, build new schools, and support a sustainable energy future. Supports the new MTA and DOT Capital Plans. Building on the State's historic investments in transportation, this budget supports the MTA's 5-year \$51.5 billion Capital Plan and DOT's 2-year \$11.9 billion Capital Plan.

Delivering on the Original \$100 Billion Infrastructure Plan. The Governor's \$100 billion plan, announced in FY 2017, is delivering modern infrastructure and major projects across the State, including the opening of the \$2.5 billion Moynihan Train Hall in January 2021.

Double Clean Water Infrastructure Investment. Building upon the already-unprecedented \$2.5 billion Clean Water Infrastructure Act, this year, the Budget continues its commitment to an additional \$2.5 billion investment to support drinking water and wastewater infrastructure, and source water protection initiatives by investing an additional \$500 million and raising the total current clean water investment to \$4 billion.

The pandemic that blindsided New York State devastated the economy. Investing in infrastructure will play a critical role in creating jobs and growing the economy while strengthening its foundation for this generation and those to come. Governor Cuomo has undertaken the most ambitious infrastructure plan in the nation. Starting with an initial \$100 billion investment, it has grown to over \$300 billion as new investments in transit, roads and bridges expand the program by another \$25 billion this year. Through this investment, New York State is rebuilding its transportation and mass transit systems, and making critical investments in social infrastructure — educational, health care, environmental, and community facilities — that makes New York State a better place to live, work and learn. The investment in infrastructure is modernizing the State, creating jobs, and improving the State's competitiveness for the 21st century economy.

\$306 Billion Infrastructure Plan

Governor Cuomo is delivering results from the state's historic investment in infrastructure. New Yorkers are already benefiting from the capital assets funded through his infrastructure plan, including the Mario Cuomo Bridge, the 2nd Avenue Subway, downtown revitalizations and water infrastructure projects all across the State.

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

Importantly, Governor Cuomo ensured that these investments are financed responsibly. Working in partnership with public authorities, local and Federal governments, and private enterprise, the State is maintaining an infrastructure plan that will not overburden future taxpayers. Debt continues to remain affordable, growing on average 0.7 percent annually since the Governor took office and remains at the lowest levels as compared to personal income since the 1960's.

The \$306 billion infrastructure plan includes funding for transportation and mass transit systems, affordable housing, economic and community development, schools, environmental and park facilities, and energy efficiency upgrades.

The \$306 billion infrastructure plan includes:

- \$190 billion for transportation, including mass transit, railroads, airports, highways, bridges, and tunnels across the State.
- \$33 billion for improving environmental facilities and parks, and the development of green energy.
- \$33 billion for economic and community development.
- \$14 billion to further the State's investment in the construction of high-quality, affordable housing for the people of New York.
- \$19 billion to help school districts build new and better school buildings.
- \$17 billion to improve and maintain SUNY and CUNY buildings, State health care facilities, and other capital assets.

Responding to the Pandemic

While the global pandemic did immense damage to public health and the economy Governor Cuomo has remained committed to advancing the State's infrastructure plan and he used the opportunity of lower traffic and usage to accelerate some projects while keeping others on track for timely, and on-budget, completion. This effort kept New Yorkers working and strengthened the state's infrastructure so that it can continue to serve as the bedrock of economic growth. These projects include:

- Completing the \$2.5 billion Moynihan Station, a centerpiece to the redevelopment of Penn Station that is discussed further below.
- Launching the rehabilitation of the F Train's Rutgers Tube
- Accelerating 11 ADA stations, including 24 new elevators
- Rehabilitating the 138th Street Grand Concourse Station

Major Ongoing Infrastructure Investments

Governor Cuomo has made infrastructure a priority. Major projects with continued or added support from the FY 2022 Executive Budget include:

- **MTA Capital Plan.** The 2020-2024 MTA Capital Plan is supporting \$51.5 billion in investments. This includes Governor Cuomo's \$3 billion commitment as well as the \$25 billion in new financing secured by the Governor and Legislature in the FY 2020 Budget. It is the most ambitious and largest plan in the authority's history. The new financing is centered on Central Business District Tolling, the first congestion pricing plan in the country that will combat gridlock and deliver to the city's residents and visitors the world-class transit system they deserve.

- **Transportation Capital Plan.** The FY 2021-2022 DOT Capital Plan is supporting \$11.9 billion in investments to preserve and upgrade roads, bridges, airports, and other vital transportation infrastructure throughout the State. Compared to the final two years of the last DOT Capital Plan, this is an increase of \$3.0 billion, or 33 percent.
- **Affordable and Homeless Housing Capital Plan.** The Budget continues the \$20 billion, comprehensive five-year investment in affordable housing, supportive housing and related services to provide New Yorkers with safe and secure housing. The goal of this investment is creating or preserving over 100,000 units of affordable housing and creating 6,000 new units of supportive housing. The State is well on track toward meeting these affordable housing goals and has exceeded those for supportive housing. To date, New York has financed the new construction and preservation of more than 66,500 affordable housing units and more than 7,000 units of supportive housing units that provide stability for some of the state's most vulnerable populations, including veterans, victims of domestic violence, frail or disabled senior citizens, young adults aging out of foster care, and New Yorkers identified as homeless with special needs, conditions, or other life challenges. With this success, the Governor has continued the State's commitment to supportive housing. The goal is now to create 20,000 units over 15 years, and the Budget includes \$250 million in additional capital funding to continue making progress in FY 2022.
- **Thruway All Electronic Tolling (AET).** The New York State Thruway completed its transition to All Electronic Tolling by the end of 2020. This \$355 million investment transformed the entire Thruway system to cashless tolling leading to a safer, greener, and less congested Thruway system.
- **Gateway Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy and are in dire need of repair and expansion to increase capacity. The plan, which includes funding commitments from New York State and the State of New Jersey, would revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. In July 2019, Governor Cuomo and New Jersey Governor Murphy signed created the Gateway Development Commission, which functions as a bi-state agency that can receive Federal funding for the Gateway plan's estimated \$30 billion in projects. The legislation also ensures that local funding is shared equally by the two states, provides for legislative oversight and other transparency efforts, and makes sure the two states and Amtrak are represented in the agency. Governor Cuomo has led the effort in calling on the Federal government to move forward with supporting this critical project which will be an integral part of his new multi-faceted plan.
- **Multi-Billion Transformational Midtown West Development.** With the completion of the Moynihan Train Hall, the State will turn to the existing Penn Station, launching a comprehensive \$16 billion project to expand and reconstruct the existing station. The fully renovated Penn Station, including the iconic new Long Island Rail Road entrance on 7th Avenue that opened on December 31, 2020, will comprise a widened and completely reconstructed 33rd Street LIRR concourse and an expanded and completely transformed

station. Additionally, at least eight new tracks will be constructed south of the existing Penn Station to add capacity, cut down on delays, and improve operations. This will be a signature transportation project creating nearly 60,000 direct jobs and involving the federal government, Empire State Development, the Metropolitan Transportation Authority, New Jersey Transit, and Amtrak. New York State stands ready to work with New Jersey Transit and the Federal government to share in this historic investment for the future of the region.

- **High Line Extension to Moynihan Station.** As part of the Transformational Midtown West Development, the Budget includes funding to support the Governor's proposal to extend the High Line in Manhattan to give pedestrians seamless access to the elevated pathway from the recently opened Moynihan Train Hall. As part of a public-private partnership, Brookfield Property Group will partner with Empire State Development, the Port Authority of New York and New Jersey, and Friends of the High Line to build an L-shaped connection from the 10th Avenue terminus of the High Line to Brookfield's Manhattan West public space.
- **Transformed John F. Kennedy Airport.** In October 2018, the Governor announced a historic \$13 billion plan to transform John F. Kennedy International Airport (JFK) into a modern, 21st century airport that calls for an overhaul of the airport's eight disparate terminals sites into one unified JFK Airport. Work will include demolishing old terminals, utilizing vacant space, and modernizing on-airport infrastructure, while incorporating the latest in passenger amenities and technological innovations. The record investment includes \$12 billion in private sector funding and will increase the airport's capacity by at least 15 million passengers annually. The first new facilities are scheduled to open in 2023.
- **A New LaGuardia Airport.** In 2018, the Governor officially opened the first new gates in LaGuardia Airport's Terminal B, part of the \$8 billion transformation of the airport into a unified 21st century terminal system that will provide a world-class passenger experience. When completed, the new 2.7 million square-foot airport will be the first new airport built in the U.S. in more than 25 years. The new LaGuardia will also be better connected to transit, with the AirTrain LGA providing a critical link to the airport at Willets Point via the Long Island Railroad and the 7 subway line. Overall, the redevelopment of LaGuardia is expected to create a combined \$10 billion in economic activity. In July 2018, the Governor opened a new flyover to LaGuardia from the Grand Central Parkway's Eastbound Exit 7, the first and most important of 26 new bridges to improve airport traffic flow. In October 2019, the Governor announced the opening of the first new concourse and gates at Delta Air Lines' new Terminal C as part of the ongoing transformation of LaGuardia into a unified 21st century airport. And in August 2020, the first seven new gates in the new Western Concourse opened, welcoming more travelers through LaGuardia's Terminal B with a world-class passenger experience.
- **Empire Station.** The State has made significant progress with its ongoing investment to combine extensive renovations at the existing Penn Station with the transformation of the James A. Farley Post Office building into the Moynihan Train Hall to create a new Empire Station. In FY 2018, the Governor opened a new, state-of-the-art expanded West End Concourse at Penn Station. The concourse provides direct access to 17 of the station's 21 tracks for LIRR commuters and intercity rail passengers and offers an underground

connection between the future Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E). Expanding on this vision, in his 2020 State of the State, Governor Cuomo announced a proposal to expand Penn Station southward to create the Empire Station District. The plan creates new, larger terminals, and will increase track and train capacity by 40 percent to more effectively accommodate the service needs of travelers and commuters at the busiest transit hub in the Western Hemisphere. In December 2020, the Governor announced that a key element of the plan – the Moynihan Train Hall project - was completed. The main hall that once served as the Post Office's mail sorting room is reminiscent of the original Penn Station's vaulted concourse, showcasing a 92-foot-high skylight that holds an acre of glass. Supported by three of the building's original steel trusses with an intricate lattice framework, the new skylight soars above the train concourse, bathing passengers in natural light. All LIRR and Amtrak trains are now served by the 17 tracks accessible from the train hall, while providing a direct connection to 9th Avenue and the 8th Avenue Subway. For Amtrak, the train hall becomes its new home in New York City—relocating and replacing all primary passenger operations from the existing station.

- **New NY Broadband.** When the New NY Broadband Program was launched, 30 percent of New Yorkers – approximately 2.42 million locations – lacked access to broadband. As a result of the Governor's \$500 million investment through the program, hundreds of millions of dollars in private sector and federal investment were leveraged, and along with additional State-secured upgrades, broadband access has expanded dramatically to accomplish the program's mission of statewide broadband availability.
- **Parks Capital.** The State made a multi-year capital investment of \$900 million to fund capital rehabilitation and improvement of State parks and historic sites, more than triple the investment from prior administrations. The effort helped spur a record 77 million visitors to New York State Parks in 2019. The Executive Budget allocates \$110 million in New York Works capital funding to the Office of Parks, Recreation and Historic Preservation in order to continue the State's investment in critical infrastructure projects.
- **Clean Water Infrastructure.** The Executive Budget adds a \$500 million appropriation to support clean water, raising the State's total investment to \$4 billion and continuing to fulfill the Governor's \$5 billion clean water commitment. These funds will be expended via locally based construction projects that will result in improved and safer municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure all while creating jobs.
- **Renewable Energy.** In July 2019, Governor Cuomo announced the nation's largest offshore wind energy procurement and awarded two offshore wind contracts – Empire Wind and Sunrise Wind - with a combined capacity of nearly 1,700 megawatts. In 2020, the New York State Energy Research and Development Authority (NYSERDA) issued a second solicitation for offshore wind which is expected to yield at least an additional 2,500 megawatts of projects, the largest in the nation's history. The solicitation also included a multi-port strategy and requirement for offshore wind generators to partner with any of 11 prequalified New York ports to stage, construct, manufacture key components, or coordinate operations and maintenance activities. In 2021, NYSERDA will issue awards

for the development of these massive clean energy projects, each more than 20 miles off the shore of Long Island. Funding for port infrastructure investments at five different port facilities in the State will total \$400 million in public and private financing. These actions further position New York to achieve the State's goal of 9,000 megawatts of offshore wind by 2035 and to become the hub of the nation's rapidly growing offshore wind industry and are an integral component of the Governor's Green Economic Recovery Program to be launched this year.

- **Resiliency.** In May 2019, Governor Cuomo launched the Lake Ontario Resiliency and Economic Development Initiative (REDI). The REDI Commission – a multi-agency task force, which includes 11 State agency Commissioners – was charged with developing a plan to strengthen critical infrastructure and promote natural solutions along the Lake Ontario and St. Lawrence River waterfronts in order to promote health and safety, as well as, bolstering the region's local economies that are heavily dependent on summer tourism. Governor Cuomo committed \$300 million for REDI, including funding for assistance to homeowners and business resiliency programs. The REDI Commission identified projects for funding through robust community engagement, involving local stakeholders. The Commission designated 133 sustainable projects for grants, and Governor Cuomo announced the awards in October 2019.

In 2020, all 133 infrastructure projects were underway, with 111 projects in the design phase, 11 projects in the construction phase, and 11 projects' construction completed. In addition, twenty sites were identified for the Regional REDI Dredging Project and dredging was completed at four of these locations. In 2021, 104 municipal infrastructure projects and 15 dredging projects will move forward with a significant number anticipated for completion.

New Infrastructure Investments

With the FY 2022 Executive Budget, Governor Cuomo continues his commitment to infrastructure with new projects that build, rebuild, or revitalize capital assets across the State. Major initiatives include the following:

- **Multi-Billion Dollar Transformational Midtown West Macro Development** This year, Governor Cuomo will launch one of his most ambitious infrastructure projects yet – a multi-billion, 97-acre macro development that will complete the buildout and connectivity of Midtown West from Penn Station to the Hudson River. This bold effort will bring New Yorkers new outdoor spaces, affordable housing, improved public transit and pedestrian connections, access to the waterfront, and commercial and retail opportunities. The macro development will extend from 6th Avenue all the way to the Hudson River and from 30th street to the north end of the expanded Javits Center at 40th Street – a footprint three times larger than the World Trade Center complex and seven times larger than Times Square. Through new development and public realm improvements, Midtown West will be a truly connected neighborhood to serve residents, workers, and visitors to the city.

Elements of this project include:

- **Continued development of the Empire State complex** to fully transform and expand Penn Station to make traveling easier, safer, more reliable and enjoyable. The effort will also include a completely reconstructed 33rd Street LIRR concourse with the addition of eight new tracks to add capacity;
- **Two new Gateway tunnels** to bring more trains across the Hudson from the west and the renovation of the two existing Gateway tunnels for a total of four train tunnels from New Jersey and beyond;
- **New housing and commercial development** around the station and on two parcels near Javits. In total, the area spanning from Broadway to the Hudson will include 10 building sites that will yield more than 20 million square feet of retail, commercial, and residential development and provide up to 1,400 much-needed units of affordable housing in a transit, job, and amenity rich community.
- **Completion of the Javits Center expansion** to increase capacity by 50 percent and provide attractive improvement such as a rooftop pavilion and outdoor terrace; a one-acre rooftop farm; and a 54,000-square foot special event space with Hudson River views;
- **A New waterfront park at Pier 76:** the State will transform Pier 76 from a NYPD car impound to a 5.6-acre expansion of Hudson River Park which, in the short term, will become a magnificent public space that will delight visitors while the Hudson River Park Trust develops plans for the Pier's long-term future.
- **Building High Line Extensions:** The successful High Line will also be expanded to provide safer and faster pedestrian connectivity from Moynihan Train Hall and the expanded Penn Station to Hudson Yards, the Javits Center, and Hudson River Park. In Phase One, the High Line will be extended east from 10th Avenue and 30th Street toward Moynihan Train Hall. Phase 2 will extend the northwestern end of the High Line, which currently terminates at 34th Street and 12th Avenue, northward past the Javits Center before turning west to cross the West Side Highway and end at Pier 76, the next great public pier in Hudson River Park.
- **Replacing the Port Authority Bus Terminal:** The Port Authority of New York and New Jersey will replace the outdated terminal with a new state-of-the-art facility to accommodate growing commuter volume and additional inter-city bus operations, thereby reducing congestion on city streets and improving air quality while serving over a quarter million daily passengers. The project will continue the transformation of mass transit to and from the West Side of Manhattan and incorporate community priorities including new green space, mixed use development, and street level retail.
- **Green Economic Recovery Program:** New York State will launch a massive expansion in clean energy infrastructure, creating 12,400 megawatts of capacity to power 6 million homes. Combined with clean energy initiatives in the buildings and transportation sectors, the State's green economy recovery will directly create 50,000 jobs, and spur more than

\$29 billion in private and private investment. In addition to other achievements, this bold and aggressive effort will leverage the Governor's newly implemented rapid site approval process to advance several dozen large-scale, land-based renewable energy projects; embark on the development of two new massive offshore wind farms and supporting port facilities; construct a new Green Transmission Grid' to deliver clean energy generated Upstate and Canada to downstate areas; and engage NYPA to construct a large-scale 20-megawatt battery storage project in northern New York.

- **Reimagine the Erie Canal.** Building on the findings of the Reimagine the Canal Task Force, the New York Power Authority Board, which now oversees the Canal Corporation as a subsidiary, will invest \$300 million over the next five years to integrate the Empire State Trail and Erie Canal into a new "Empire Line" system that will stimulate tourism and economic development, address environmental challenges unknown a century ago, and create an asset that will improve the quality of life in communities along the 360-mile spine of the Erie Canal. In 2021, \$40 million will be invested in economic development and climate resilience and sustainability projects along the canal to stimulate tourism and recreational activity, restore wetlands, and provide grants to farmers to develop irrigation systems that access canal waters for the production of high-value crops.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$105 million in new capital funding for ORDA, including \$92.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts. Such improvements will not only serve to attract more visitors to these destinations, but also well-position Lake Placid to host the coveted 2023 World University Games. Funding of \$10 million is provided for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.
- **Economic Development.** In addition to the unprecedented capital investment in ORDA facilities that will yield significant economic benefits, the Budget also provides \$470 million in Economic Development grant funding across a number of valuable programs, including Round XI of the Regional Economic Development Council (REDC), a fifth round of Downtown Revitalization Initiative and support for a wide array of investments in technology, infrastructure, manufacturing and related economic development initiatives. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.

Assuring Affordability through Effective Capital Management

The State's infrastructure plan is funded from multiple sources, including State, Federal, public authorities, local governments, and private enterprise.

Governor Cuomo has used a disciplined approach to control and target new borrowing to keep debt service affordable and within the State's debt limit. This effective management of State has made enabled the delivery of affordable infrastructure plans, an effort that is making it possible for the State to continue to invest in the infrastructure that will be key to reviving the pandemic-

damaged economy even as the State's resources are stretched thin. This is evidenced in the improving debt metrics that are used to measure debt affordability, specifically:

- Since the Governor took office in 2011, the State has been disciplined in its use of debt, while making significant investments in the State's infrastructure. From FY 2011 to FY 2021, debt outstanding has increased from \$55.7 billion to \$59.9 billion (projected), or an average of 0.7 percent annually. By comparison, in the prior 10 years, debt grew by 3.7 percent. During the Governor's tenure, debt outstanding declined for five consecutive years, FY 2013 through FY 2017. This marks the first time in modern history that New York has achieved this result.
- State-related debt outstanding as a percentage of personal income is expected to decline from 5.9 percent in FY 2011 (Governor Cuomo's first year) to 4.8 percent in FY 2026.
- Debt service costs have ranged from \$5.6 billion to \$6.4 billion from FY 2011 through FY 2022 (estimated), after adjusting for debt service prepayments and the repayment of PIT notes. This represents a stable growth rate of 1.2 percent, below the historical growth rate in debt service costs. Debt service growth from FY 2011 through FY 2026 is projected at 3.0 percent.

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

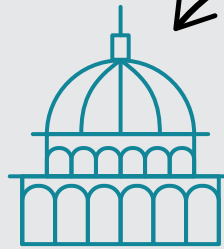
- Continuing design-build authorization for additional State agencies and authorities to foster innovative and cost-effective solutions;
- Developing a Capital Projects Database that facilitates monitoring of capital projects statewide and require agencies to be more accountable for delivering their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

FEDERAL FUNDING

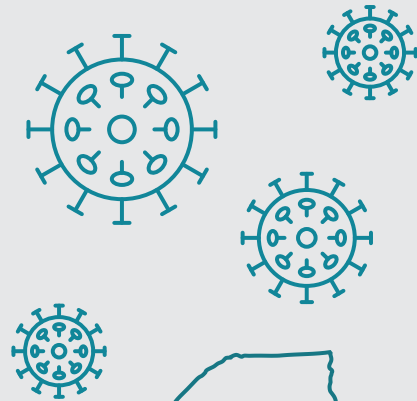
Governor Cuomo **leads the fight** against the unfair federal cap on state and local tax deductibility that costs New York taxpayers **up to \$15 billion annually.**

New York **continues to be the nation's number one donor** state, with taxpayers sending **\$22.8 billion**

more to the federal government than the state gets back.



Because of federal inaction, New York became a prime entry point for coronavirus infections and experienced significant economic damages.



\$15 BILLION BUDGET GAP



Budget Highlights

K-12 Education. New York State is expected to receive \$5.5 billion in aid for elementary and secondary education, including \$1.2 billion in federal CARES Act funding provided for schools in March 2020, and \$4.3 billion in education funding provided in December 2020 through the Coronavirus Response and Relief Supplemental Appropriations Act.

Housing Assistance. An estimated \$2 billion in housing assistance funds is being utilized by New Yorkers across multiple programs such as the Housing Assistance Grant, Public Housing programs and the Emergency Rental Assistance Program.

Food Assistance. An estimated \$1.7 billion in food assistance is being utilized by New Yorkers across multiple programs such as SNAP, The School Lunch Program, and the Emergency Food Assistance program.

The Executive Budget shows the damage done to New York State's finances by the pandemic that the Federal government failed to stop. The Federal government has delivered resources to offset some additional spending undertaken by the State to combat the pandemic, however, it has done nothing to offset the devastating revenue losses caused by the pandemic's ravaging of the economy. Still, the Budget utilizes Federal resources to support New Yorkers and employs Federal funds for programs at both the State and local level, including health care, human services, education, public protection, and other services. By managing the complex fiscal relationship between the State and the Federal government, the Executive Budget plays an integral role in maintaining services for New Yorkers during these unprecedented times.

Overview

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

Federal funding predictability, and otherwise sound management of the national economy are of crucial concern to States' budgets – especially in New York, where citizens paid nearly \$23 billion more in Federal taxes in FFY 2019 than they receive back in Federal investment.

New York is one of 10 states with a “negative” balance of payment with the Federal government, per analysis by the Rockefeller Institute of Government using data from the 2019 Federal fiscal year. The \$22.8 billion net contribution to the Federal government made by New Yorkers and the New York economy is the largest of any state and more than the combined net contributions of 2nd ranked New Jersey and 3rd ranked Massachusetts. New York's people and economy paid the Federal government \$1,172 more per person than they received. By contrast, the average state experienced a positive balance of payments of about \$2,412 per capita. New York's negative balance of payments is driven primarily by Federal taxes, rather than spending. Payments from New York to the Federal government were \$13,343 per capita, or approximately \$3,339 higher than the national average, and

Federal spending in New York was \$185 lower than the U.S. average, adding to the revenue disparity.

While New York's balance of payments improved in absolute and per capita terms from the prior year, it continued to move further away from the national average. In other words, relative to other states, New York's balance of payments is getting worse and not better. New York's taxpayers remain an outsized supporter of Federal spending programs, despite having significant programmatic needs.

As with any state, Federal funding is an essential component of New York's Budget, totaling \$74.2 billion – approximately one-third of anticipated All Funds spending in FY 2022.

Federal Funding

Federal funds are predominantly targeted at programs that support the most vulnerable New Yorkers and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection. The major Federal resources expected to be utilized by the FY 2022 Budget, including COVID-19 relief funds, are:

- **Medicaid** (\$48.1 billion). Federal Medicaid dollars help support health care for nearly seven million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding, representing nearly two-thirds of Federal resources anticipated in the FY 2022 Budget.
- **Other Health and Human Services Programs** (\$14.1 billion). Support from the Federal government provides for a variety of other health programs administered by the Department of Health (DOH), as well as programs administered by the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), Homes and Community Renewal (HCR), and the Department of Labor (DOL), among others. Specific programs include the Essential Health Plan, TANF-funded public assistance benefits, Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, Child Support administrative costs, Foster Care, and the Unemployment Insurance Program administrative costs.
- **Education** (\$7.7 billion). K-12 education, special education and higher education receive Federal support. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.
- **Transportation** (\$1.6 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.
- **Public Protection** (\$1.3 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community

Supervision, the Office of Victim Services, the Division of Homeland Security and Emergency Services, and the Division of Military and Naval Affairs. Federal funds are also passed on to municipalities to support a variety of public safety programs.

- **Coronavirus Relief Fund** (\$1.2 billion). The balance of the Coronavirus Relief Fund will be expended in FY 2022 as a result of the extension of funding availability included in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021.
- **All Other Funding** (\$0.1 billion). Several other programs in the Economic Development, Mental Hygiene, Parks and Environmental Conservation, and General Government Areas are also supported by Federal resources.

Federal Funding Trends

The \$74.2 billion in Federal funds expected to be disbursed by New York State in FY 2022 represents a \$4.2 billion decrease relative to anticipated FY 2021 disbursements. This decrease primarily reflects the expenditure of one-time Federal COVID-19 relief funds in FY 2021.

Federal receipts have represented approximately one-third of all state budget revenues in recent years, but are expected to account for nearly forty percent of revenues in FY 2022.

Federal Disbursements by Program Area (Thousands of Dollars)					
Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Medicaid	37,559,411	40,181,451	40,920,026	49,212,175	48,085,820
Health & Social Welfare	12,048,799	12,640,829	12,314,246	16,621,141	14,129,798
Education	3,741,623	4,425,526	4,101,598	5,067,488	7,700,520
Transportation	1,688,506	1,706,429	1,645,979	1,645,416	1,572,994
Public Protection	1,568,331	1,307,435	1,547,460	1,731,903	1,333,424
All Other	199,702	155,268	157,577	137,919	144,951
Coronavirus Relief Fund	-	-	-	3,946,794	1,193,258
Total	56,806,372	60,416,938	60,686,886	78,362,836	74,160,765

Education funding increases \$2.6 billion in FY 2022, primarily resulting from Federal aid included in the most recent COVID-19 relief law.

In FY 2020, Federal disbursements by the State for health and human services, including Medicaid represented approximately 88 percent of total Federal disbursements. In FY 2022, the percentage is expected to decrease to approximately 84 percent reflecting increased education expenditures and the Coronavirus Relief Fund.

Responding to COVID-19

To date, the Federal government has enacted five laws with COVID response funds for state and local governments, the most recent being signed into law on December 27, 2020.

Order #	Name	PL #	Enactment Date
Bill 1	Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020	PL 116-123	3/6/2020
Bill 2	Families First Coronavirus Response Act	PL 116-127	3/18/2020
Bill 3	CARES Act	PL 116-136	3/27/2020
Bill 4	Paycheck Protection Program and Health Care Enhancement Act	PL 116-139	4/24/2020
Bill 5	Portions of Consolidated Appropriations Act, 2021	PL 116-260	12/27/2020

These five laws are expected to generate \$27.1 billion to NYS to fund its COVID-19 expenses, including State agencies and other organizations such as HRI.

Estimated Federal COVID-19 Relief in New York by Programmatic Area & Primary Recipient						
	New York State (\$ in millions)	New York Authorities (\$ in millions)	Local Governments (\$ in millions)	Healthcare Providers (\$ in millions)	Airports, Private Entities, Individuals & Other (\$ in millions)	Total Award (\$ in millions)
Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020						
Epidemiology	34	-	25	-	-	59
Healthcare	6	-	-	-	-	6
Subtotal	40	-	25	-	-	65
Families First Coronavirus Response Act						
Labor	4,265	-	-	-	42,600	46,865
eFMAP	5,564	-	-	-	-	5,564
Agriculture	-	-	-	-	224	224
Other	20	-	-	150	0	170
Subtotal	9,849	-	-	150	42,824	52,823
CARES Act						
Business	-	-	-	-	57,667	57,667
Recovery Rebate	-	-	-	-	16,000	16,000
Healthcare	3	-	1	11,763	86	11,854
Coronavirus Relief Fund	5,136	-	2,408	-	-	7,543
Transportation	47	4,427	-	-	411	4,885
Education	1,781	-	-	-	446	2,227
Food	362	-	-	-	850	1,212
Housing	61	198	453	-	-	711
Community Development	214	-	349	-	-	563
Other	999	-	52	-	397	1,449
Subtotal	8,603	4,624	3,263	11,763	75,857	104,111
Paycheck Protection Program and Health Care Enhancement Act						
Epidemiology	704	-	809	-	-	1,514
Subtotal	704	-	809	-	-	1,514
Coronavirus Response and Relief Supplemental Appropriations Act, 2021						
Recovery Rebate	-	-	-	-	9,700	9,700
Education	5,344	-	-	-	610	5,954
Transportation	429	4,329	-	-	105	4,863
Epidemiology	740	-	555	-	-	1,295
Housing	801	-	482	-	-	1,282
Other	621	-	9	10	509	1,149
Subtotal	7,935	4,329	1,046	10	10,924	24,244
Grand Total	27,131	8,953	5,144	11,924	129,606	182,756

Note: A significant portion of funds awarded to New York State will be passed through to others, such as K-12 Education funding and the local Share of the enhanced FMAP. Some of the funds awarded to New York State do not flow through the financial plan, such as aid to SUNY and CUNY. All PPP funding shown under The CARES Act. Supplemental unemployment assistance, including FEMA Lost Wage Assistance shown under The Families First Coronavirus Response Act.

This funding will support state efforts to combat the pandemic, as well as provide needed funds to schools, healthcare, local governments and others that provide services for the most vulnerable populations. Numerous New York stakeholders are expected to receive Federal aid directly and via the State as a result of the COVID Relief laws.

Major components of COVID-19 relief include the following:

- **Coronavirus Relief Fund.** The CARES Act established the \$150 billion Coronavirus Relief Fund (CRF) to provide payments to State, Local, and Tribal governments navigating the impact of the COVID-19 pandemic. U.S. Department of Treasury awarded a total CRF payment of \$7.5 billion to New York. Of that, the State received \$5.1 billion, with the remainder distributed among seven eligible units of local governments across the State.
- **Testing & Tracing Funds.** New York State has developed a nation-leading testing program, conducting over 200,000 tests per day, among the most in the U.S., and implemented a statewide contact tracing program, to detect and mitigate the spread of Covid-19. The State's effort in these areas is supported by \$1.4 billion worth of awards made by the Federal government.
- **Enhanced FMAP.** The enhanced Federal Medical Assistance Percentage (eFMAP) was included in The Families First Coronavirus Response Act (FFCRA) and increased the FMAP by 6.2 percent for the duration of the Public Health Emergency.
 - New York is projected to receive a total of \$5.4 billion in eFMAP (\$4.5 billion State Share; \$969 million Local Share) and \$120 million for CHP assuming the Public Health Emergency remains in place until the second quarter of CY 2021.
- **FEMA Funding.** The Federal government has made FEMA Disaster Assistance available to combat the COVID-19 pandemic. The FEMA Disaster Assistance program is expected to support the State for costs associated with COVID-19-emergency protective measures.
- **K-12 Education.** New York State is expected to receive \$5.5 billion in aid for elementary and secondary education, including \$1.2 billion in federal CARES Act funding provided for schools in March 2020, and \$4.3 billion in education funding provided in December 2020 through the Coronavirus Response and Relief Supplemental Appropriations Act. Schools may generally use these funds for broad purposes, including general operating and pandemic-related costs.
- **Higher Education.** New York's colleges are expected to receive \$2.6 billion, including \$991 million in federal CARES Act funding and \$1.6 billion through the Coronavirus Response and Relief Supplemental Appropriations Act. This funding provides financial aid to students and operating support to help colleges manage the impact of the pandemic.
- **Unemployment & Labor Supports.** New York State has paid more than \$61 billion in benefits to over 4 million New Yorkers - nearly 29 typical years' worth of benefits.
 - The State Department of Labor administers programs include Pandemic Unemployment Assistance, which provides benefits for those not covered by traditional state unemployment insurance; Pandemic Emergency Unemployment Compensation, which provides additional weeks of benefits after an individual exhausts the 26 weeks of state unemployment insurance; and Federal Pandemic Unemployment Compensation, which provides all New Yorkers receiving unemployment benefits an additional \$300 weekly payment.

- **Food Assistance.** An estimated \$1.7 billion in food assistance is being utilized by New Yorkers across multiple programs such as SNAP, The School Lunch Program, and the Emergency Food Assistance program.
- **Housing Assistance.** An estimated \$2 billion in housing assistance funds is being utilized by New Yorkers across multiple programs such as the Housing Assistance Grant, Public Housing programs and the Emergency Rental Assistance Program.
- **Transportation.** New York State, Transit Authorities and Airports are expected to utilize approximately \$9.7 billion in COVID-19 relief, with most of the funds being directed toward the Metropolitan Transit Authority (MTA).

President-elect Biden has announced a \$1.9 trillion COVID-19 relief & stimulus proposal that includes aid for state & local governments, education, testing & tracing, vaccine distribution, enhanced food aid, additional unemployment aid, and direct aid to individuals and businesses. Initial estimates indicate the proposal would drive \$110 billion in aid to the New York State economy, including \$29 billion for New York State.

Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could exacerbate New York's already high Federal balance of payments deficit. New York already has the largest absolute balance of payments deficit among all states, sending nearly \$23 billion more to the Federal government in Federal tax revenue than received back in Federal spending in Federal FY 2019, according to a Rockefeller Institute analysis.

Notable Federal risks include:

- **Additional COVID-19 Relief.** New York State needs \$15 billion in addition to funds for local governments to close its deficit caused by revenue losses resulting from the Pandemic. Without these funds necessary State & local services will be in jeopardy.
- **FEMA Match.** The current 75 percent match leaves the State and local governments subject to significant financial impacts. Increasing the match to 100 percent will avert these impacts.
- **Vaccine Distribution.** The Federal government must increase the pace of vaccine distribution to bring the pandemic to an end. The State's economy and revenues cannot completely recover until COVID-19 is abated.
- **MTA Congestion Pricing.** The Federal Highway Administration has delayed approval of the MTA's Congestion Pricing plan by over 18 months. Continued delay of this approval would cost the MTA \$1 billion in annual revenues.
- **Surface Transportation Reauthorization.** The Fixing America's Surface Transportation (FAST) Act, which funds Federal highway, transit, intercity rail, freight, highway traffic

safety, and motor carrier safety programs is set to expire on September 30, 2021. In FFY 2021 the State and State Transit Authorities are expected to receive \$3.3 billion in highway and transit funding alone. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure that an extension of current law or a new authorization is in place prior to October 1, 2021.



ECONOMIC DEVELOPMENT

\$100 MILLION

NEW YORK FORWARD LOAN FUND

developed as a result of a public-private partnership, **supports NY's small businesses**



NEW

\$40 million Infectious Diseases Resiliency Commercialization Fund

helps companies fight infectious diseases and public health threats



NYS now spends **\$3.14B** with MWBE firms, up from less than **\$100M in 2010.**

MWBE participation in state contracts is at

29.51%

the highest MWBE level in the nation



MWBE

\$20M FOR PPE

\$20 million helps 36 NY manufacturers to **produce PPE** (PERSONAL PROTECTIVE EQUIPMENT)

PRODUCED EACH WEEK:



2 MILLION
N95 respirators

4 MILLION
surgical masks



600,000
face shields



1 MILLION
isolation gowns

Budget Highlights

Advance an 11th Round of REDCs. The Budget includes \$750 million to create and retain jobs in every region of the State.

Expand and Promote Tourism. The pandemic created a precipitous decline in travel, damaging the tourism industry. The Budget includes \$56 million support this industry's recovery and to attract visitors from around the world.

Launch a NY Infectious Diseases Resiliency Commercialization Fund. The Budget supports a new \$40 million Infectious Diseases Resiliency Commercialization Fund to accelerate the growth of companies and speed the development of innovations that address emerging infectious diseases, public health threats and support economic growth.

Enhancing MWBE Opportunities. Building on the success of the Minority and Women Owned Business program, the Empire State Development Corporation will launch an "Entrepreneurship Navigator" that will help minority and women entrepreneurs access services and programs to incubate start-ups in the technology and innovation sector.

Prior to the pandemic, New York State experienced its longest period of economic growth in modern history. This unprecedented period of economic expansion was upended when the State was blindsided by COVID-19 in the spring of 2020 as the Federal government failed to stop 3 million travelers from Europe arriving in New York City-area airports and other entry points. The FY 2022 Executive Budget takes steps to jumpstart New York's economic recovery and promote job creation, job retention and the revitalization of every region of the State. The Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally focused economic development strategies with a focus on industries and businesses disproportionately impacted by the COVID-19 historical pandemic.

The Governor's economic development initiatives set a strong foundation for the State's economy. Prior to the pandemic, these programs and investments contributed to economic growth Upstate and expanded opportunities for all New Yorkers to share in economic success. The Executive Budget will build on these efforts to support economic recovery for communities, businesses and industries in every region of the State.

Overview

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

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

Responding to the Pandemic

Following Federal inaction as the coronavirus migrated from Europe to the United States, New York was among the first and most heavily impacted states in the nation by the pandemic. The need for New Yorkers to take significant health precautions to reduce the spread of the virus and save lives caused an economic upheaval in every region of New York State.

From the beginning of the pandemic, Governor Cuomo implemented numerous initiatives to support struggling businesses. These included:

- New York State's date-driven approach to re-opening, combined with the nation's most robust testing program, made it possible for the State to re-open much of the economy while keeping New Yorkers safe and maintaining one of the lowest infection rates in the nation.
- The \$100 million New York Forward Loan Fund was developed in partnership with the private sector to support New York State small businesses – with a focus on MWBEs -- impacted by the pandemic. The fund provides businesses with low-interest loans to help them adapt to the pandemic and retain employees.
- To help prevent evictions of commercial tenants harmed by the pandemic, the Governor launched the New York Forward Small Business Lease Assistance Partnership (LAP) to provide commercial tenants and small business landlords with pro bono legal services, and the information needed to reach lease renegotiations.
- Through Empire State Digital, the State led a first-in-the-nation initiative to help New York State-based small businesses and restaurants grow their online presence during the pandemic. Developed with leading global commerce companies including Shopify, Square, Clearbanc, Etsy, Ritual and Paypal, the digital partners are providing specialized solutions, including education, free resources, marketing support, discounted pricing, hands-on assistance, training and counseling to New York State small business owners, restaurants and food service establishments.
- The State is supporting manufacturers who are retooling to produce personal protective equipment with than \$20 million awarded to 36 New York companies, putting the State on the path to self-reliance after global supply chains broke down in the spring. In 2021, New York State manufacturers are projected to have the capacity to produce up to 2 million N95 respirators, 4 million surgical masks, 1 million gowns, and 600,000 face shields per week.
- "Raising the NYS Bar" Restaurant Recovery Fund, was launched on January 11, 2021, and will assist restaurants in New York State during the COVID-19 pandemic. This grant funding has been made possible through financial donations led by Diageo North America and supported by Coastal Pacific Wine & Spirits (a division of Southern Glazer's Wine & Spirits) and will be implemented by the non-profit National Development Council (NDC). The "Raising the NYS Bar" Restaurant Recovery Fund will help eligible restaurants adjust

their operations to the impacts of COVID-19 and adherence to New York State's public health and safety measures. Initial round of grants is up to \$5,000.

As New York continues to recover, supports for business will remain in place and adapt to changing national, statewide and regional economic conditions and are supported by the FY 2022 Executive Budget.

Creating Jobs and Growing the Economy

In 2011, Governor Cuomo completely redesigned the State's economic development strategy through the creation of the Regional Economic Development Councils (REDC). New York State's traditional top-down development strategy is replaced with a bottom-up, innovative approach that empowers regional stakeholders to develop long-term plans, putting to work their unique investing knowledge and understanding of local priorities and assets. The REDCs have invested over \$6.9 billion to more than 8,300 job creation and community development projects, creating or retaining over 240,000 jobs.

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

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

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

Performance Profile

\$20 million in PPE Manufacturing Grants. The State is supporting manufacturers with more than \$20 million to retool to produce PPE. In 2021, New York State manufacturers will produce up to 2 million N95 respirators, 4 million surgical masks, 1 million gowns, and 600,000 face shields per week

Creating Jobs Through Regional Economic Development Councils. Since 2011, the REDCs have awarded over \$6.9 billion in State funding to over 8,300 projects through a competitive process to spur job creation based on regional priorities. Prior to the pandemic, this new strategy resulted in more than 240,000 new or retained jobs in New York.

Expanding Opportunity for MWBE. State contract spending with MWBE firms has grown from less than \$100 million in 2010 when utilization was just under 10 percent to \$3.14 billion as MWBE participation in State contracts grew to 29.51 percent in FY 2020. New York State has the highest MWBE contract participation in the nation.

Proposed FY 2022 Economic Development Budget Actions

- **Regional Economic Development Councils.** The REDC's Governor Cuomo created will play a key role in a regionally driven strategy to support economic recovery across the State with a focus on businesses and industries most impacted by the ongoing public health emergency. The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a tenth round of REDC awards totaling \$750 million. The core funding includes \$225 million in grants and tax credits to fund high value regional priority projects. The Budget also makes \$525 million in resources from State agencies available to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.
- **New York Works Economic Development Fund.** A sixth round of investment equaling \$220 million for the New York Works Economic Development Fund will provide additional statewide capital grants to support projects that facilitate the creation of new jobs or retain existing jobs, or fund infrastructure investments necessary to attract new businesses or expand existing businesses in support of economic recovery.
- **Downtown Revitalization.** The pandemic has kept New Yorkers at home to save lives, disrupting the flow of commerce in the downtown communities across the State. These areas need support now more than ever. To that end, the FY 2022 Budget provides \$100 million for another round of the Downtown Revitalization Initiative, which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization.
- **Transformational Midtown West Development -- Empire Station Complex.** With the completion of the Moynihan Train Hall, the State will launch a comprehensive \$16 billion project to expand and reconstruct the existing Penn Station. The fully renovated Penn Station, including the iconic new Long Island Rail Road entrance on 7th Avenue that opened on December 31, 2020, will comprise a widened and completely reconstructed 33rd Street LIRR concourse and an expanded and completely transformed station. Additionally, at least eight new tracks will be constructed south of the existing Penn Station to add capacity, cut down on delays, and improve operations. This will be a signature transportation project creating nearly 60,000 direct jobs and involving the federal government, Empire State Development, the Metropolitan Transportation Authority, New Jersey Transit, and Amtrak. New York State stands ready to work with New Jersey Transit and the Federal government to share in this historic investment for the future of the region.

- **High Line Extension to Moynihan Station.** As part of the Transformational Midtown West Development, the Budget includes funding to support the Governor's proposal to extend the High Line in Manhattan to give pedestrians seamless access to the elevated pathway from the recently opened Moynihan Train Hall. As part of a public-private partnership, Brookfield Property Group will partner with Empire State Development, the Port Authority of New York and New Jersey, and Friends of the High Line to build an L-shaped connection from the 10th Avenue terminus of the High Line to Brookfield's Manhattan West public space.
- **Continued Investment in Tourism.** The global pandemic caused a precipitous drop in travel, hitting the tourism industry – New York's fourth largest employment sector -- particularly hard. As New York State advances its science-based re-opening with expanded testing and a rising number of vaccines, the Budget includes additional funding to support the State's tourism campaign, attract visitors from around the world and catalyze recovery of the vital tourism economy. The program includes a ninth round of \$15 million in competitive funding through the Market NY initiative to support tourism marketing plans and projects that best demonstrate regional collaboration among counties to promote regional attractions.
- **Launch a New York State Infectious Diseases Resiliency Commercialization Fund.** As part of Governor Cuomo's Life Science Initiative, Empire State Development will create a new \$40 million New York State Infectious Diseases Resiliency Commercialization Fund led by ESD and advised by the New York State Department of Health and other private experts to capitalize on New York's substantial R&D assets and expertise in life sciences, biotechnology and biodefense. The fund will focus on accelerating the growth of companies to fast track the development of innovations that address emerging infectious diseases, public health threats and support economic growth.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$105 million in new capital funding for ORDA, including \$92.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts with a focus on preparing for the 2023 World University Games, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative. Additional investments in these North Country assets will continue to make New York more competitive for winter recreation and travel, including support for a new mid-station lodge at Whiteface Mountain, attracting large sports events, and ultimately driving year-round business and economic sustainability for the area.

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

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding to continue fostering innovation by offering start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.
- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$32 million to support ongoing economic development initiatives, including the New York State Economic Development Fund, the Minority- and Women-Owned Business Development and Lending Program, the Urban and Community Development Program, and the Entrepreneurial Assistance Program.
- **Expand Opportunities for New York’s MWBE Program.** As part of his commitment to ensuring all New Yorkers have the opportunity to take part in New York State’s growing economy, in 2014 Governor Cuomo set the Minority and Women Owned Business Enterprises (MWBE) utilization goal in State contracting to 30 percent. State contract spending with MWBE firms has grown from less than \$100 million in 2010 when utilization was just under 10 percent to \$3.14 billion as MWBE participation in State contracts grew to 29.51 percent in FY 2020. New York State now has the highest MWBE contract participation in the nation. To build upon this success, the Empire State Development Corporation, in partnership with the Reimagine New York Commission, will launch the "Entrepreneurship Navigator" to provide customized services and streamlined access to start up programs to help incubate minority and women entrepreneurs in the technology and innovation sector.



EDUCATION

COVERING PANDEMIC-RELATED SCHOOL DISTRICT COSTS

Districts will be reimbursed for **delivering school meals** and **instructional materials** during pandemic-related school closures



140,000 STUDENTS

will benefit from **high quality**, publicly funded **after-school programs**.



120,000+ children

in **high-quality**, publicly funded **pre-k programs**.

OVER 75%



in full-day spots

1,000+ SMART SCHOOL INVESTMENT PLANS

over **\$1.6 billion** approved in **566** districts, advancing technology and now **supporting remote learning**.



Over **95%** of high-need school districts have pre-k

IMPROVING GRADUATION RATES



High school on-time graduation rates have increased from **74 %** in 2012 to **83.6 %** in 2020

Budget Highlights

\$31.7 Billion in Support to School Districts. Provides funding through School Aid, STAR, and extraordinary federal funds, to support operational costs of school districts that educate 2.6 million students statewide.

Allocate \$4.3 Billion in Federal Supplemental Funds. Allocates funds to schools to support ongoing operational and pandemic-related costs.

Authorize Aid for Pandemic-Related School District Transportation Costs. Reimburses school districts for the cost of delivering school meals and instructional materials during pandemic-related school closures in spring 2020.

Consolidate \$3.7 Billion in Expense-Based Aids. Establishes a block grant program from existing expense-based aids so that future funding increases can be allocated more progressively through Foundation Aid.

Maintain Prior Year Initiatives. Continues current law funding levels for prekindergarten, after-school programming, early college high schools, P-TECH programs and community schools. Also continues Smart Schools Bond Act and School Funding Transparency.

The FY 2022 Executive Budget reflects the Governor's strong commitment to education despite a challenging and uncertain economic environment. The pandemic has had a profound impact on students, parents and teachers, as many schools have had to manage providing instruction and services to students in a remote or hybrid learning environment. In recognition of the Governor's commitment to education, the FY 2022 Executive Budget programs \$4.3 billion of new federal funding included in the recent Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to provide significant additional support and also to offset necessary reductions in State funding while holding all districts harmless. These spending reductions may be restored if the State receives requested Federal COVID relief funds. Funding parity with school districts is maintained for charter and nonpublic schools.

Overview

Public education in New York represents a significant commitment of State and local resources. With total State, local and federal spending levels exceeding \$75 billion, New Yorkers have consistently maintained the highest per-pupil spending levels in the nation. New York's public schools spend more per pupil (\$24,040) than any other state — almost double the national average (\$12,612).

Education is also the largest single area of the State operating funds budget, representing over \$29 billion or approximately 29 percent of annual spending. This reflects New York State's long-standing commitment to providing opportunity for all students and ensuring that the children of New York have an opportunity for a sound, basic education. With this Executive Budget, School Aid increases will total \$7.7 billion over ten years — a 40 percent increase over that period.

Responding to the Pandemic

When COVID-19 blindsided New York State, school districts across the state were closed to in-person learning and shifted to a remote format to stop the spread and keep students and educators safe. Schools responded by developing remote learning programs and ensuring students in need received food and learning materials at their homes; these transportation costs are reimbursed in the FY 2022 Budget. Each district was charged to work with teachers and parents to determine the best

approaches for keeping its students and employees safe while continuing to provide the education critical to each student's needs. These protocols for how districts reopened – in-person vs a hybrid model – were made by local school districts under strict Department of Health data-driven guidelines regarding face coverings, social distancing, screening, space adaptations, transportation, food service, cleaning and disinfection, and other factors. School district plans have been adapted as needed during the course of the year based on the infection rates and other data in each community.

The \$2 billion Smart Schools Bond Act has been supporting schools, allowing them to expand their technology resources. In 2020, the State approved over 280 investment plans totaling \$205 million. These funds allowed school districts across the State to invest in classroom technology, including tablets and laptops, school connectivity, and other infrastructure to help give schools the tools they need to operate modern classrooms and give students the tools to succeed.

Maintaining Educational Investments

Despite the State's dire financial condition, the FY 2022 Executive Budget maintains prior year investments made to strengthen New York's educational offerings and increase student access to learning across the State. This includes using extraordinary Federal funds to provide significant additional support and also to offset necessary reductions in State support for School Aid and other reimbursement to school districts, while maintaining the State's multi-year investments in high-quality full-day prekindergarten, after-school programming, early college high schools and P-TECH (Pathways in Technology Early College High School) programs, and community schools initiatives. Other important initiatives such as the \$2 billion Smart Schools Bond Act and School Funding Transparency are also continued.

- **Support for School Districts.** Provides \$31.7 billion in funding through School Aid, STAR, and federal funds, to support operational costs of school districts. Approximately 70 percent of these funds are targeted to high-need school districts.
- **Prekindergarten Programs.** New York State spends over \$850 million annually on public prekindergarten programs for three- and four-year-old children, serving

Performance Profile

Improving Graduation Rates. Since FY 2012, high school on-time graduation rates have increased by 9.6%, to 83.6% in 2020.

Increasing Opportunities for Early Childhood Education. In FY 2022, the State will serve over 120,000 children in high-quality, publicly funded prekindergarten programs—over 75 percent of whom will be served in full-day spots. Over 95 percent of high-need school districts have prekindergarten.

Expanding Access to After-School Programs. In FY 2022, over 140,000 students across every region of the State will benefit from high-quality, publicly funded after-school care. Students will engage in safe activities such as sports and music, after school hours.

Transforming School Districts into Community Hubs. In FY 2022, 240 school districts will continue to receive community schools funding to transform their schools into community hubs with wrap-around services.

Building the Classrooms of the 21st Century. Over 1,000 Smart Schools Investment Plans totaling over \$1.6 billion have been approved in 566 districts, supporting classroom technology, high-tech security, and school connectivity.

over 120,000 students statewide. Funding has historically been prioritized for students in high-need school districts.

- **After-School Programs.** New York State spends \$222 million annually on after-school programs. This includes \$93 million provided through the federal 21st Century Community Learning Centers Program, \$55 million in funding through the Empire State After-School Program, \$28 million through the Advantage After-School Program, \$24 million through the Extended School Day/School Violence Prevention Program, and \$22 million through the Extended Learning Time Program. In total, these programs provide afterschool programming to over 140,000 students.
- **Early College High Schools and P-TECH.** New York State spends \$30 million annually on early college programs that provide high school students with the opportunity to earn college course credits or an associate degree and prepare for high-skills jobs of the future in technology, manufacturing, healthcare and finance. These funds provide for the operation of 87 Early College High School programs and P-TECH programs across the State.
- **Community Schools.** New York State spends \$250 million annually to support community school models in school districts. Community schools offer after-school and summer programs, school-based health services, and other wrap-around services to students. 240 school districts receive funding to transform their schools into community hubs with these wrap-around services.
- **Smart Schools Bond Act.** In November 2014, the Smart Schools Bond Act, proposed by Governor Cuomo, was approved by voters. The Smart Schools Bond Act provides \$2 billion in funding for districts to reimagine classrooms and provide New York's students with the technological resources, skills, and learning environments necessary to succeed in the 21st century. Funding supports enhanced education technologies, including infrastructure improvements, high-speed broadband internet access in classrooms, and active learning technologies. Additionally, the Smart Schools Bond Act supports the State's long-term investments in full-day prekindergarten through the construction of new prekindergarten classrooms, the replacement of classroom trailers with permanent classroom spaces, and high-tech school safety programs. To date, over 1,000 Smart Schools Investment Plans totaling over \$1.6 billion have been approved by the Smart Schools Review Board. In recognition of the disparate impact the pandemic has had on low-income students' ability to access remote instruction, the Executive proposes to expedite Smart Schools Bond Act funding to school districts, ensuring that students have access to the devices needed for remote learning.
- **School Funding Transparency.** The FY 2019 Enacted Budget included landmark legislation directing school districts to make their distribution of funds at the school building level public for the first time. Initially, based on 76 districts' data, funding inequities within some of the State's largest and highest need school districts were uncovered, prompting further legislation in FY 2020 requiring districts to prioritize funding to their neediest and most underfunded schools. At the same time, in FY 2020, this school-level funding reporting requirement was expanded to over 300 school districts. Starting in FY 2021, all

673 major school districts in the State were required to report school building-level funding, providing a critical window for every parent, lawmaker, and stakeholder to understand how we can ensure all students in New York State have access to high-quality education and the opportunity it creates. This reporting requirement will be continued for the 2021-22 school year.

Proposed FY 2022 Budget Actions

Support for School Districts

Category (\$ in millions)	2020-21 School Year	2021-22 School Year	Change	
			Dollar	Percent
Formula-Based School Aid	\$25,921.1	\$26,769.9	\$848.8	3.3%
Other School Aid	\$530.4	\$518.7	(\$11.6)	-2.2%
Total School Aid	\$26,451.5	\$27,288.6	\$837.2	3.2%
STAR Reimbursement	\$2,030.4	\$1,938.9	(\$91.5)	-4.5%
Local District Funding Adjustment	\$0.0	(\$1,352.4)	(\$1,352.4)	n.a.
Total State Support*	\$28,481.8	\$27,875.1	(\$606.7)	-2.1%
Federal CARES Act Funding	\$1,133.6	\$0.0	(\$1,133.6)	-100.0%
Federal COVID-19 Supplemental Act Funding	\$0.0	\$3,851.7	\$3,851.7	n.a.
Total District Support	\$29,615.5	\$31,726.8	\$2,111.3	7.1%

* These spending reductions may be restored if the State receives requested Federal COVID relief funds.

The FY2022 Executive Budget provides a year-to-year increase of approximately \$2.1 billion, or 7.1 percent, for the 2021-22 school year. This increase is largely driven by the \$3.9 billion allocated to school districts under the federal CRRSA Act, more than offsetting a \$607 million decrease in State support. These spending reductions may be restored if the State receives requested Federal COVID relief funds. Total district support for the 2021-22 school year is \$31.7 billion, including School Aid, STAR reimbursement, the Local District Funding Adjustment, and federal CRRSA Act funding. Approximately 70 percent of this total funding is allocated to high-need school districts.

The FY2022 Executive Budget contains two major changes to State support for school districts:

- \$393 Million Reduction to 2021-22 Services Aid.** Eleven existing expense-based aids totaling \$3.7 billion for the 2020-21 school year, including Transportation Aid and BOCES Aid, are consolidated into a new block grant called “Services Aid.” These aids, which have been the target of reform for many years, are collectively much less progressive than Foundation Aid, with only 53 percent of aid provided to high-need districts, compared to 72 percent of Foundation Aid. Funding for these aids in 2021-22 is reduced to \$3.3 billion. This reduction is fully offset for each school district by its allocation of CRRSA funds. These spending reductions may be restored if the State receives requested Federal COVID relief funds. Through eliminating future growth in these existing aid categories, this proposal would allow future State funding increases to be allocated more progressively through the Foundation Aid formula.

- \$1.35 Billion Local District Funding Adjustment for the 2021-22 School Year.** A Local District Funding Adjustment would be levied against other reimbursements to school districts. This \$1.35 billion reduction to current law projected aid for the 2021-22 school year would be fully offset by school districts’ federal CRRSA funds. This reduction may be restored if the State receives requested Federal COVID relief funds.

Federal Funding

The CRRSA Act provided approximately \$4.3 billion to support schools in New York State, with the funds available to be spent through September 2023. This is in addition to the \$1.2 billion in federal CARES Act funding provided for schools in March 2020, which can be spent through September 2022.

The Act provides New York State with \$4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and \$323 million through the Governor’s Emergency Education Relief (GEER) Fund. Schools may generally use these funds for broad purposes, including general operating and pandemic-related costs.

Of the ESSER funds, \$3.6 billion (90 percent) must be allocated to school districts and charter schools in proportion to their federal Title I awards. The remaining \$400 million (10 percent) of ESSER funds may be allocated by the State. The FY 2022 Executive Budget allocates \$395 million of the remaining ESSER funds and the full \$73 million of GEER funds to provide school districts of lower wealth with a minimum per pupil allocation. The State Education Department would retain \$5 million to support program administration.

Unlike the CARES Act, which required school districts to use a portion of their allocations to provide equitable services to nonpublic schools, the CRRSA Act instead provides \$249 million in dedicated GEER funds to support pandemic-related services and assistance to nonpublic schools, with \$1 million to SED for program administration.

Consistent with the Act, the Executive Budget allocates these new funds as follows:

	ESSER	GEER	Total
Major School Districts	\$3,779	\$73	\$3,852
Charter Schools	\$216	\$0	\$216
Non-Major School Districts	\$2	\$0	\$2
Nonpublic Schools	\$0	\$249	\$249
SED Administration	\$5	\$1	\$6
Total	\$4,002	\$323	\$4,325

Charter Schools

Nearly 170,000 elementary and secondary students attend 325 charter schools in New York State. Charter schools receive tuition payments made by school districts, funded through State

and local sources; these tuition rates are established for each school district. The FY 2022 Executive Budget proposes the following changes to these programs:

- **Charter Tuition Rates.** Charter school tuition rates for the 2021-22 school year would be reduced in proportion to school districts' combined reduction in expense-based aid and Local District Funding Adjustment as a percentage of their total General Fund spending. The 2022-23 tuition rates would then revert to their levels under current law in the absence of the 2021-22 rate reduction. However, a tuition reduction may not be taken in 2021-22 if the State receives requested Federal COVID relief funds.
- **Supplemental Tuition Payments.** In addition to other State aid payments to districts, which support charter tuition rates, the State also pays each school district approximately \$1,000 per charter pupil to offset the cost of charter tuition payments. The Executive Budget proposes to capture roughly half of the savings that result from the reduction in 2021-22 charter tuition rates by lowering State reimbursement through supplemental tuition payments in FY 2022. State reimbursement would be restored to its current law level in FY 2023. This change is estimated to reduce State spending on this program by \$35 million in FY 2022 compared to current law, to a total of \$132 million, with districts statewide realizing net savings of \$40 million. These FY 2022 spending reductions may be restored if the State receives requested Federal COVID relief funds.
- **Eliminate NYC Charter Facilities Aid.** The Executive Budget proposes to eliminate State reimbursement to New York City for the cost of charter school rental assistance in order to encourage the use of available co-located space within public facilities. New York City is required to either provide charter schools with co-located space or pay a portion of their rental costs for private facilities. Even though New York City school district enrollment has declined in recent years, opening up more space for co-locations, few new co-locations have been approved in recent years. This proposal will ensure the efficient and cost-effective use of educational space in New York City. Elimination of this State reimbursement is estimated to generate \$47 million of savings in FY 2022. These FY 2022 spending reductions may be restored if the State receives requested Federal COVID relief funds.
- **Reissue Expired Charters to New Schools.** The FY 2022 Executive Budget proposes to authorize the reissuance of any charter originally issued to a charter school that has subsequently closed due to surrender, revocation, termination or non-renewal, permitting the issuance of additional charters located in New York City, thereby expanding educational opportunities for disadvantaged students.

Nonpublic School Programs

Approximately 380,000 elementary and secondary students attend 1,700 nonpublic schools in New York State. Nonpublic schools receive State aid to reimburse the cost of State mandated activities through Mandated Services Aid (MSA) and the Comprehensive Attendance Program (CAP). Nonpublic schools also receive State funding through the Nonpublic Science, Technology and Math (STEM) Program and Nonpublic Academic Intervention Services (AIS).

The FY2022 Executive Budget proposes the following changes to these aid programs:

- **MSA and CAP.** Because of delayed issuance of claiming guidelines for 2020-21 school year aid, payments will now occur in June 2021 instead of March 2021 when aid is typically paid. Subsequent years' aid payments will be similarly delayed. \$193 million will remain available for 2020-21 aid, which reimburses schools' 2019-20 expenses, and schools will be held harmless from aid losses due to the spring 2020 school closures. However, 2021-22 aid will be reduced by 2 percent compared to 2020-21 aid, consistent with State support for school districts. Combined 2021-22 MSA and CAP funding will total \$189 million. These spending reductions may be restored if the State receives requested Federal COVID relief funds. The Executive Budget will also establish claiming deadlines and require SED to prorate payments if claims exceed annual funding levels.
- **STEM and AIS Program Reductions.** 2021-22 aid for Nonpublic STEM and AIS will be reduced by 2 percent, consistent with State support for school districts. Nonpublic STEM funding will be reduced from \$30 million to \$29.4 million and AIS from \$922,000 to \$904,000. These spending reductions may be restored if the State receives requested Federal COVID relief funds.

Other Budget Actions

- **Reimburse Pandemic-Related Transportation Costs.** The FY 2022 Executive Budget proposes to make costs related to delivery of school meals and/or instructional materials during the spring 2020 school closures eligible for Transportation Aid. Under current law these costs are not eligible for State aid. Nearly three-quarters of school districts statewide indicate that they incurred costs related to the delivery of school meals or instructional materials during the spring 2020 school closures, consistent with the Governor's Executive Orders for districts to develop plans for alternative instruction options and for the distribution and availability of meals during pandemic-related school closures.
- **Eliminate Teacher Support Programs.** In recent years, the State has provided \$27.4 million annually for several recurring teacher support and training programs, including the Teachers of Tomorrow Program (\$25 million), Teacher Mentor Intern Program (\$2 million) and the Albert Shanker Grant Program (\$0.4 million). The FY2022 Executive Budget eliminates these programs, starting in the 2021-22 school year, in order to achieve necessary State savings while preserving programs that provide direct services to sensitive student populations. These spending reductions may be restored if the State receives requested Federal COVID relief funds.
- **Eliminate Prior Year Aid Queue.** The FY2022 Executive Budget proposes to eliminate \$18.7 million in funding for school districts' prior year claims and expunge all claims currently in the queue, some of which are now more than a decade old. Over 90 percent of school districts and BOCES scheduled to receive a payment from the queue in FY2022 are owed less than \$100,000 in aid. These claims are primarily a result of school districts'

failure to adhere to normal claiming deadlines. The Executive Budget proposes eliminating the PYA queue altogether and tightening claiming deadlines going forward. These spending reductions may be restored if the State receives requested Federal COVID relief funds.

- **Eliminate NYC Fiscal Stabilization Grant.** The Executive Budget proposes to eliminate a discretionary \$26.4 million fiscal stabilization grant to New York City, first provided in 2003. Since then, New York City has become relatively wealthier, rising from 5 percent below the statewide average income and property wealth per pupil to 10 percent above it. These spending reductions may be restored if the State receives requested Federal COVID relief funds.
- **Reduce Funding for Library Aid.** The Executive Budget reduces FY2022 funding for Library Aid by 5 percent, from \$91.6 million to \$87 million. This funding provides operating support to public libraries, library systems, and reference and research libraries. Although reduced, FY2022 State support is \$8 million greater than funding in FY2012 when the State was recovering from the Great Recession. These spending reductions may be restored if the State receives requested Federal COVID relief funds.
- **Reduce Funding for Public Broadcasting.** The Executive Budget reduces FY2022 funding for the Public Broadcasting program by 5 percent, from \$14 million to \$13.3 million. This funding provides operating support to public television and radio stations. Although reduced, FY2022 State support is \$3.9 million greater than funding in FY2011 when the State was recovering from the Great Recession. These spending reductions may be restored if the State receives requested Federal COVID relief funds.

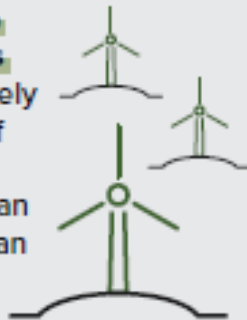
THE GREEN ECONOMY

A **\$26B investment** in large-scale renewable projects will ensure that New York remains a leader in transitioning to a green economy and fighting climate change



NEW YORK LEADS THE NATION IN OFFSHORE WIND DEVELOPMENT

A nation-leading procurement for **two offshore wind farms** will yield approximately **2,490 megawatts** of carbon-free energy, and provide more than **5,200 jobs** through an **\$8.9B investment**



PROMOTING NEW YORK AGRICULTURAL PRODUCTS

The **New York Grown and Certified Program** has certified more than **3,200 farms**, representing over **805,000 acres** of farmland, since its launch in 2016



CLEANING NEW YORK'S WATER

\$1.2B improved water quality in 575 municipalities through the **Water Infrastructure Improvement Act of 2015** and the **Clean Water Infrastructure Act of 2017**

Budget Highlights

Continue Expansion of New York's Historic Clean Water Investment.

The Executive Budget pledges an additional \$500 million for clean water infrastructure this year, furthering Governor Cuomo's \$5 billion commitment to provide clean drinking water to all New Yorkers.

Promote Environmental Protection. Renew funding for the EPF at \$300 million, maintaining the highest level in history.

The Green Economy. Governor Cuomo's green energy program will create a total 12,400 megawatts of green energy to power 6 million homes, directly create more than 50,000 jobs, and spur more than \$29 billion in public and private investment all across the state.

New York Leads the Nation in Offshore Wind Development. A nation-leading procurement for two off-shore wind farms will contain more than 90 turbines, making them more than 50 percent larger than the offshore projects announced in 2019. These farms will yield approximately 2,490 megawatts of carbon-free energy and provide more than 5,200 jobs through an \$8.9 billion investment.

Though blindsided by the pandemic, Governor Cuomo has said New York must continue to face the dangers of climate change and to take bold steps to lead the nation in combatting global warming.

In confronting these challenges, Governor Cuomo is building a Green Energy Economy that will not only reduce the State's carbon consumption to meet the goals of the Climate Leadership and Community Protection Act (CLCPA), but also create jobs and play a central role in the State's economic recovery from the pandemic. In doing so, New York will remain a leader in the on-going battle against climate change.

The FY 2022 Executive Budget continues the commitment of an additional \$2.5 billion over five years for drinking water infrastructure, wastewater infrastructure, and water quality protection, doubling the State's already historic investment in clean water projects. Despite the challenging fiscal environment caused by the global pandemic, the Executive Budget maintains the highest-ever level of \$300 million of funding for the Environmental Protection Fund (EPF) and allocates significant capital funds to maintain and improve environmental and recreational resources.

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

Overview

The State's environmental, energy and natural resource agencies and authorities are on the front lines of the state's climate change fight: conserving and protecting the State's precious natural resources, promoting New York as a natural destination for tourism and recreation, ensuring the integrity of freshwater resources, and supporting the kind of agricultural development that is critical to New York's robust farming industry.

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

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe, enjoyable recreational and interpretive opportunities for New York State residents and visitors, and functions as a steward of New York's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of 181 State parks and 35 historic sites. In 2019, the system welcomed a record 77 million visitors.

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

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

The Department of Public Service (DPS) functions as the staff arm of the Public Service Commission (PSC), which regulates the rates and services of public utilities – an industry with an estimated \$33 billion in annual revenue. DPS oversees the siting of major utility infrastructure and provides oversight of cable franchise agreements and telecommunications service. Additionally, DPS provides oversight of the New York State Energy Research and Development Authority's (NYSERDA) implementation of the PSC-approved Clean Energy Fund and Clean Energy Standard.

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

Performance Profile

Cleaning New York's Water. To date, 575 municipalities have been awarded funding totaling \$1.2 billion to improve water quality through the Water Infrastructure Improvement Act of 2015 and the Clean Water Infrastructure Act of 2017.

Breaking Parks Attendance Records. The Governor's \$900 million investment through the NY Parks 2020 initiative has resulted in capital improvements at over 200 parks statewide, spurring a record 77 million visitors in 2019.

Promoting New York Agricultural Products. The New York Grown and Certified Program, since its launching in 2016, has certified over 3,200 farms, representing over 805,000 acres of farmland.

Responding to the Pandemic

While developing and implementing a robust response to the COVID-19 pandemic through aggressive testing individuals, monitoring the spread of the virus and protecting our frontline workers with needed equipment, work continued to expand New York's clean energy economy and infrastructure to protect our environment and meet Governor Cuomo's ambitious energy goals.

During the COVID-19 recovery, Governor Cuomo announced the largest combined clean energy solicitations ever issued in the United States, seeking up to 4,000 MW of renewable energy.

Work continued on expanding New York's offshore wind capacity, building the nation's largest offshore wind program with the potential of bringing the state halfway toward its goal of 9,000 MW of offshore wind by 2035.

To help create jobs, New York secured commitments from companies to manufacture wind turbine components within the state with made significant progress to create five dedicated port facilities.

New York also issued the largest ever coordinated solicitations for land-based large-scale renewable energy projects.

At the same time, DEC staff from every division, including Emergency Management staff, Forest Rangers, and Environmental Conservation Police Officers, are serving on the frontlines of the State's response to COVID-19. To-date, more than 1,000 staff have volunteered to help combat the pandemic, supporting more than 20,000 missions in New York's coronavirus fight.

DEC staff stood up and operated testing sites, delivered food, personal protective equipment (PPE), and test kits, supported Department of Health and Labor call centers, and is now standing up vaccination sites across the state.

Ag&Mkts implemented protections in the agriculture industry to keep farms and the food supply operating. These efforts included:

- Ag&Mkts staff, with its partners, distributed more than 100,000 face coverings and tens of thousands of gallons of hand sanitizer to farms across the State.
- Launched on-the farm COVID-19 testing for farm workers, in partnership with NYS DOH, in targeted areas of the State that see the greatest number of seasonal farm workers.
- Provided guidance for State's retail food stores, food manufacturers, farms, farmers' markets and more to keep them operating safely and the supply chain moving for consumers.
- Provided guidance to restaurants and fisheries to allow them to operate temporarily as retail food stores without needing to apply for a retail food store license.
- Provided guidance to ensure animals continued to receive the care and products/services necessary to keep them fed and healthy.

- Held conferences with industry and federal stakeholders to ensure all aspects of the food supply chain remained unaffected by the pandemic.

Leading the Fight Against Climate Change and Building a Green Economy

Governor Cuomo is setting New York State on course to be the nation's leader in renewable energy innovation and production with a green energy program that will spur more than \$29 billion in public and private investment across the state and create 12,400 megawatts of green energy – enough to power 6 million homes. These investments will not only shift the state to a carbon neutral economy, fulfilling the goals of the CLCPA, but also spur the COVID economic recovery. Projects include:

- **Largest Offshore Wind Program in the Nation.** The state will contract with Equinor Wind US LLC for the development of two new offshore wind farms more than 20 miles off the shore of Long Island, in what is the largest procurement of renewable energy by a state in U.S. history. Upon completion, the two offshore wind farms will yield a combined 2,490 megawatts of carbon-free energy, bring an \$8.9 billion in investment.
- **Global Wind Energy Manufacturing Powerhouse.** New York has secured commitments from companies to manufacture wind turbine components within the state and build the nation's largest offshore wind program. Plans to make New York State a global wind energy manufacturing powerhouse include upgrades to create five dedicated port facilities. These projects include: the nation's first offshore wind tower-manufacturing facility to be built in the Port of Albany; facilities at the South Brooklyn Marine Terminal; greater activity at Port Jefferson and Port of Montauk Harbor in Long Island. Together, the projects will leverage almost \$3 of private funding for every \$1 of public funding, for a combined \$644 million investment in these port facilities.
- **Construct New York's Green Energy Transmission Superhighway.** New York State will construct a new green energy superhighway of 250 miles. The \$2 billion project will create opportunities to maximize the use of renewable energy for the parts of the state that still rely on polluting fossil-fuel plants. Construction has already started on the New York Power Authority's 86-mile Smart Path project from Massena to Croghan, and construction will soon start on several key projects in Western New York, Mid-Hudson, and the Capital Region.
- **Public-Private Partnership to Build Nearly 100 Renewable Energy Projects:** Over the past five years, the State has contracted for the construction of 68 new large-scale renewable energy facilities including solar farms, onshore wind farms, and three offshore wind farms that are among the largest in the nation. These investments in renewable energy have brought economic activity to 34 counties, will add 6,100 megawatts of clean energy capacity to the state's infrastructure, and generate investment of more than \$12 billion.

To build on this progress, New York will contract for another 24 large-scale renewable energy generation projects in 2021, to bring the State's total clean energy build-out to

nearly 100 projects. The 23 solar farms and one hydroelectric facility will be the most cost-efficient clean energy construction to date in New York, producing more than 2,200 megawatts of clean power, generating more than \$2.9 billion of investment and creating 3,400 jobs in 16 counties Upstate.

Investing in Agriculture and Clean Water

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

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

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

The FY 2022 Executive Budget maintains support for critical environmental protection programs. To ensure New Yorkers have access to clean water, the Budget includes a new five-year commitment of \$2.5 billion in clean water funding while continuing the \$2.5 billion of funding provided by the Clean Water Infrastructure Act, enacted in 2017, which supports drinking water, wastewater, and source water protection initiatives.

The Executive Budget includes \$1.6 billion of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). These resources will be used to continue the State Fair modernization plan, accelerate improvements to the State's recreational assets, and fund infrastructure projects statewide, spurring the creation of jobs and leveraging private sector and Federal investment.

Table 8: Summary All Funds Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars (millions)	Percent
Department of Environmental Conservation	1,522	1,690	168	11%
Office of Parks, Recreation and Historic Preservation	392	372	(20)	(5)%
Department of Agriculture and Markets	108	127	19	18%
Department of Public Service	99	93	(6)	(6)%
Hudson River Valley Greenway	41	1	(40)	(98%)
New York Power Authority	66	1	(65)	(98%)
Energy Research and Development Authority	22	23	1	4%
Adirondack Park Agency	5	6	1	20%
Total Environment and Energy Spending	2,240	2,390	150	7%

- **Department of Environmental Conservation.** Total spending for DEC increases by \$168 million, primarily reflecting spending growth from the Clean Water Infrastructure Act.
- **Office of Parks, Recreation and Historic Preservation.** Total funding for OPRHP decreases by \$20 million, primarily reflecting a decrease in capital spending.
- **Department of Agriculture and Markets.** Total spending for Ag&Mkts increases by \$19 million. The change is largely attributable to FY 2021 spending being significantly lower than originally expected due to COVID-19 impacts.
- **Department of Public Service.** Total spending for DPS decreases by \$6 million.
- **Hudson River Valley Greenway.** Total funding for the Greenway decreases by \$40 million, reflecting completion of the Empire State Trail.
- **New York Power Authority.** Total funding for NYPA decreases by \$65 million, reflecting completion of the Empire State Trail.
- **New York Energy Research and Development Authority.** Total funding for NYSERDA increases by \$1 million, reflecting an increase in West Valley spending.

Proposed FY 2022 Budget Actions

Expanding the State's Clean Water Infrastructure Investment. The Executive Budget adds a \$500 million appropriation to support clean water, raising the State's total investment to \$4 billion and continuing to fulfill the Governor's \$5 billion clean water commitment.

- **Renew Record Funding for the Environmental Protection Fund.** The Executive Budget continues EPF funding at \$300 million, the highest level of funding in the program's history. Appropriations include \$41 million for solid waste programs, \$88 million for parks and recreation, \$151 million for open space programs, and \$20 million for the climate change mitigation and adaptation program. This investment will provide funding for critical

environmental programs such as land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, and an aggressive environmental justice agenda.

- **Support DEC Capital Projects through NY Works.** The Budget includes \$75 million for DEC to address a variety of capital needs to improve access to State lands, rehabilitate campgrounds, and upgrade its recreational facilities, all as part of the Adventure NY program. This funding will also provide for health and safety repairs to State infrastructure, including dams, wetland restoration, State lands, and fish hatcheries. This year' budget includes an additional \$20 million in funding for construction at the state-owned Conklingville Dam.
- **Continue Capital Investments in New York State Parks.** The Executive Budget allocates \$110 million in New York Works capital funding for OPRHP. This funding will aid the ongoing transformation of the State's flagship parks and support critical infrastructure projects.



HEALTH CARE

\$100 MILLION

eliminates co-pays for low-income New Yorkers and adds 100,000 New Yorkers to the Essential Plan

95%

**of New Yorkers
are insured**



NOURISH NEW YORK

The state has invested \$35m to purchase 17 million pounds of food from more than 4,000 farms for more than 1 million households

NYS nearly tripled its bed capacity statewide in



23 public



200 private

hospitals



COVID SAFE STATE

testing and vaccination programs for nearly 20 million New Yorkers as we work to make New York the first COVID-safe state in the nation



200,000+
COVID-19 TESTS PER DAY
(among the most in the nation)



Budget Highlights

COVID Safe State. The Budget reflects New York’s commitment to ending the COVID-19 pandemic and advancing New York to becoming the first COVID-safe state in the nation. This will be achieved by expanding diagnostic capacity to reduce community spread, and implementing a statewide vaccination program to ensure the fair and equitable distribution of the vaccine to nearly 20 million New Yorkers, with a special focus on underserved and vulnerable populations.

Essential Plan Premium Elimination. The Executive Budget eliminates premiums for Essential Plan coverage for 400,000 New Yorkers earning between \$39,300 and \$52,400 for a family of four. This will promote coverage for 100,000 additional New Yorkers.

Tackling Food Insecurities. The Budget invests an additional \$25 million to continue the State’s commitment to providing food to vulnerable populations by continuing the NourishNY program and establishing a pilot program to intercept and redistribute nutritionally-viable, but ugly food surplus.

The FY 2022 Executive Budget strengthens the Department of Health’s capability to end the COVID-19 pandemic and address its health and social consequences, including the expansion of regional testing capabilities, contact tracing capabilities and the administration of the statewide vaccination program, with the goal of being the first COVID-safe state. The Budget also preserves critical social supports, promotes the long-term fiscal sustainability of the health care system and continues to advance important reforms aimed at improving the health of New Yorkers at a sustainable cost.

Overview

The Department of Health’s (DOH) mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive health care and long-term care coverage for low- and middle-income individuals and families through the Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined these programs provide affordable health insurance coverage for over eight million New Yorkers, through a network of over 80,000 health care providers.

At the forefront in the State’s response to the COVID-19 pandemic, DOH also protects public health, funds and supervises community public health activities and critical social supports, regulates health care facilities statewide, and operates health care facilities including Helen Hayes Hospital, four veterans’ nursing homes, and the Wadsworth Center for Laboratories and Research.

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

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers.

Responding to the Pandemic

Starting with the first known case of COVID-19 on March 1, and in the absence of Federal leadership and guidance, New York State moved quickly to protect New Yorkers with actions that included:

- Nearly tripled the bed capacity across a statewide healthcare system consisting of 23 public and 200 private hospitals and ordered the cancellation of all elective surgeries to free up bed space;

- Developed tests for the virus and implemented a system that has administered more tests than any state in the nation to identify, treat and trace the spread of the virus;
- Established a Hospital Capacity Coordination Center to coordinate the state's healthcare systems and transfer patients as needed;
- Created, in partnership with Bloomberg Philanthropies, a robust system to trace the spread of the virus throughout the state to enable swift actions to contain spread in targeted areas; and
- Issued guidance, in partnership with other agencies, to safely re-open the economy while achieving one of the lowest infection rates in the nation.

Ensuring Quality Health Care for All New Yorkers

New York's Medicaid program is the State's largest payer of health care and long-term care services and supports. Over 6 million individuals receive Medicaid-eligible services through a network of more than 80,000 health care providers and through more than 45 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$82.9 billion in FY 2022, this includes \$48.1 billion in Federal spending and \$27.6 billion in State spending.

Medicaid provides health insurance coverage and serves as a critical social support. The program's spending trends are counter-cyclical. As the pandemic-driven economic downturn has driven up unemployment rates, it in turn has raised Medicaid costs as enrollment has grown by nearly half a million.

Despite the economic downturn, the uninsured rate in New York State has remained relatively flat with 95 percent of New Yorkers now covered. For quality measures, New York achieved an overall rating of 10th among states compared to 24th in 2012 in the Commonwealth Fund's 2020 Scorecard of Health System Performance.

Under the Governor's leadership the State has approached its finances with discipline, including slowing the growth in Medicaid spending while improving the quality of care. The Governor has twice convened an inclusive Medicaid Redesign Team (MRT) – for FY 2012 and most recently for FY 2021 -- with representatives and experts from virtually every sector of the health care industry to examine ways to provide services at lower cost and higher quality. Both MRTs gathered public input from every corner of the State and put forward a series of initiatives that restructured the Medicaid program. Central to these reforms was the Medicaid Global Cap.

In 2012, the Governor and the Legislature implemented the Global Cap, which sets the growth rate to the 10-year rolling average of the medical consumer price index (currently 2.9 percent).

As a result of the MRT I reforms and the Global Cap, from 2013 to 2020, New York State held Medicaid state-share funds spending growth to an average of 3.1 percent compared to a national average of state funds spending of 4.8 percent. In fact, New York's Medicaid spending growth was slower than 28 other states. By keeping spending below the national average, the reforms implemented by Governor Cuomo and the Legislature saved taxpayers over \$28 billion from FY 2013 through FY 2020.

For FY 2021, the MRT II identified \$2.2 billion in spending growth reductions recommendations, including efficiencies in Managed Care and Managed Long-Term Care. Additionally, policy initiatives, including the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker will lead to better transparency and greater efficiencies. MRT II also focused on greater program integrity and included reforms to modernize regulations to eliminate fraud, waste, and abuse.

The FY 2022 Executive Budget builds on the successes of the MRT through continued program reforms and targeted investments that will help introduce integrated models to transform care delivery, expand access to cost effective models of care, support providers in these programmatic transitions, and improve health outcomes at lower cost through New York’s Medicaid program.

Table 9: Summary of All Funds Health Care Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars (millions)	Percent
Medicaid	\$79,212	\$82,913	\$3,701	4.7%
Medicaid (Global Cap)	\$19,993	\$20,572	\$579	2.9%
Department of Health (Excluding Medicaid and EP)	*\$4,875	\$5,174	\$298	6.1%
Essential Health Plan	\$4,460	\$5,526	\$1,066	23.9%
Office of the Medicaid Inspector General	\$48	\$47	(\$1)	-2.6%
Office for the Aging	\$246	\$245	(\$0.3)	-0.1%

*Note that these indicated values include significant Federal COVID response funding

Proposed FY 2022 Health Care Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. The cap ties growth to the 10-year rolling average of the Medical Consumer Price Index. The Budget achieves modest savings from public health and aging programs through program reforms and general cost-control efforts.

Continuing Medicaid Redesign

The Executive Budget addresses lessons learned in response to the COVID-19 pandemic and continues the progression of MRT recommendations. These reforms represent critical modifications to reallocating State support in areas that require more need, continued controls on Medicaid pharmaceutical costs, and advancing a comprehensive reform package for telehealth, which will sustain much of the transition of care from in-person to remote.

Medicaid Budget highlights include:

- **Telehealth.** The COVID -19 pandemic has transformed the healthcare delivery system as methods for accessing care have expanded. Accordingly, the State is advancing a

comprehensive package of telehealth reforms that will increase access to telehealth services. These include:

- Increasing access to services through comprehensive reform with changes to a variety of methods, including continuing telephonic delivery of care and establishing interstate licensure, allowing certain unlicensed staff (e.g. Credentialed Alcoholism and Substance Abuse Counselor trainees) to deliver substance use disorder services, expanding covered telehealth providers, eliminating obsolete location requirements, expanding reimbursement for patient monitoring, integrating telehealth into New York's state-of-the-art health information network, the Statewide Health Information Network for New York (SHIN-NY), requiring telehealth in commercial insurance and expanding access to mental health and addiction services.
- Promoting innovative technologies and approaches by increasing training and education opportunities, establishing a pilot program to facilitate telehealth for vulnerable populations, requiring insurers to offer e-Triage and Virtual Emergency Department, and allowing insurers to satisfy contractual care management requirements by utilizing emerging telehealth solutions that enhance care management efforts and integrated multi-disciplinary teams.
- **Medical Respite Pilot Program.** The Budget establishes additional medical respite programs to provide care to homeless patients who are too sick to be on the street or in a traditional shelter, but not sick enough to warrant inpatient hospitalization. The pilots are designed provide temporary room and board and the arrangement of health care and support services in order to improve the health of medically impacted homeless individuals while also decreasing costly hospital use.
- **Minimum Wage.** In April 2016, the Governor signed into law the nation's first statewide \$15 minimum wage plan. The Budget includes nearly \$2.0 billion to fully support the direct cost of the FY 2022 minimum wage increases for health care workers that provide Medicaid services reimbursed by the Department of Health. This includes funding to reconcile any identified underpayments in prior years. Wages in New York City met the \$15 minimum wage standard as of December 31, 2019 while growth continues towards the \$15 minimum wage outside of NYC.
- **State Takeover of Local Medicaid Costs.** The Budget continues the Governor's commitment to relieve local governments of Medicaid expenditure growth. In FY 2022, the State will assume nearly \$4.8 billion in costs that would have otherwise been incurred by localities.
- **Pharmaceutical Efficiencies.** With enactment of the FY 2018 Budget, New York became the first state in the nation to pass sweeping legislation to control the skyrocketing cost of prescription drugs by setting the growth in Medicaid drug spending to an annual limit and providing the DOH with enhanced authority to negotiate additional rebates with manufacturers to maintain spending within the Global Cap.

The FY 2021 Enacted budget furthered the effort to create efficiencies within Medicaid pharmacy spending by lowering the drug cap by two percentage points to achieve greater savings, and by carving out the Medicaid pharmacy benefit from Managed Care and placing it into Fee for Service to increase transparency, maximize rebates and reduce administrative costs. As part of the Pharmacy Carveout proposal, savings were reinvested to 340B entities no longer receiving excess reimbursement for 340B drugs under Managed Care.

The FY 2022 Executive Budget continues the 340B investment in subsequent years. Additionally, the FY 2022 Executive Budget continues efforts to limit the rising cost of prescription drugs by extending the Medicaid drug cap through FY 2022. Further, the Budget enhances pharmacy oversight by eliminating “prescriber prevails” and coverage for certain over-the-counter products.

- **Hospital Actions.** The Executive Budget continues the implementation of MRT II recommendations to discontinue the State funded portion of the Public Indigent Care Pool (ICP) and to reduce the hospital capital rate add-on by 5 percent. Public Hospitals still have the ability to fund the non-Federal share of ICP payments and can therefore still maximize Federal funding sources. Additionally, the Executive Budget continues the State’s commitment to supporting financially distressed health care facilities.
- **Programmatic Administrative Efficiencies.** The Budget proposes reducing supplemental pools for certain health care plans and providers.

Promoting the Essential Plan

The Essential Plan (EP) was launched in January 2016 as a more affordable health insurance option for low- and moderate-income New Yorkers. The program has been extraordinarily successful, with nearly 800,000 New Yorkers enrolling at the end of FY 2020. It has also generated over \$1.5 billion in State savings by transitioning certain individuals from State-only Medicaid benefits to federally funded coverage in the EP. The State continues to promote this important public health insurance program to preserve affordable health insurance options for New Yorkers.

The Executive Budget makes significant investments through the Essential Plan through a three-point strategy as follows:

- Eliminating premiums for Essential Plan coverage for more than 400,000 New Yorkers earning between \$39,300 and \$52,400 for a family of four. This will promote coverage for upwards of 100,000 additional New Yorkers.
- Investing \$420 million in rates of payments to insurers who cover Essential Plan enrollees. This rate change will enhance provider reimbursement, which will promote and support access to vital healthcare services.
- Establishing a \$200 million Essential Plan Quality Pool to promote high quality of care. These funds strengthen provider networks, incentivize providers based on performance, and ensure provider access for all Essential Plan members.

Supporting the New York State of Health

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

To date, over 5.7 million New Yorkers have enrolled in coverage through the marketplace as the number of uninsured New Yorkers declined by 1.3 million since 2010. The spike in unemployment caused by the COVID-19 pandemic is projected to drive over one million new enrollees into public health insurance programs through the NYSOH Exchange. The Executive Budget includes \$442 million in total gross funding for the operation of the NY State of Health in FY 2022.

Transforming the Health Care System

As a result of the Governor’s Medicaid Redesign Team II initiatives, the Department of Health is building on prior successes in transforming the State’s ability to provide Medicaid services by preparing a waiver extension of the Medicaid Redesign Team 1115 waiver. The Department of Health is preparing to file a three-year extension to the existing MRT 1115 Waiver by March 2021.

Once the MRT Waiver is extended, additional funding requests can be pursued. New York will explore new initiatives through amendments to the approved waiver on Medicaid policy priorities including telehealth, alternative payment methodologies, workforce and Health Equity and Social Determinants of Health, and to address the COVID-19 pandemic impact on the State’s health care delivery system.

Strengthening Public Health and Aging Programs

DOH and SOFA administer programs that support New York’s public health and senior care systems. The Executive Budget provides more than \$295 million to support services provided by local governments, makes new investments, and reduces costs by restructuring programs and implementing administrative efficiencies. Actions will save an estimated \$145 million in FY 2022 and \$175 million in FY 2023. These spending reductions may be restored if the State receives requested Federal COVID relief funds. Key initiatives include:

- **Continue COVID Response and Implementation of Vaccine Distribution.** The Budget will support the implementation of a statewide COVID-19 vaccination program that will be available to all New Yorkers within the year, ensuring a fair and equitable distribution to vulnerable and underserved communities within all regions of the state. The vaccine program will cover nearly 20 million residents at no cost, driving New York towards becoming the nation’s first COVID-safe state and accelerating the State’s re-opening effort.
- **Create the New York Public Health Corps.** The New York Public Health Corps will assist in supporting COVID-19 vaccination operations and establishing a best-in-the-nation emergency response public health capacity that lasts beyond the COVID-19 pandemic. Fellows participating in the program will include students in undergraduate and graduate public health programs, nursing schools and medical and pharmaceutical schools, recent

graduates, retired medical professionals, volunteer first responders, and other New Yorkers who will receive an intensive public health training curriculum developed by Cornell University. After the COVID vaccination program is completed, New York will build on this Public Health Corps model by continuing to recruit and train public health professionals to be available and prepared to serve the State in any future crisis.

- **Expanding Nation-Leading COVID-19 Diagnostic Capacity.** The FY 2022 Executive Budget will continue to support the expansion of the State's world-leading testing program, currently able to perform over 200,000 COVID-19 tests on a daily basis to identify disease and mitigate community spread. This will include leveraging the research expertise of Wadsworth laboratories, which was the first public laboratory in the United States to have a non-Centers for Disease Control (CDC) COVID-19 test approved by the Food and Drug Administration (FDA). The State will also continue to operate a network of 22 regionally located drive-through and walk-in testing locations available to all New Yorkers completely free of charge, and will establish a network of rapid testing locations by partnering with testing companies to allow business and entertainment centers to safely re-open.
- **Capital Financing for Essential Health Care Providers.** The FY 2022 Executive Budget continues \$3.8 billion in capital investments for health care providers to transition into fiscally sustainable systems and to support capital projects, debt retirement, and working capital.
- **Extend the Nourish NY Program.** The Budget continues the Nourish NY Initiative supporting New York's regional food banks and local food providers' ability to purchase surplus locally produced food and goods from New York farmers and dairy manufacturers and deliver it to New York families in need. To date, New York has provided \$35 million for the Nourish NY program, in addition to annual funding of \$36.9 million through the Hunger Prevention and Nutrition Assistance Program (HPNAP) administered by DOH. New investments included in the Budget will bring the total funding commitment for the Nourish NY program to \$60 million.
- **Implement the 'Ugly Food' Initiative.** The Budget includes the creation of a pilot program in the mid-Hudson region that would see the New York State Office for the Aging's Area Agencies on Aging and their commercial kitchens sites intercept and redistribute nutritionally viable but ugly food surplus for processing and flash freezing. The counties identified for the pilot have highly active food rescue groups that will partner with the State on this pilot. The utilization of the statewide kitchens will be a valuable resource that will scale up the ability of Governor Cuomo's landmark legislation to divert more food surplus from landfills and feed hungrier New Yorkers.
- **Ending the AIDS Epidemic.** In 2014, Governor Cuomo launched the Ending the Epidemic initiative to significantly reduce HIV infections by the end of 2020. In 2019, the most recent year for which data is available, the estimated number of new infections fell to an all-time low of 1,700 cases. HIV incidence has declined each year since the start of ETE, with a 38 percent decrease over that time frame. New confirmed HIV diagnoses in 2019 also reached an all-time low of 2,377 — a four percent drop from 2018 and a 31

percent drop since the start of ETE. The FY 2022 Executive Budget continues the \$200 million multi-year commitment towards these efforts.

- **Physician’s Excess Medical Malpractice Restructuring.** Excess Medical Malpractice Insurance provides an additional layer of malpractice coverage to doctors practicing in high-risk specialties throughout the State, mitigating the burden of high medical malpractice costs for doctors. This year the Budget will require a payment restructuring to allow \$51 million in savings in the first year. Since the program’s creation in 1986, the medical malpractice insurance market has stabilized and strengthened considerably, thereby reducing the need for the State to pay for this supplemental insurance. Additionally, since policy year 2015, enrollment in the program has decreased by 24 percent.
- **Defer Cost of Living Adjustment (COLA) Payment.** The Budget defers FY 2022 Human Service COLA payment, saving SOFA \$2 million in FY 2021.

Other Initiatives

- **Centralize Medical Cannabis Supervision.** The Executive Budget proposes a comprehensive cannabis regulatory framework administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.

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

- **Pharmacy Benefit Managers (PBMs).** PBMs act as the middleman between health insurers and pharmacies. When a patient fills a prescription, he or she pays a copay. The PBM collects the balance of the payment from the insurer, passes a portion of that on to the pharmacy that dispensed the drug, and pockets the rest. The difference between what the PBM collected and what it passed on is the spread. PBMs — which set both amounts — do not have to disclose to insurers how much they pass on to pharmacies or disclose to pharmacies how much they collect from insurers. The Budget requires PBMs to register with the Department of Financial Services and to disclose financial incentives they receive for promoting specific drugs as well as other financial arrangements affecting customers to bring transparency to their operations and control to skyrocketing prescription drug costs.
- **Local Distressed Hospital Funding Pool.** The FY 2022 Budget continues the Distressed Provider Relief Fund to support financially distressed hospitals and nursing home facilities throughout the state through the collection of a portion of sales tax revenue from counties and New York City, generating \$500 million in designated funding through

FY 2022. These extraordinary resources will be made available based on the evaluation of financial need.

- **Enhancing Nursing Home Quality of Care.** New York’s nursing homes are responsible for caring for some of the state’s most vulnerable residents. Nursing home staffing is critical in resident care.

The Executive Budget advances a series of actions that advance the goal of ensuring nursing homes spend an appropriate level of their resources on resident care. They include but are not limited to:

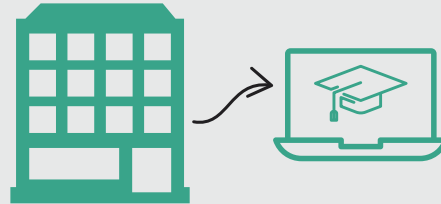
- The Department of Health will increase the existing Nursing Home Quality Pool with an emphasis on rewarding quality based on staffing practices.
- The Department of Health will promulgate regulations governing the review and approval of any contracted staffing arrangements between nursing homes and staffing agencies that provide or arrange for direct care staff.
- Medicaid reimbursement rates will include only staffing costs related to staffing contract arrangements that comply with regulatory requirements and only to the extent that such costs are determined by the Department to be consistent with the rates paid for comparable employed clinical staff and/or consistent with fair market value and commercial reasonableness.

Now, more than ever, it is important that nursing homes are staffed to provide high quality care and safety for their residents. The Executive Budget proposals will have a positive impact on nursing home residents and staff, delivering the quality of care needed for the most vulnerable New Yorkers in a safe work environment.



HIGHER EDUCATION

During the pandemic, SUNY and CUNY quickly transitioned **84 campuses** with **685,000 students** to remote and hybrid learning



SUNY AND CUNY PROVIDED

40,000

laptops and tablets to support students' remote learning



SUNY's free Online Training Center will offer employment certification for good jobs



in high-demand growing industries like health care and advanced

manufacturing - with automatic admission to any of SUNY's 30 community colleges

RANKED #1

The FDA ranked a saliva diagnostic test developed by SUNY Upstate Medical University as the top saliva test for detecting the virus in its earliest stages



Testing up to **25 samples** at a time

HIGHER EDUCATION FUNDING

Since 2012 New York State has increased higher education funding by more than

\$1.5 BILLION

Over **\$1 BILLION**

in **HESC financial aid programs**, including the Excelsior Scholarship, which allows nearly **230,000 New York resident students** attend SUNY or CUNY tuition-free



Budget Highlights

\$7.5 Billion for Higher Education. The Executive Budget provides \$7.5 billion in funding for higher education in New York – an increase of \$1.5 billion or 25 percent since FY 2012.

Preserve Access to Affordable College Degrees. By maintaining New York’s strong investment in student financial aid, including the Excelsior Scholarship free tuition program, nearly 230,000 New York resident students attend SUNY or CUNY tuition-free.

Protect Opportunity Programs. To help students with unique educational challenges, the Executive Budget continues over \$200 million in funding for opportunity programs and training centers – a 57 percent increase since FY 2012.

Rebuild Our Economy. New York’s colleges and universities will help rebuild the economy with several initiatives to educate and train workers for in-demand jobs. These include expanding SUNY’s free Online Training Center so New Yorkers can enroll in additional employment certification programs for quality jobs in high-demand growing industries and creating a new Offshore Wind Training Institute to train the first phase of an estimated 2,500 workers for well-paying jobs in the field of renewable energy.

The FY 2022 Executive Budget directs resources to New York’s colleges and universities to help combat the global health crisis, rebuild our economy and support students. The Budget protects New Yorkers’ access to an affordable college education in the face of economic challenges caused by the pandemic by preserving student financial aid and opportunity programs that serve our neediest students. The Budget also makes strategic investments that will help New Yorkers develop the skills and tools they need to meet the current and future workforce demand.

Overview

New York State’s higher education institutions educate nearly 1.2 million students. The State University of New York (SUNY) and the City University of New York (CUNY) administer 47 four-year colleges and graduate schools that provide 400,000 full- and part-time students with an array of undergraduate, graduate, and first professional degrees. SUNY and CUNY also support 37 community colleges that serve 285,000 students. In addition, 500,000 students attend the more than 100 private colleges and universities across the State.

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

The Higher Education Services Corporation (HESC) is New York State’s student financial aid agency and a national leader in helping make college affordable for New York residents. HESC oversees numerous State-funded financial aid programs, including the Excelsior Scholarship, the Tuition Assistance Program (TAP), the Aid for Part Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 350,000 students. HESC also partners with the Office of the State Comptroller in administering the College Choice Tuition Savings program.

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

Responding to the Pandemic

COVID-19 confronted New York's public university systems with unprecedented challenges that threatened the progress in providing New Yorkers access to a college education. SUNY and CUNY rose to the challenge last spring, successfully transitioning all 84 campuses to remote learning, providing approximately 685,000 students the opportunity to continue their education uninterrupted. In the fall, CUNY remained mostly online and SUNY safely reopened its campuses to more than one-third of its students, continuing to provide high-quality hybrid learning while closely monitoring student activity and aggressively responding to behaviors that endangered student learning and community spread.

To make sure students had the technology they needed to participate in distance learning, SUNY and CUNY purchased more than 40,000 laptops and tablets and made sure they were safely distributed to students in need. Additionally, the university systems extended their wireless networks and distributed Wi-Fi hotspot devices to ensure students can access the Internet for remote coursework.

SUNY Upstate Medical University's creation of a saliva diagnostic test for use in pooled, rapid screening tests played a critical role in monitoring COVID-19 infections on campuses and keeping students safe. Developed in partnership with Quadrant Biosciences, the test made it possible to examine the saliva of 10-25 students at a time for the virus, and was ranked by the U.S. Food and Drug Administration as the number one COVID-19 saliva test for the virus in its earliest stages.

Responding to challenges presented by the pandemic, SUNY and CUNY also expanded their efforts to help New Yorkers find sustainable career paths and play an active part in the State's economic recovery.

SUNY recently launched an Online Training Center that offers free college preparation courses and certifications in high-demand industries. The Training Center will enroll individuals without a post-secondary degree, who may be unemployed or recently laid off, into a college preparation or college program. CUNY established a partnership with CEOs of 27 of the largest employers in New York, including JPMorgan Chase, Amazon and Microsoft, that will create a pipeline to job opportunities for 25,000 students with a focus on low-income and Black, Latino and Asian communities. It also launched a Federal Work-

Performance Profile

Making College

Affordable. Along with other sources of financial aid, including the generous New York State Tuition Assistance Program, the Excelsior Scholarship allows nearly 230,000 New York residents to attend college tuition-free.

Maintaining Predictable and Affordable Tuition.

New York's predictable tuition plan has kept public college tuition affordable. Average tuition and fees at New York's public four-year colleges are \$2,000 or 19 percent less than the national average – and lower than 40 other states.

Protecting Access.

Confronted with the unprecedented challenges of COVID-19, SUNY and CUNY successfully transitioned all 84 campuses to remote learning providing approximately 685,000 students opportunity to continue their education uninterrupted.

Providing More

Opportunities. Responding to challenges presented by the pandemic, SUNY and CUNY expanded efforts to help New Yorkers find sustainable career paths. SUNY launched a free online training center for individuals unemployed or recently laid off, and CUNY established partnerships with businesses to create job opportunities and paid internships.

Study website, which will allow companies and organizations to hire thousands of students for paid internships.

Protecting Access and Opportunity

Under Governor Cuomo's leadership, New York is leading the nation in expanding access to a quality and affordable college education and is protecting this opportunity for New Yorkers in the face of challenges presented by the pandemic.

Funding for higher education has increased by \$1.5 billion since 2012 (25 percent), from \$6.0 billion to \$7.5 billion in the FY 2022 Executive Budget. This investment includes nearly \$1.3 billion in FY 2022 for strategic programs to make college more affordable and encourage the best and brightest students to build their future in New York.

The average tuition at the State's four-year public institutions is currently lower than 40 other states, and New York State has been aggressively reducing financial barriers to college. In 2011, the State enacted Governor Cuomo's plan to end decades of unpredictable and sudden tuition hikes with a rational tuition system that limits SUNY and CUNY tuition increases.

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

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

New York also invests more than \$200 million in support of educationally disadvantaged students through opportunity and training programs. Since 2012, funding for these programs has increased by \$78 million or 57 percent.

Table 10: Higher Education General Fund Spending

Category	Academic FY 2021 (millions)	Academic FY 2022 (millions)	Change	
			Dollars (millions)	Percent
SUNY State-Operated Campuses (a)	2,994	2,959	(35)	(1.2)
CUNY Senior Colleges (a)	1,394	1,394	0	0
SUNY and CUNY Debt Service	1,302	1,359	57	4.4
HESC Financial Aid Programs	990	1,047	57	5.8
Community Colleges (b)	669	658	(11)	(1.6)
SED Programs (c)	110	92	(18)	(16.4)
General Fund Total	7,460	7,510	50	0.7

- (a) Includes funding for campus operations and employee fringe benefits. SUNY decrease is attributable to lower costs for fringe benefits in FY 2022.
- (b) Decrease for community colleges is attributable to changes in enrollment.
- (c) Decrease in SED programs is Bundy Aid for private colleges.
- Note: Spending reductions may be restored if the State receives requested Federal COVID relief funds.

Proposed FY 2022 Budget Actions

Building on the successes of programs that provide students with a path to an affordable quality college education, the Executive Budget proposes savings necessary to balance the Budget in an equitable way that ensures all of New York's aspiring students can go to college and achieve their dreams.

- Preserve Support for our Neediest Students.** The Budget protects New Yorkers' access to an affordable college education in the face of economic challenges caused by the pandemic by preserving student financial aid and opportunity programs that serve our neediest students. The FY 2022 Executive Budget maintains full support for over \$1 billion in HESC financial aid programs, including TAP and the Excelsior Scholarship, as well as over \$200 million in funding for higher education opportunity programs and training centers. The Budget also includes legislation to hold harmless students who were unable to complete academic requirements needed to maintain financial aid eligibility because their enrollment was disrupted by coronavirus. The Budget extends financial aid award duration limits for those students who, because of the pandemic, were unable to maintain satisfactory academic progress due to illness, course closure, or other special circumstances.
- Protect Core Academic Mission During Tough Fiscal Times.** The Federal government's failure so far to offset revenue losses caused by the pandemic has created significant fiscal challenges that leave the State with no choice but to reduce spending. To protect the core academic mission of colleges, the Budget targets these reductions on general support for institutions, holding harmless HESC student financial aid and higher education opportunity programs and providing flexibility for colleges to protect other essential student services. SUNY State-operated campuses and CUNY senior colleges will continue to receive full State support for employee fringe benefits and debt service,

estimated to total \$4.1 billion in FY 2022. Community colleges will receive State support for debt service without reduction, estimated to total \$134 million in FY 2022. The Budget also fully reimburses colleges for academic year 2020 payments that were temporarily withheld in FY 2021. Beginning in academic year 2021, the Budget reduces general operating support to SUNY and CUNY by 5 percent as part of the 5 percent reductions across local aid payments. The reductions will total \$46 million for SUNY State-Operated campuses and \$26 million for CUNY senior colleges. For community colleges, the reduction will total \$35 million from Enacted Budget funding levels in FY 2021 and funding in FY 2022 will be based on the community college aid formula with no additional 5 percent reduction – an \$11 million decrease from FY 2021 funding levels due to enrollment declines reflected in the aid formula. The Budget eliminates general operating support for private colleges ("Bundy Aid") including \$16.8 million remaining payments in FY 2021 and \$35.1 million in FY 2022. These spending reductions are more than offset by \$1.5 billion in direct federal aid provided to New York's colleges and universities in the Federal stimulus bill approved in December and may be restored if the State receives requested Federal COVID relief funds.

- **Extend a Predictable Funding Plan for SUNY and CUNY.** In 2011, the Governor enacted a plan for predictable tuition increases for CUNY and SUNY, putting an end to surprise increases in students bills. The Budget extends this predictable funding plan for CUNY and SUNY that will continue to protect students from tuition spikes and provide our public colleges with additional resources to invest in college affordability and student success. This plan limits increases in the resident tuition rate at SUNY and CUNY to no more than \$200 a year through AY 2025, and provides tuition flexibility that will allow doctoral-degree granting institutions to increase research capacity while protecting student affordability. The revenue generated from any tuition increase will be reinvested to support faculty, instruction, initiatives to improve student success and completion, and tuition credits for TAP-eligible students. The plan also allows SUNY and CUNY to establish lower tuition rates for high-demand certificate programs, providing New York's public colleges flexibility needed to help rebuild the economy by offering more affordable education and training opportunities in every region of the State.
- **Educate and Train Workers for In-Demand Jobs.** Under Governor Cuomo's leadership, New York State has connected an unprecedented number of workers to jobs, and New York's colleges and universities have served a vital role in this effort. Workforce development must be flexible and respond nimbly to a rapidly changing environment and the COVID-related recession has magnified the need for flexibility. Along with an unprecedented increase in unemployment, the pandemic has caused a massive shift in the type of jobs available and in who is looking for work. The Budget includes several initiatives under which New York's colleges and universities will help rebuild New York's economy by educating and training workers for in-demand jobs.
 - In partnership with Governor Cuomo's Reimagine New York Commission, New York is launching a Pathways Pledge among New York's leading employers, both public and private, to create more inclusive workforces and provide more workforce development opportunities. To foster more equitable workforces after

the COVID-19 pandemic, the pledge commits these employers to reforming their talent recruitment, investment, and promotion policies. Through this pledge, participating employers will develop new relationships with New York State workforce development programs serving underserved communities, including SUNY, CUNY, Boards of Cooperative Educational Services and/or nontraditional workforce development organizations.

- Governor Cuomo will expand SUNY's free Online Training Center to enable New Yorkers to enroll in additional employment certification programs for quality jobs in high-demand, growing industries like health care and advanced manufacturing. The Training Center will give more New Yorkers in every region of the state — from rural communities to urban centers — another opportunity to receive free job training certifications and then automatically be admitted to any one of SUNY's 30 community colleges for future career advancements.
- New York's accelerated renewable energy development program is creating thousands of well-paying jobs. In order to make sure New Yorkers benefit from these opportunities, the State is investing \$20 million in a new Offshore Wind Training Institute based at SUNY Stony Brook and Farmingdale State College. In 2021, NYSERDA and SUNY will issue the first solicitations for advanced technology training partners, leveraging our SUNY and CUNY system to train the first phase of an estimated 2,500 workers beginning in summer of 2021.
- In 2017, Governor Cuomo signed into law "BSN in 10" to enhance the quality of patient care and elevate the nursing profession. It requires all nurses who complete an Associate Degree in New York State to complete a Baccalaureate of Science Degree in Nursing within 10 years to maintain licensure by the State. Beginning in Fall 2021, SUNY and CUNY will implement priority admission to nursing programs so the 40,000 nurses and nursing candidates in need of completing their baccalaureate credentials can receive a quality and affordable education within the state.
- **Streamline New Education Program Approval to Meet Workforce Needs.** To ensure responsiveness to the rapidly evolving skills that New York's employers require of their employees, the Budget will streamline the process to approve programs and degrees at New York's colleges and universities. This change will help fuel New York's economic recovery and enable New York to better compete in the Global Economy.

HUMAN SERVICES

As part of Governor Cuomo's **\$20 billion** affordable and homeless housing and services initiative

ACHIEVED

7,000+

supportive housing units were created or preserved



Including child-focused tax credits and pre-kindergarten programs, support for families with child care-aged children totals nearly **\$2.8 billion**, an increase of more than **\$500 million** since FY 2011

Since the start of the pandemic, more than **4M New Yorkers** have received **\$61.4B** in Unemployment Insurance benefits

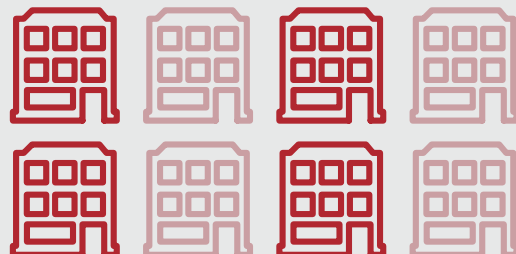


29 YEARS

worth of typical benefits

\$128 MILLION

FY 2022 Budget continues \$128 million for the Homeless Housing Assistance Program



Budget Highlights

Continue the \$20 Billion Affordable and Homeless Housing and Services Initiative.

The Budget supports progress towards the creation or preservation of more than 100,000 units of affordable housing over five years and adds \$250 million towards the goal of 20,000 units of supportive housing over 15 years.

Create More Homeless Housing.

The Budget continues funding for the Homeless Housing and Assistance Program at \$128 million, a level achieved when the program was doubled in FY 2021.

Support Child Care Providers and Families During the Pandemic.

The Budget supports use of Federal funding to assist families and the child care industry during the public health emergency, reduces the burden of child care on low-income families, and invests in start-up grants to address child care deserts.

Support Raise the Age Implementation.

The Budget includes a \$250 million appropriation to support continued implementation of the Raise the Age initiative.

Enact Employer Child Care Credits.

The Budget enhances the Excelsior Jobs Program and Employer Provided Child Care Credit, providing reduced child care costs.

The FY 2022 Executive Budget supports programs that are a lifeline for vulnerable New Yorkers, necessary more than ever as New York State continues to contend with the global pandemic. The Budget reflects continued delivery of the unprecedented \$20 billion investment in housing and homeless services and increases development of housing for individuals and families experiencing homelessness. The Budget advances the emergency rental assistance program supported by Federal funds. The Budget includes new investments in child care and provides a better path for youth involved in the criminal justice system to become law-abiding citizens through continued implementation of the landmark Raise the Age legislation.

Overview

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

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

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

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

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

Responding to the Pandemic

The global pandemic that blindsided New York State presents extraordinary challenges to New Yorkers, and particularly to those already struggling to obtain the basic needs of adequate food, shelter, employment, child care, and others. Governor Cuomo implemented an unprecedented, wide-ranging effort to help New Yorkers as the pandemic upended the economy and generated record job losses. These actions included:

- Responding to a more than ten-fold increase in the numbers of unemployed seeking unemployment benefits through the Department of Labor, enlisting state employees from multiple agencies to help process claims;
- Providing food benefits to children who would otherwise receive free school lunches through the Pandemic Electronic Benefit Transfer (P-EBT) program;
- Providing \$163.6 million from the CARES Act with a targeted approach to deliver child care scholarships for essential workers so they may continue their critical duties, and ensuring the availability of quality child care through availability of supplies and reopening grants, aiding the economic recovery;
- Placing a moratorium on evictions to ensure no tenant was evicted during the height of the public health crisis;
- Prohibiting charges or fees for late rent payments, and providing payment options to tenants facing financial hardship; and
- Placing a moratorium on foreclosure proceedings, temporarily preventing local governments from engaging in a tax lien sale, blocking negative credit reporting for property owners granted a stay of mortgage foreclosure, and extending the Senior Citizens' Homeowner Exemption and Disabled Homeowner Exemption.

Performance Profile

Delivering Affordable Housing. The Governor's plan set the ambitious target of creating or preserving 100,000 affordable housing units, and the State is well on track toward meeting that mark, having already financed the new construction and preservation of 66,500 affordable units.

Expanding Supportive Housing. Governor Cuomo's commitment of 6,000 new units of supportive housing within 5 years was achieved and exceeded ahead of schedule, paving the way for meeting the goal of 20,000 units within 15 years.

Supporting the Unemployed. Since the beginning of the pandemic, DOL has paid out more than \$61 billion in benefits to over 4 million New Yorkers - nearly 29 typical years' worth of benefits.

Increasing the Minimum Wage. Since 2014, New York State raised its minimum wage five times, increasing earnings for 1.5 million New Yorkers. The 2020 Statewide average of \$13.55 exceeds the Federal minimum wage by 87 percent.

Providing Opportunity and Supports for All New Yorkers

Vulnerable and underserved communities were hit especially hard by both the COVID-19 virus and its economic fallout. In the midst of the pandemic, the State's human services agencies administered programs to provide benefits and support to millions of New Yorkers, many facing sudden and unforeseen challenges, providing basic needs and oftentimes helping families stave off financial ruin.

Despite the challenges of the pandemic, progress continued on a slate of critical programs and policies that are providing social and economic justice and opening doors to opportunity at a time when it is needed most. This includes the Governor's historic \$20 billion investment in affordable and supportive housing, which is creating or preserving more than 100,000 units of affordable housing and creating 6,000 new units of supportive housing over the first five years of the plan. With the supportive housing component already achieved and exceeded, the State is on a path to meet the Governor's goal of creating, over 15 years, a total of 20,000 supportive housing units, which provide both affordable housing and services to people who may be at risk of homelessness.

In April 2016, Governor Cuomo signed into law the nation's first statewide \$15 minimum wage plan, marking a major milestone in the Governor's efforts to restore economic justice and fairness to working families in New York State. Five annual increases to the minimum wage have taken place so far during what was the longest economic expansion in both the State and the nation since the 1850s. More than 1.5 million New Yorkers saw their incomes raised, while unemployment dropped to historic lows. The economic downturn caused by COVID-19 disproportionately impacted minimum wage workers and the \$15 minimum wage phase-in continues outside of New York City, where it is already at \$15. Those earning the minimum wage represent a large portion of the hardest-hit industries, including retail trade and leisure and hospitality.

The Governor established a \$175 million Workforce Development Initiative in 2019 that will continue to support strategic regional efforts to meet businesses' short-term workforce needs, improve regional talent pipelines, extend apprenticeships, address the long-term needs of expanding industries, and provide opportunities for job seekers. As the economy recovers from the COVID-19 pandemic, the importance of workforce development is heightened for both employers and workers.

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

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

Table 11: Summary of All Funds Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars	Percent
			(millions)	
Human Services	9,917	10,477	559	5.6
OTDA	5,237	5,965	728	13.9
OCFS	3,212	2,867	(344)	(10.7)
DOL	567	649	82	14.5
HCR	836	933	97	11.6
DVS	16	16	(0)	(0.9)
NCS	17	17	0	1.9
DHR	14	14	(0)	(2.6)
NICIP	18	15	(3)	(16.7)

Note: Spending reductions may be restored if the State receives requested Federal COVID relief funds.

Proposed FY 2022 Human Services Budget Actions

Expanding Access to Affordable Housing and Combatting Homelessness

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

The State is well on track toward meeting these affordable housing goals and has exceeded those for supportive housing. To date, New York has financed the new construction and preservation of more than 66,500 affordable housing units and more than 7,000 units of supportive housing that provide stability for some of the state's most vulnerable populations, including veterans, victims of domestic violence, frail or disabled senior citizens, young adults aging out of foster care, and New Yorkers identified as homeless with special needs, conditions, or other life challenges. With this success, the Governor has continued the State's commitment to supportive housing. The goal remains to create 20,000 units over 15 years, and the Budget includes \$250 million in additional capital funding for supportive housing to continue making progress in FY 2022.

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

Specifically, the FY 2022 Budget continues and commits the following capital resources necessary to ensure continued delivery of safe, affordable housing as part of the housing plan:

- **Supportive Housing.** Continues \$950 million for the construction or operation of 6,000 supportive housing units throughout the State, and commits an additional \$250 million for the next year of supportive housing commitments toward the creation of 20,000 units over 15 years;
- **New Construction.** \$472 million for new construction or adaptive reuse of rental housing affordable to households that earn up to 60 percent of area median income (AMI);
- **Senior Housing.** \$125 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 60 and above;
- **Rural and Urban Community Investment Fund (CIF).** \$45 million for mixed-use affordable housing developments that may include retail, commercial or community development components;
- **Middle Income Housing.** \$150 million for new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn between 60 and 130 percent of AMI;
- **Affordable Housing Preservation.** \$146 million for substantial or moderate rehabilitation of affordable multi-family rental housing currently under a regulatory agreement;
- **Mitchell-Lama Rehabilitation.** \$75 million to preserve and improve Mitchell-Lama properties throughout the State;
- **Public Housing.** \$125 million for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of public housing authority developments outside of New York City;
- **Small Building Construction.** \$62.5 million for rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units;
- **Home Ownership.** \$41.5 million for promoting home ownership among families of low and moderate income and stimulating the development, stabilization, and preservation of New York communities;
- **Mobile and Manufactured Homes.** \$13 million for mobile and manufactured home programs;
- **Main Street Programs.** \$10 million for stimulating reinvestment in properties located within mixed-use commercial districts located in urban, small town, and rural areas of the State;

- **New York City Housing Authority (NYCHA).** \$200 million within the housing plan (and \$450 million in other reappropriations) for projects and improvements related at housing developments owned or operated by NYCHA; and
- **New York City Affordable Housing.** \$100 million for the preservation, restoration or creation of affordable housing units in New York City. All units must be affordable to households earning up to 60 percent of AMI.
- **Support Homeless Housing.** The Budget continues \$128 million for the Homeless Housing and Assistance Program (HHAP), a level achieved when funding for the program was doubled in FY 2021, adding to the \$20 billion affordable housing plan. This investment will create more housing for individuals and families who are homeless and unable to secure adequate housing without special assistance. HHAP is a critical resource in achieving the State’s supportive housing development goals, as it funds the capital construction of housing solely targeted to homeless individuals and families that require wrap-around services to remain stably housed. Adding permanent supportive and affordable housing is an effective long-term solution to reducing the homeless shelter census and associated costs and improves the quality of life of the entire community in which the housing is located.
- **\$1.3 Billion to Protect Renters.** The Budget advances the emergency rental assistance program supported by Federal funds. The program will support households in rental arrears that have experienced financial hardship, are at risk of homelessness or housing instability, and that earn less than eighty percent of area median income. The program would prioritize the unemployed and those with the lowest incomes. As part of this, there will be a hardship fund for the undocumented. In addition to using the \$800 million provided directly to the State, it would be structured to enable coordinated efforts between the State and the local governments that opted to receive funds directly – leveraging the \$480 million in resources provided to locals, gaining efficiencies, and preventing fraud.
- **Keep New Yorkers Housed.** The Budget proposes legislation to ban fees for late and missed rent payments during the COVID-19 pandemic and allow tenants to use their security deposit as immediate rental payment and repay the deposit over time, through May 1, 2021.
- **Codify Sales Tax Exemptions for Affordable Housing.** The Budget proposes to codify the eligibility of the sales tax exemption for not-for-profit Housing Development Fund Corporations, helping further support the development of affordable housing projects.
- **Expand Homeownership.** The Budget proposes to expand the State of New York Mortgage Agency (SONYMA) partners to a broader pool of lenders to expand pathways to homeownership. SONYMA would also be permitted to modify its mortgages to assist financially distressed homeowners.
- **Ensure Availability of Disaster Assistance.** The FY 2022 Budget provides an additional \$130 million in capital funding to continue projects related to ongoing reconstruction efforts at the Governor’s Office of Storm Recovery (GOSR).

Providing Quality Human Services

- **Support Child Care Programs.** The Executive Budget maintains \$832 million for child care subsidies through the New York State Child Care Block Grant. These funds serve approximately 169,000 children, ages 0-13, from approximately 101,000 low-income families. Including child-focused tax credits and pre-kindergarten programs, support for families with child care-aged children totals nearly \$2.8 billion, an increase of more than \$500 million since FY 2011.

In addition, the Budget invests \$40 million to ensure that no low-income New York family receiving a subsidy pays more than 20 percent of their income above the poverty level for child care co-pays, reducing the burden on approximately 32,000 working families. It also invests \$6 million for start-up grants to create programs in child care deserts and wage supports for programs located in existing deserts identified through the Regional Economic Development Councils (REDCs).

The Budget enhances the Excelsior Jobs Program and Employer Provided Child Care Credit, providing meaningful incentives to employers to help them provide much needed child care to their employees. The Excelsior Jobs Program is enhanced to allow for an expanded five percent Investment Tax Credit component and a credit for six percent of ongoing net child care expenditures provided by the credit recipient. The Employer Provided Child Care Credit is also enhanced by doubling the current credit percentages to 50 percent of qualified child care expenditures and 20 percent of qualified child care resource and referral expenditures while increasing the per taxpayer cap from \$150,000 to \$500,000.

Finally, legislation submitted with the Budget removes several unnecessary or duplicative administrative burdens on child care providers.

- **Support the Unemployed and Protect Workers.** Since the beginning of the pandemic, DOL has paid out more than \$61 billion in benefits to over 4 million New Yorkers - nearly 29 typical years' worth of benefits. The Executive Budget and administrative actions advance a package of reforms to the unemployment system, including upgrades to modernize technology, allowing work search activities to be performed via video conference and online, and creating a centralized virtual portal for workers to file wage, discrimination, retaliation, and other workplace violation claims. In addition, DOL will implement emergency measures that base partial unemployment benefits on the number of hours actually worked over the course of a week to incentivize unemployed New Yorkers to assume a part-time job as they search for full-time work. Legislation submitted with the Budget will make permanent new benefit calculations for partial UI made possible by technological improvements.
- **Assist Workers in Getting Vaccinated.** To protect workers and those returning to work, improve public health, and help the State's economic recovery, public and private employers would be required to provide four hours of paid leave for up to two COVID-19 vaccinations for each employee.

- **Advance the Economic Recovery through Workforce Development.** The FY 2022 Executive Budget enacts a COVID-19 Recovery Workforce Initiative, which invests \$50 million for training in high-growth industries, employer-driven training for low-income workers, and funding for small businesses to re-train and hire furloughed, laid-off, or new employees. The investments will provide durable skills that lead to high-quality jobs and support the growth of small businesses recovering from COVID-19 impacts.
- **Ensure Human Rights Protections for all New Yorkers.** The Budget supports the expansion of the Equal Rights Amendment in the State Constitution to permanently codify rights that reflect New York's commitment to equality. Legislation submitted with the Budget also adds citizenship and immigration status as protected classes under the Human Rights Law, and extends anti-discrimination provisions to for-profit schools to better protect against discrimination, harassment, and bullying in such institutions.
- **Continue Implementation of Raise the Age.** The age of criminal responsibility was increased from 16 to 17 on October 1, 2018 and from 17 to 18 on October 1, 2019. The Budget continues support for implementation, including comprehensive diversion, probation, and programming services for 16- and 17-year old youth in the juvenile justice system. This includes support for Voluntary Agency Not-for-Profit providers in the operation of residential programs, but reimbursement payments will be limited to actual placements. Previously, providers had received reimbursement for the cost of maintaining a bed, regardless of its usage, to ensure sufficient capacity as the juvenile justice system adjusts to the new RTA law. This change reflects that the number of youth adjudicated to a placement remains below initial projections.
- **Right-size Capacity at State Youth Facilities.** Four youth facilities have been chronically underfilled, with a total bed capacity of 142 and only 50 youth currently placed. Given system-wide long-term excess capacity, which could handle these youth elsewhere, these facilities will be closed. Article VII legislation submitted with the Budget will amend the one-year notice requirement to allow these facilities to close in calendar year 2021. In addition to \$21.8 million in operational savings on a full annual basis, closure of these facilities will result in avoidance of approximately \$14 million in capital costs, which would better allow OCFS to manage the needs of their remaining capital-intensive facilities.
- **Consolidate Community Multi Service Offices (CMSOs).** OCFS currently operates ten CMSOs and four satellite offices that provide community supervision and family engagement and support during a youth's residential placement and after their return to the community. As arrest rates continue to fall, the Executive Budget will consolidate CMSOs in New York City and Central New York to better align program staffing with the youth census population.
- **Consolidate the Community Optional Preventive Services (COPS) and Supervision and Treatment Services for Juveniles Program (STSJP) Programs.** The COPS program serves children or youth who are not at imminent risk of foster care, but who have been identified as being at general risk of entering the foster care system. STSJP seeks to divert at-risk, alleged or adjudicated juvenile delinquents (JDs), Persons in Need of Supervision (PINS) or Juvenile Offenders (JOs), as appropriate, from detention,

residential placement or from recidivating. Given that the programs serve similar constituencies, the Executive Budget consolidates them to provide greater flexibility in service delivery for at-youth risk and to allow local governments to better react to changing needs and/or best practices in the field. The Budget also captures associated efficiencies by reducing the total funding for the combined program by 20 percent.

- **Comply with the Federal Family First Prevention Services Act.** Legislation submitted with the Budget will support compliance with the Federal Family First Prevention Services Act (FFPSA) by helping to keep children safely with their families or in the least restrictive, most family-like setting appropriate to their special needs when foster care is needed. FFPSA mandates that local districts operate evidence-based prevention programs for a variety of services such as mental health, substance abuse prevention and treatment, timely assessments of children and reviews of children with special needs who are placed in qualified residential treatment programs (QRTPs) to ensure their continued need for such care. The proposed legislation is critical to assist local districts towards meeting these federal requirements by the September 2021 federal deadline.
- **Continue Re-aligned Fiscal Responsibility for Committee on Special Education Placements.** The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts and school districts. There is no State share for New York City placements, and the former 18.42 percent State share for placements outside of New York City was eliminated in the FY 2021 Enacted Budget. For Statewide consistency, the Executive Budget makes the current funding structures permanent, thereby aligning the fiscal responsibility with the school district responsible for the placement.
- **Streamline Unclaimed Child Support Collections.** The current process by which unclaimed child support funds are transferred to the Office of State Comptroller is overly cumbersome, as it requires a court order prior to turning the funds over to the county treasurer/commissioner of finance, where they are held for five years. Legislation submitted with the Budget will make it easier for parents to claim child support payments or overpayments due by utilizing the established public claims process available on the Comptroller's website. This measure also provides administrative relief for social services districts by simplifying the process.
- **Ensure Statewide Access to Veterans' Treatment Courts.** Veterans face unique challenges that result from the trauma and sacrifice they may have endured in service to their country. Legislation submitted with the Budget would help provide Statewide access to veterans' treatment courts, which recognize these unique challenges and help ensure that veterans receive appropriate services and that their cases are resolved in a fair and just manner.
- **Require Differential Response Programs for Child Protection.** Legislation submitted with the Budget would require local social services districts to establish differential response programs that would serve as an alternative to child protective services for select allegations of maltreatment. Such programs promote the well-being of children by utilizing a collaborative approach to meeting the needs of families, where there is an accepted

report of child abuse or maltreatment, but no immediate or impending danger has been identified regarding the safety of the child or family.

- **Align Gifts to Food Banks with Related Programs.** The Department of Health administers food banks programs, including allocating funding and distributing information to individuals in need. For the purpose of efficiency and to align administration of similar programs, administration of the fund associated with a tax check off box whereby New Yorkers voluntarily contribute to food banks through their tax return will be moved from OTDA to DOH.
- **Reduce Human Services Local Assistance Payments to Reflect the Fiscal Crisis.** As a result of the fiscal crisis caused entirely by the pandemic, and consistent with programs throughout the State budget, Human Services local assistance payments will be reduced by 5 percent. These spending reductions may be restored if the State receives requested Federal COVID relief funds.



LOCAL GOVERNMENT

MEDICAID RELIEF



In FY 2021 alone, the State's takeover of local **Medicaid cost-increases** will save counties across the State **\$2.4 billion** and New York City **\$2.4 billion**. Since FY 2013, the takeover has saved localities more than **\$25 billion**.

Over the first **9** years of the property tax cap, local taxpayers

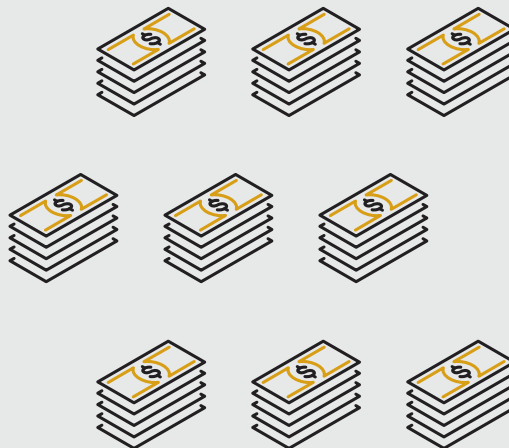


CAPPING PROPERTY TAXES

have saved **\$58.8 billion** and the typical taxpayer saved **\$7,900**.

REDUCING THE LOCAL PROPERTY TAX BURDEN

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



Budget Highlights

Comprehensive Mandate Relief. The Budget includes a package of mandate relief proposals, providing local governments with more flexibility and fiscal relief.

County-Wide Shared Services Initiative. The Budget includes a State match of savings from shared services actions included in property tax savings plans. More than \$200 million is available for FY 2022.

Continued Local Medicaid Savings. The State will continue to absorb any growth in local Medicaid costs over the prior year. Local Medicaid savings will total \$4.8 billion in FY 2022, alone.

Local Impact. Local governments will receive a total of \$45.7 billion in support through major local aid programs and savings, an increase of \$2.5 billion. Executive Budget actions will provide a net positive impact of over \$1.8 billion for all local governments on a local fiscal year basis in 2022.

The FY 2022 Executive Budget recognizes that local governments, like the State government, are experiencing fiscal stress as a result of the ongoing public health crisis. As the Governor continues to push for promised Federal aid, the Budget works to address fiscal stress by advancing a comprehensive mandate relief package, while continuing programs that encourage shared services and greater efficiencies and providing tools to control expenses and protect taxpayers.

Overview

In the spring, New York State was blindsided by COVID-19 as the Federal government failed to act, including by allowing 3 million travelers from Europe to enter New York City-area airports and others. As a result, New York became the epicenter of the global pandemic in March and April 2020. As New York moved swiftly to combat the spread and save lives, the pandemic decimated the economy and drove down revenues for governments at all levels, many of which are wrestling with how to maintain services.

Governor Cuomo has steadfastly advocated for Federal aid to account for the loss of revenue and help the State, the City of New York, and all local governments and the residents they serve. Thus far, the Federal Government has failed to provide the level of relief required to stave off cuts and program reductions during a time when services are most needed.

As eyes remain on Washington and the renewed potential that comes with new leadership, the FY 2022 Executive Budget proposes a comprehensive mandate relief package to help local governments support their residents.

In addition, the Executive Budget continues to incentivize efficiency across all levels of government. Now, more than ever, local governments must collaborate to reduce costs.

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

New York's local government assistance programs provide general purpose aid to municipalities, as well as targeted grant programs and incentives for local government efficiency and consolidation actions. The Aid and Incentives to Municipalities

(AIM) program and AIM-related payments provide general purpose aid to cities, towns, and villages.

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

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

Responding to the Pandemic

Governor Cuomo undertook a regionalized approach to combatting the virus and safely re-opening the economy. Local officials were brought together in Control Rooms to monitor numerous factors including the hospitalization rate, death rate, number of new hospitalizations, hospital bed capacity, ICU bed capacity, testing and contact tracing. These Control Rooms played a valuable role in New York Forward, the State's re-opening plan, helping to inform State decisions that ultimately enabled New York to re-open its economy while achieving one of the lowest infection rates in the nation.

Separately, by deploying resources provided by funding from the CARES Act and other Federal sources designated only for limited, COVID-19 spending, the State established a testing and contact tracing program, and provided millions of pieces of personal protective equipment and medical supplies to communities in every corner of the State. While the CARES Act provided direct funding to New York City, Erie, Monroe, Nassau, Suffolk and Westchester Counties, and the Town of Hempstead, these efforts provided relief to other local governments.

The Property Tax Cap: Paying Dividends to Taxpayers During These Critical Times

In his first year in office, Governor Cuomo advanced and secured approval of the State's property tax cap. Since enactment of the cap, property taxes have grown by an average of just 1.8 percent per year – less than half the average annual growth from 2000 to 2010. Since it was implemented in 2012, taxpayers have saved \$58.8 billion as a result of the cap, with the typical taxpayer saving

Performance Profile

Local Leadership on Pandemic Response.

More than 100 local leaders statewide led Control Rooms to monitor the data needed to inform decisions on regional re-opening of New York's economy.

Controlling Property Tax Growth. Under the Property Tax Cap, the typical taxpayer saved \$7,900 in the first eight years. Overall, local taxpayers have saved \$58.8 billion.

Encouraging Local Shared Services. So far, 53 counties have identified a total of 567 projects with recurring local property tax savings through the County-Wide Shared Services Initiative.

Fostering Consolidation and Tax Relief. To date, over \$18 million has been delivered through the Citizen Empowerment Tax Credit program to 26 local governments across New York where voters approved a village dissolution within their boundaries.

\$7,900 thus far. The FY 2020 Enacted Budget made the tax cap permanent.

As many families are feeling the economic ramifications of the public health crisis, the Tax Cap's protection for homeowners is now more important than ever. Because of the Tax Cap, property tax bills are more predictable, more stable, and less likely to skyrocket at a time when taxpayers can least afford it.

Reducing Property Taxes and Supporting Local Governments through Shared Services and Efficiencies

Local governments experiencing revenue loss may be struggling to maintain services. By working together, local governments can capture efficiencies, save money, and protect programs and services. The Budget continues support for a variety of local government restructuring and efficiency grants, including the following:

- **Countywide Shared Services Initiative.** Local governments in each county are required to meet to discuss and pursue opportunities for shared services that will permanently reduce the local property tax burden. The initiative requires the chief executive officer of each county to create a shared services panel composed of representatives from all the cities, towns, and villages in each county, with schools and special districts as optional members. The panels are tasked with creating property tax savings plans that consist of new shared services actions. Through 2019, for the first three years of the program, countywide plans have identified over 850 projects with recurring local property tax savings. The Budget includes over \$200 million in appropriations to support State matching grants for these collaborations.
- **Local Government Efficiency Grants.** Competitive grants help cover costs associated with local government efficiency projects, such as consolidation or shared services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.
- **Citizens Reorganization Empowerment Grants.** Funding of up to \$100,000 is available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.
- **Citizen Empowerment Tax Credits.** For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used for direct relief to property taxpayers.

Restructuring Distressed Local Governments

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

the Governor. Of these six appointees, one is recommended by the Temporary President of the Senate, and one is recommended by the Speaker of the Assembly.

Any eligible county, city, town, or village may request a Comprehensive Review from the Board. The review will assess the local government's operations, finances, and management structure. Based on this information, the Board may make recommendations on restructuring municipal operations to improve the local government's finances and efficiency. In addition, the Board can offer grants and/or loans of up to \$5 million per municipality through the Local Government Performance and Efficiency Program to implement the recommendations, which the Executive Budget continues support. To receive the aid, the local government must agree to fulfill the terms of the recommendations. To date, the Board has completed Comprehensive Reviews for 25 local governments and is currently undertaking a Comprehensive Review for one additional municipality.

Providing Mandate Relief

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

- **Medicaid Relief.** In FY 2021 alone, the State's takeover of local Medicaid cost-increases will save New York City \$2.4 billion, and another \$2.4 billion for counties across the State. They are expected to once again save \$4.8 billion combined during FY 2022. From FY 2013 when this administration began assuming a share of Medicaid growth, through FY 2021, counties and New York City have combined to save more than \$25 billion, an amount local governments would have otherwise had to bear.
- **Pension Reform.** Pension costs had been one of the fastest growing expense categories for local governments and school districts. In 2012, a new pension tier was created in the State pension system that will save the State, local governments, and school districts more than \$80 billion over 30 years. Tier VI pension reform has already lowered taxpayer pension costs through FY 2020 by \$879 million for local governments (not including NYC's savings) and \$534 million for the State.
- **Eliminating the Internet Tax Advantage.** The State's elimination of the internet tax advantage in the FY 2020 Enacted Budget generated in new revenue for local governments outside of New York City approximately \$164 million in FY 2020 despite not being effective for the full fiscal year and is on pace to generate well above \$300 million in FY 2021.
- **Savings From Declining Jail Populations and Bail Reform.** The number of incarcerated individuals throughout the State has been dropping for years with the crime rate and due to historic reforms. Over the past decade, New York City and county governments have been able to realize over \$400 million in combined savings. Going forward, New York City stands to realize as much as \$300 million in additional annual savings, while county governments stand to realize over \$50 million, annually.

Table 12: Summary of All Funds Local Government State Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars (millions)	Percent
Aid and Incentives to Municipalities*	620.5	612.5	(8.0)	(1.3)
County-Wide Shared Services Initiative	15.0	15.0	0.0	0.0
Citizens Empowerment Tax Credits and Grants**	5.3	6.2	0.9	17.0
Local Government Efficiency Grants**	3.2	3.1	0.1	3.1
Local Government Performance and Efficiency Program**	9.5	17.6	8.1	85.3
VLT Impact Aid	28.4	18.6	(10.3)	(34.5)
Miscellaneous Financial Assistance	3.6	3.6	0.0	0.0
Small Government Assistance	0.2	0.2	0.0	0.0

* An additional \$67.8 million is provided to towns and villages through AIM-related sales tax payments.

** Beginning in FY 2018, some Citizens Re-Organization Empowerment Grants, Local Government Efficiency Grants and the Local Government Performance and Efficiency Program were funded out of the Special Infrastructure Account instead of the General Fund. A portion of anticipated spending for these programs in FY 2022 will also be funded in this manner.

Note: Spending reductions may be restored if the State receives requested Federal COVID relief funds.

Proposed FY 2022 Budget Actions

- **Comprehensive Mandate Relief Agenda.** Building on prior mandate relief accomplishments and reflecting that the current fiscal climate for local governments requires all efficiencies to be pursued, the FY 2022 Executive Budget provides a comprehensive new package of mandate relief.

Revenue

- **Grant Permanent Sales Tax Authority.** All counties would be provided permanent authority to set a local sales tax rate of up to four percent, consistent with New York City. Most counties collect sales tax at four percent, currently, but the authority must be periodically renewed. This action would provide counties with revenue certainty while alleviating an administrative burden.
- **Achieve Sales Tax Equality for Vacation Rentals.** In order to create a level playing field between traditional hospitality industry participants such as hotels, motels, and B&Bs and the growing vacation rental sector, the Executive Budget subjects all vacation rentals to State and local sales taxes, as well as the New York City hotel unit fee.
- **Collect Sales Tax on Cannabis.** Allow local governments to apply their sales tax rate on the legalized sale of cannabis. The Budget regulates and controls the production, distribution, transportation, and sale of cannabis, cannabis related products, and medical cannabis for the purposes of fostering and promoting temperance in their consumption, to properly protect the public health, safety, and

welfare, and to promote social equality. As one of three taxes imposed on the adult use of cannabis, the prevailing local sales tax rate in the county and/or city in which the retail dispensary is located is applied.

Health

- **Continue Telehealth.** Make the telehealth provisions created under NYS EO for COVID-19 permanent. Allow telehealth services to continue for Early Intervention (EI) post COVID-19, as determined by the Individualized Family Service Plan (IFSP) process, to improve service availability.
- **Implement the State Drinking Water Information System.** This system will eliminate an administrative burden by reducing data entry with better use of technology.

Local Government Finance

- **Expand Investment Options for Counties.** Under current law, all local governments are authorized to hold certain investments, subject to various restrictions and approvals. New York City, however, is temporarily authorized to invest in additional types of products. Legislation submitted with the Budget would expand the types of investment options available for counties to provide similar options as those currently available to New York City, helping counties to better manage their resources.
- **Extend Authorization for Local Government Piggyback Contracts.** Local governments use the authority to utilize other government agencies' contracts as a means to create efficiencies and reduce the costs of purchasing goods and services. Legislation submitted with the Budget would extend local governments' authority to "piggyback" on competitively bid contracts from the Federal government and/or any state or local government for apparatus, materials, equipment, or supplies, and any services related to their installation, maintenance, and repair for an additional two years, to July 31, 2023.
- **Make the County-Wide Shared Services Initiative Permanent and Enhance Flexibility.** Legislation submitted with the Budget will enhance flexibility within the County-Wide Shared Services Initiative (CWSSI) program by expanding opportunities for local government shared services plans, actions, and State matching funds, and would permanently extend the ability for the county-led panels to meet and formulate savings action plans after 2021.
- **Provide a Market-Rate of Interest on Court Judgments.** For court judgments paid by public and private entities, the Budget allows a variable market-based interest rate, providing mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. This fixed rate was

established at a time when interest rates were at 12 percent. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

Human Services

- **Extend Foster Care Home Certifications.** By giving longer terms to home certifications, local departments of social services will have better ability to access Federal claims associated with foster care.
- **Extend the Population Eligible for Chafee Funding to Include Young Adults Ages 21-23.** This would allow local social service districts better flexibility to achieve improved outcomes.
- **Provide More Efficient Training Options.** Where possible and appropriate, trainings will be offered through remote learning technology, or locally. This will save local governments from incurring unnecessary travel expenses.
- **Streamline Process for Transfer of Unclaimed Child Support Collections.** The Social Services and Abandoned Property laws would be amended to modernize existing Child Support processes to establish an efficient, streamlined administrative process by which local social services districts transfer undisbursed child support collections to OSC's Office of Unclaimed Funds. In addition to benefitting parents, this would provide administrative relief for social services districts by simplifying the process.

Public Protection

- **Authorize Shared Jails for Contiguous Counties.** Legislation submitted with the Budget would relieve contiguous counties of the requirement to maintain and operate their own jail, if they have an approved sharing agreement for the housing of the inmate population. This will allow counties to capture savings made possible by declining jail populations.
- **Provide Staffing Flexibility.** Counties would be given flexibility through regulatory action in establishing minimum staffing levels for county jails. This would allow counties to continue to improve upon facility operations.
- **Continue Local Government Restructuring Programs.** The Budget continues funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, the Local Government Performance and Efficiency Program, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants.
- **Continue County-Wide Shared Services Initiative Match.** The Budget continues the effort to relieve the property tax burden by providing a State match of first-year savings from county-wide shared services plans. Counties that implemented shared services plans in 2020 are eligible to receive matching funds from the State in calendar year 2021.

Legislation submitted with the Budget will permanently enable these countywide collaborations and development of plans. In addition, legislation would encourage realization of shared services initiatives by allowing projects included in previous local plans that are not yet implemented to be eligible for State matching funds when they are implemented. Local governments are also provided a more flexible timeline for implementation.

- **Eliminate Video Lottery Terminal (VLT) Aid.** This category of State aid was created to support assumed local service needs associated with hosting VLT facilities, but the revenue benefits of hosting a facility outweigh any associated costs. Further, not all municipalities that currently host VLT facilities receive aid through this program and the State does not provide additional impact aid for other types of facilities that may have similar local public service impacts as VLT facilities. Accordingly, the Executive Budget eliminates VLT Aid outside of Yonkers, which is the only municipality receiving this aid to direct the funds to educational purposes.
- **Reductions in AIM to Cities.** The Budget equitably reduces the amount of Aid and Incentives to Municipalities (AIM) for cities in New York State based on their reliance, calculated as a percentage of the total city budget. Payments will be reduced by 2.5 percent for those cities with the highest reliance on AIM, and up to 20 percent for those who have the least reliance. Cities that have failed to report their budget information to the State would be included in the category of least reliant.
- **AIM-Related Payments for Towns and Villages.** The remaining Aid and Incentives to Municipalities for the towns and villages will be shifted to AIM-Related payments funded by local sales tax collections. Additionally, AIM-Related payments will be reduced by 20 percent to all towns and villages to offset the shift and to parallel the reductions to regular AIM. This average reduction would only be \$9,252.
- **Local Government Assistance Program Reductions.** As a result of the fiscal crisis, and consistent with programs throughout the State budget, local government assistance payments will be reduced by 5 percent.

Overall Fiscal Impact on Local Governments

The impact of the FY 2022 Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2022 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total \$45.7 billion in FY 2022 under the Executive Budget. This represents an increase of more than \$2.5 billion over the prior year, predominantly due to increases in School Aid.

The second way of measuring the impact of the FY 2022 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory

automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under this narrower criteria, actions taken in the Executive Budget, including those that address the extraordinary budget gap, as well as the programming of Federal COVID-19 funds for education, result in a year-to-year net positive local impact of over \$1.8 billion for municipalities and school districts for their fiscal years ending in 2022. Spending reductions that impact local governments may be restored if the State receives requested Federal COVID relief funds.

- **Support for County Governments.** Total State spending on behalf of counties outside of New York City through major local aid programs is expected to total more than \$5.3 billion in FY 2022 under the Executive Budget. This includes \$2.4 billion attributable to the State takeover of local Medicaid growth. Total support for counties is approximately \$200 million higher than FY 2021.

The traditional local impact table excludes increases in caseload, statutory automatic inflators, and the incremental increase in county Medicaid growth that is paid for by the State. Under this narrower criteria, the Executive Budget has a year-to-year net negative fiscal impact of \$24 million for counties outside New York City. This impact reflects over \$27 million of reductions in Human Service-based programs, including 5 percent programmatic reductions to most programs. In addition, counties will see a near \$5 million reduction in funding due to the discontinuation of the State's share toward the Federal Public Indigent Care Pool. Reforms within the Early Intervention program will save counties over \$16 million.

- **Support for New York City.** Total State spending on behalf of New York City through major local aid programs is expected to total more than \$19.7 billion in FY 2022 under the Executive Budget. This also includes \$2.4 billion attributable to the State takeover of local Medicaid growth and over \$13 billion in School Aid. Total support for New York City is higher than FY 2021 by nearly \$1.7 billion, in large measure due to a year to year school aid increase exceeding \$1.4 billion.

Traditional local impacts presented in the Executive Budget reflect a net positive impact of nearly \$1.3 billion for the 2022 City Fiscal Year. The over \$1.4 billion increase in school aid and reforms within the Early Intervention program that will save New York City over \$13 million are partially offset by a net \$72 million in Medicaid- and health-related actions, including: \$61 million from the discontinuation of the State's share of the Federal Public Indigent Care Pool and \$24 million from lowering the City's GPHW reimbursement percentage from 20 percent to 10 percent, as well as \$38 million in reductions within human services programs.

- **Support for Other Cities, Towns and Villages.** The Executive Budget provides nearly \$1 billion in support for towns, villages, and cities other than the City of New York. The most notable local impact for such local governments in the FY 2022 Executive Budget are a \$34.6 million reduction to the AIM program for cities, a \$13.5 million negative impact related to the transition of remaining towns and villages from the AIM program to AIM-related funding, including the associated reduction AIM-related payments by 20 percent,

and a \$10.3 million reduction to VLT Aid including the elimination of aid to all municipalities outside Yonkers.

- **Support for School Districts.** In School Fiscal Year 2022, the Executive Budget increases aid for school districts outside New York City by \$640 million. Partially offsetting this impact, the Budget also makes permanent the school districts' share of the residential cost for Committees on Special Education (CSE) placements, which results in a \$28 million negative impact in the 2022 school year.

Table 13: FY 2022 Executive Budget Impact on Local Governments (in millions)

	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid and Other Education- Total SFY 2022 Executive Budget Impact on LFY 2022	2,060.4	1,420.6	639.8	0.0	0.0	0.0
School Aid and Other Education - Total SFY 2022 Major Local Aid Programs	31,858.7	13,027.6	18,601.0	0.0	0.0	0.0
Special Education - Total SFY 2022 Executive Budget Impact on LFY 2022	0.0	0.0	0.0	0.0	0.0	0.0
Special Education - Total SFY 2022 Major Local Aid Programs	1,353.7	669.1	239.3	445.4	0.0	0.0
Medicaid - Total SFY 2022 Executive Budget Impact on LFY 2022	(65.5)	(60.6)	0.0	(4.9)	0.0	0.0
Medicaid - Total SFY 2022 Major Local Aid Programs	4,819.0	2,422.0	0.0	2,397.0	0.0	0.0
Human Services - Total SFY 2022 Executive Budget Impact on LFY 2022	(93.4)	(38.2)	(27.9)	(27.3)	0.0	0.0
Human Services - Total SFY 2022 Major Local Aid Programs	4,303.3	2,802.4	0.0	1,500.9	0.0	0.0
Health - Total SFY 2022 Executive Budget Impact on LFY 2022	4.6	(11.6)	0.0	16.2	0.0	0.0
Health - Total SFY 2022 Major Local Aid Programs	426.1	217.3	0.0	208.8	0.0	0.0
Mental Hygiene - Total SFY 2022 Executive Budget Impact on LFY 2022	(7.9)	(3.9)	0.0	(4.0)	0.0	0.0
Mental Hygiene - Total SFY 2022 Major Local Aid Programs	70.2	29.7	4.0	36.5	0.0	0.0
Transportation - Total SFY 2022 Executive Budget Impact on LFY 2022	(13.7)	(6.1)	0.0	(7.6)	0.0	0.0
Transportation - Total SFY 2022 Major Local Aid Programs	833.8	236.6	0.0	347.8	50.2	199.1
Municipal Aid - Total SFY 2022 Executive Budget Impact on LFY 2022	(60.4)	0.0	0.0	(2.6)	(38.4)	(17.6)
Municipal Aid - Total SFY 2022 Major Local Aid Programs	703.7	0.0	0.0	0.0	634.3	54.4
Public Protection - Total SFY 2022 Executive Budget Impact on LFY 2022	0.0	0.0	0.0	0.0	0.0	0.0
Public Protection - Total SFY 2022 Major Local Aid Programs	470.7	144.3	1.1	303.2	14.2	7.8
Environment - Total SFY 2022 Executive Budget Impact on LFY 2022	0.0	0.0	0.0	0.0	0.0	0.0
Environment - Total SFY 2022 Major Local Aid Programs	430.0	TBD	TBD	TBD	TBD	TBD
All Other - Total SFY 2022 Executive Budget Impact on LFY 2022	0.0	0.0	0.0	0.0	0.0	0.0
All Other - Total SFY 2022 Major Local Aid Programs	478.0	222.0	165.0	91.0	0.0	0.0
Revenue Actions	10.7	3.5	0.2	6.2	0.6	0.2
Total SFY 2022 Executive Budget Impact on LFY 2022	1,834.8	1,303.7	612.1	(24.0)	(37.8)	(17.4)
Grand Total SFY 2022 Executive Budget Impact on LFY 2022	1,834.8	1,303.7	612.1	(24.0)	(37.8)	(17.4)
Grand Total SFY 2022 Major Local Aid Programs/Savings	45,747.2	19,771.1	19,010.4	5,330.6	698.6	261.3

MENTAL HYGIENE

State services

support more than

1 million individuals



more than

800,000

with mental illness

126,000

people with
developmental
disabilities



234,000

individuals with
substance use
disorders or
gambling
problems



The Budget continues the **\$20 million investment** from **FY 2021** to support existing residential programs, part of the cumulative increase of **\$70 million annually** since **FY 2015**.



OPWDD supports **36,000 individuals** in certified community-based residential programs and **more than 6,700 individuals** in living independently.

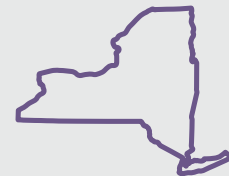
Community mental health
crisis care services that help

100,000
people annually



will expand to include new
24/7/365 **behavioral health crisis
stabilization centers**

Nearly **90,000 previously unserved individuals** have received services **since FY 2015** thanks to an expansion of community-based services



Budget Highlights

Create the new Office of Addiction and Mental Health Services. In a continuation of previous efforts to coordinate and align services for individuals with addiction and mental illness, the FY 2022 Executive Budget integrates OASAS and OMH to create a new agency: the Office of Addiction and Mental Health Services (OAMHS).

Invest in Services for Individuals with Developmental Disabilities. The FY 2022 Budget continues support for respite services, employment and day program opportunities, and residential services.

Improve OMH Housing Services. The Budget continues the \$20 million investment from FY 2021 to support existing residential programs, a part of the cumulative increase of \$70 million annually since FY 2015. In addition, \$60 million in capital funding will preserve community-based housing that allows people to live in the most integrated setting possible.

Invest in Infrastructure. The Budget provides over \$600M in Capital funds for community-based and State-operated facilities for individuals served by the Mental Hygiene agencies.

The FY 2022 Executive Budget makes investments amid the global pandemic to help ensure that individuals are served safely in the most integrated and cost-effective setting possible, supports the expansion of community-based care and continues the oversight of services for vulnerable persons. The Budget also continues to combat the opioid epidemic through prevention, treatment, and recovery programs.

Overview

The Mental Hygiene agencies and associated community-based programs provide services to individuals with developmental disabilities, mental illness, and addictions. These agencies include the Office for People With Developmental Disabilities (OPWDD), the Office of Mental Health (OMH), the Office of Addiction Services And Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). The Mental Hygiene agencies support services for more than 1 million individuals, including more than 800,000 people with mental illness, 234,000 individuals with substance use disorders or gambling problems, and 126,000 people with developmental disabilities.

Responding to the Pandemic

To meet the needs of people who routinely face significant challenges to obtain basic needs, the system addressed a myriad of challenges presented by the global pandemic to ensure vulnerable New Yorkers continued to receive services for their everyday needs.

Changes were implemented quickly to ensure services provided in congregate facilities in every setting were done so in accordance with necessary infection control standards and sufficient protective equipment.

Since the start of the pandemic crisis, OMH has taken every possible precaution to protect staff and patients while preserving essential behavioral health services. OMH incorporated new protocols at State hospitals and community facilities to minimize the risk of exposure and reduce the spread of infection by introducing regulatory flexibility, providing extensive guidance on best practices and infection control, and by advocating for cultural differences to be considered in both the delivery of services and in prioritizing vaccinations. Now that the COVID-19 vaccine is available, OMH is providing outreach to patients, staff and

community partners to promote the vaccine's safety and effectiveness and to encourage vaccination. OMH also introduced the Emotional Support Helpline and Coping Circles to address the increased anxiety experienced by the general public.

To meet the challenges presented by the COVID-19 pandemic, the OASAS system of care adopted new methods to ensure critical services remain available to New Yorkers struggling with addiction. Outpatient treatment providers rapidly shifted to delivering services via telehealth, and Opioid Treatment Programs (OTPs) are increasing take-home dosing and delivering medication to patients who are homebound or under quarantine. Prevention and recovery service providers are also utilizing technology to reach vulnerable populations during the pandemic.

During the pandemic, OPWDD instituted flexible billing to maintain services for people with developmental disabilities and stable revenue streams for providers, expanded crisis respite services to help reduce pressures on public hospitals and deployed State staff and care managers to monitor discharge planning for people leaving hospital settings.

The Justice Center has supported the State's pandemic response by assisting with four call center activities, either directly within the Justice Center's own call center or by providing staff to assist other agencies' call centers, including: fielding questions related to sick and paid family leave for the NYS Workers' Compensation Board (WCB); helping the NYS Department of Health (DOH) and Department of Tax and Finance (DTF) set up COVID testing appointments and answer general COVID questions; triaging calls from OPWDD's COVID-specific hotline; and helping the Department of Labor (DOL) work through the backlog of unemployment-related calls. Through these efforts, the Justice Center has handled approximately 70,000 calls with New Yorkers regarding COVID-19.

Justice Center investigators have assisted in the observation of over 16,000 establishments to help enforce State Liquor Authority (SLA) COVID-19 requirements and have been actively serving on community outreach details since the launch of the DOH Community Outreach Campaign, established to promote practices that help prevent the spread of COVID-19.

The lessons learned from the initial months of the pandemic, which will be used to continually improve the effectiveness of treatment and delivery of services for vulnerable populations throughout New York, are supported by the Executive Budget.

Caring for New York's Vulnerable Citizens

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

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

Proposed actions for the Mental Hygiene agencies include enhanced efforts to combat the opioid crisis, and continued support for community-based services, including residential programs. Other proposals reflect ongoing efforts by these agencies to safely respond to the needs of vulnerable populations during the pandemic

The Executive Budget proposals result in Mental Hygiene system spending of \$7.9 billion in FY 2022, reflecting annual spending growth of \$101 million (1.3 percent).

Table 14: Mental Hygiene All Funds Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollar (millions)	Percent
OPWDD	3,877.0	3,984.6	107.6	2.8
OMH	3,257.5	3,227.2	-30.3	-0.9
OASAS	619.4	644.8	25.3	4.1
JUSTICE CENTER	46.1	44.7	-1.4	-3.0
DDPC	4.2	4.2	0.0	0.0
Subtotal	7,804.2	7,905.5	101.3	1.3
Adjustments - OPWDD ¹	-1,957.3	-972.3	985.0	N/A
Adjustments - OMH ¹	-200.0	0.0	200.0	N/A
Total	-2,157.3	-972.3	1,185.0	-18.7

¹Adjustments reflect OPWDD and OMH programmatic spending that is paid for with available resources under the Medicaid Global Cap. There are no budgetary reductions or impacts to mental hygiene program spending as a result of these interactions. In addition to these amounts, Federal Medicaid spending for these agencies is reflected in the DOH budget.

Proposed FY 2022 Budget Actions

The Executive Budget continues to support agencies' responses to the pandemic, combat the opioid epidemic through innovations in treatment and recovery programs, and fund telehealth and other initiatives to ensure access to care during the pandemic. The Budget expands community-based care and strengthens the oversight of services for vulnerable people with investments to ensure that individuals receiving mental hygiene services are in the most integrated, appropriate and cost-effective setting possible.

Performance Profile

Ensuring Addiction Treatment during COVID Pandemic. OASAS worked to ensure 431 treatment programs (84%) were authorized to provide telehealth service, enabling the continuation of addiction treatment despite the pandemic.

OMH Expanding Community-Based Services. Since FY 2015, nearly 90,000 previously unserved individuals are receiving services, including 1,985 in newly developed supported housing beds. These investments have resulted in the reduction of nearly 750 unnecessary and expensive inpatient beds.

Growing Respite Services Help More People with Developmental Disabilities Live at Home. Over the past five years, the number of individuals receiving respite services has increased by 4,000, an increase of 22 percent.

OPWDD Building Support for More Independent Living. OPWDD has authorized 6,700 individuals with developmental disabilities to live independently since 2013, an increase of over 170 percent.

Supporting People with Developmental Disabilities and their Families

Governor Cuomo's continued commitment to improving the overall quality, availability and cost-effectiveness of community-based, person-centered services for individuals with developmental disabilities is demonstrated by OPWDD budget investments and important policy reforms.

The Budget supports the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings and reflects a 2.8 percent increase in annual spending. Specifically, the Executive Budget will:

- **Continue Investments for Program Priorities, Including New Service Opportunities.** The Executive Budget continues to invest State resources that this administration has increased by 16% over five years to support OPWDD priority program reforms that ensure individuals receive the support services they need. This includes individuals who are entering the system for the first time and seeking access to services, and individuals already receiving services, but whose needs have changed over time. OPWDD has leveraged new funding and other resources to:
 - **Offer Certified Housing Supports in the Community.** OPWDD operates a robust community-based residential program, offering residential services and supports based on an individual's needs, goals and preferences. OPWDD works to support each person in the most integrated community setting possible. The State and its network of not-for-profit provider agencies offer residential opportunities that provide 24/7 supervision and homes that offer less intensive staffing supports in one of the largest community-based residential programs in the country. In total, OPWDD currently supports 36,000 individuals in certified community-based residential programs funded with \$5.2 billion in public resources annually.
 - **Expand Independent Living.** OPWDD also enables people with developmental disabilities to live as independently as possible by providing rental subsidies to individuals who wish to live in an apartment in their community. Since FY 2013, OPWDD has more than doubled the number of people who are authorized to receive rental subsidies, bringing the total to more than 6,700 individuals.
 - **Provide More Day Program and Employment Options.** Day and employment services are crucial for offering participants the personal, social, and vocational supports needed to live in their community. Day and employment services vary depending on the needs and interests of the individual and are provided to enable individuals to fully participate in their communities. OPWDD has invested significantly in these services and enhanced the array of available employment readiness programs over the past five years. During that time, the number of individuals receiving day and employment services has increased by roughly 6,200, an increase of 11 percent.
 - **Increase Respite Availability.** Respite services provide temporary relief to family caregivers, helping people with developmental disabilities live at home with their families for longer periods. Respite can be provided in the home or out of the home,

during the day, evenings, or overnight, and often helps families better meet the needs of their loved one with a developmental disability. Over the past five years, the number of individuals receiving respite services has increased by approximately 4,000, an increase of 22 percent.

- **Promote Choice in Service Options.** Self-Direction provides the opportunity for individuals with intellectual and/or developmental disabilities to select a combination of OPWDD-authorized services and supports based on their strengths and needs. This is accomplished by providing enrollees with individualized budgets that are used to purchase the services they choose, the staff and/or organizations that provide them, and a schedule that works for them. Under the leadership of Governor Cuomo, OPWDD has prioritized investments in Self-Direction and increased the number of individuals self-directing to 20,100, an increase of 159 percent over the past four years.
- **Commit an Additional \$15 Million to Develop Housing.** The FY 2022 Executive Budget continues to support the expansion of independent living opportunities for individuals with intellectual and developmental disabilities. Since FY 2016, the State has invested \$80 million in OPWDD's effort to develop safe and accessible residential opportunities, and the Executive Budget will raise this to a total of \$95 million. These funds are distinct from, and in addition to, resources that are available from the five-year, \$20 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with intellectual and developmental disabilities.
- **OPWDD Transition to Managed Care.** The State continues to assess the potential effectiveness and sustainability of the proposed delivery system to ensure individuals continue receiving appropriate services in the most cost-effective manner.
- **Manage Access to Residential Programs Based on Need.** In FY 2022, OPWDD will actively manage residential programs to ensure that individuals live in settings that most appropriately align with their needs. This will involve offering individuals who are new to OPWDD residential services the most integrated setting possible that can best meet their needs, including Supportive IRAs, Family Care, and rent-subsidized apartments with wrap-around Community Habilitation supports. Additionally, OPWDD will use State-operated residential capacity to support those who are currently living in inappropriate settings and have the most intensive needs. Specifically, the Budget proposes to help individuals living in State-operated residences to transition, where appropriate, to voluntary-operated programs to accommodate young adults with more intensive needs that have aged out of residential schools.
- **Reduce Local Assistance Payments to Reflect the Fiscal Crisis.** As a result of the fiscal crisis caused entirely by the pandemic, OPWDD non-Medicaid local assistance payments will be reduced by 5 percent. These spending reductions may be restored if the State receives requested Federal COVID relief funds.

Promoting Mental Health

The Executive Budget builds on Governor Cuomo's efforts to expand OMH community services and transition individuals to more appropriate and cost-effective community settings. OMH has continued to enhance its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services such as mobile crisis teams. Since FY 2015, the expansion in community-based services has resulted in nearly 90,000 previously unserved individuals receiving services and funded over 1,985 additional supported housing beds. The success of these community investments has resulted in the reduction of nearly 750 unnecessary, vacant inpatient beds over the same period.

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

- **Establish Crisis Stabilization Centers.** The Budget authorizes the launch of Behavioral Health Crisis Stabilization centers. On average, more than 100,000 individuals per year benefit from crisis intervention services. These centers will be open 24/7/365 and accept all admissions without referral, including direct drop-offs by law enforcement and other first responders. This effort will streamline stabilization and reintegration for individuals in crisis.
- **Continue Support for Existing Residential Programs.** The Budget continues the \$20 million investment from FY 2021 for existing community-based residential programs. This investment helps preserve access to housing, a critical component of recovery. Since FY 2015, annual funding to enhance support for these existing housing programs has increased by \$70 million.
- **Convert Rockland Children's Psychiatric Center (PC) to a Comprehensive Children's Center.** The FY 2022 Executive Budget includes a plan to develop an innovative, voluntary-operated center for children and youth in need of brief, intensive community-based care, including residential treatment. This will provide much-needed community-based and home-based care for youth in this region.
- **Support High-Need Individuals.** The Budget provides an additional \$9.7 million annually for individuals living in transitional adult homes in New York City who wish to transition to more integrated settings in the community.
- **Invest in Infrastructure.** The Budget also includes \$60 million to maintain and preserve community-based residential facilities that allow people with mental illness to live in the most integrated setting possible. More than 47,000 individuals with serious mental illness live in a residential setting overseen by OMH.
- **Reduce Local Assistance Payments to Reflect the Fiscal Crisis.** As a result of the fiscal crisis caused entirely by the pandemic OMH non-residential local assistance payments will be reduced by 5 percent. These spending reductions may be restored if the State receives requested Federal COVID relief funds.

Addressing Addiction and the Opioid Crisis

Under Governor Cuomo's leadership, OASAS has taken significant steps to address the opioid crisis by improving access to addiction treatment services, removing barriers to treatment, developing new and innovative treatment models, and expanding the number of treatment facilities in communities around New York State. The Executive Budget continues New York State's commitment to critical initiatives, including: Centers of Treatment Intervention, which deliver evidence-based services through mobile treatment vehicles; Recovery Centers, which help New Yorkers recovering from substance use disorder reintegrate into employment and their communities; expanding access to medication-assisted treatment (MAT) in all treatment settings as well as in emergency departments and jail-based settings; and expanding the number of Certified Peer Recovery Advocates who work in OASAS settings to motivate individuals to seek treatment and help those individuals navigate the service delivery system.

The Executive Budget also provides an increase of \$25 million (4.1 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs targeted toward addiction services, residential service opportunities, and primary prevention activities. The Budget supports the following:

- **Expand Telehealth Services.** The Budget provides a comprehensive strategy to expand access to care across all disciplines, including addiction services. These strategies include increasing the numbers of practitioners authorized to deliver telehealth services to add Peers and unlicensed practitioners that often offer critical, unique services to those suffering with addiction.
- **Continue Investment in Residential Treatment Beds.** The Budget continues Governor Cuomo's commitment to expanding access to residential addiction treatment services through a combination of capital investments and operating support to community organizations. These investments are critical to ensuring New Yorkers struggling with substance use disorder have residential treatment options available if they need it. Through this effort, more than 160 new residential treatment beds are expected to open by the end of FY 2022.
- **Restrict Predatory Practices.** To protect New Yorkers from predatory practices used by out-of-State addiction treatment programs, the Budget funds an authorization process for individuals and businesses that assist New Yorkers in finding addiction treatment. This new process is supported by a registration fee and will include public listing of authorized individuals and businesses.

Protecting Vulnerable People

To protect the health and safety of vulnerable people under the State's care or oversight, the Justice Center has primary responsibility for receiving, investigating and/or reviewing abuse and neglect allegations at certain facilities and programs that are operated, certified, or licensed by the following six agencies: OMH, OPWDD, OASAS, DOH, Office of Children and Family Services (OCFS), and the State Education Department (SED). The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due

to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the approximately 3,500 facilities or service providers overseen by the six State agencies. The Justice Center will leverage Federal Medicaid funding to cover Administrative costs and promote more efficient use of State resources in FY 2022.

Creation of the Office of Addiction and Mental Health Services

To better serve people with addiction and mental illness, the Executive Budget integrates the Office of Addiction Services and Supports and the Office of Mental Health into a new Office of Addiction and Mental Health Services. This continues the collaborative work OASAS and OMH have undertaken over the past eight years to better coordinate and ensure access to care for individuals served, including establishing integrated outpatient programs; establishing DSRIP projects focused on integrating care; and including screening requirements in all settings to ensure addiction and mental health needs are identified and treated or referred for treatment.

Multi-Agency Budget Actions

Minimum Wage: The Executive Budget leverages an additional \$38.5 million in State funds to support minimum wage increases for staff at not-for-profits licensed, certified, or otherwise authorized by OPWDD, OMH, and OASAS.

Integrated Licensing: Governor Cuomo has directed OMH, OASAS and DOH to establish a single, integrated license for outpatient mental health, addiction, and physical health services.

Strengthening Research Activities: In FY 2022, the Institute for Basic Research in Developmental Disabilities (IBR) will combine with the New York State Psychiatric Institute (NYSPI) as a new Division of Developmental Disabilities Research Program, to strengthen and enhance the State's research capabilities in brain development and disorders, furthering the work done by both institutions and establishing the State as a world leader in this important area. The research conducted by these institutions not only furthers society's understanding, but also advances therapies and treatments that improve the quality of life for people with intellectual and developmental disabilities and mental illness.

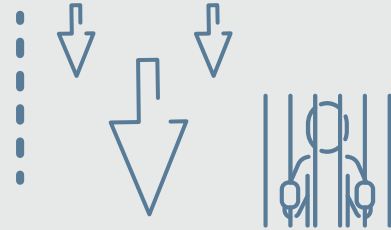


PUBLIC SAFETY

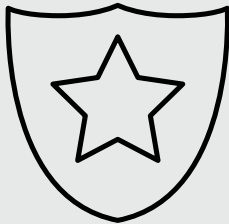
New York's taxpayers are saving

\$292 million since 2011 due to a **52% Drop**

in the prison population and the closing of **18 prisons** since 2011 - **without laying off workers.**



PROTECTING OUR DEMOCRACY



Modernize and secure **New York's elections** by improving absentee ballots processes, **extending voter registration dates**, and expanding early voting.

Reduce risk of gun violence by closing **federal loophole** permitting individuals with **active warrants to purchase guns** and requiring law enforcement agencies to share more data



More than **3,000 New York National Guard** soldiers mobilized to staff **COVID-19 testing sites** and **alternative care facilities.**

THE OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE



(OPDV) is transforming into the **Office to End Domestic-and Gender-Based Violence**, creating the **first agency** to address gender-based violence in the nation.

Budget Highlights

End Domestic and Gender-Based Violence. The Budget includes legislation transforming the Office for the Prevention of Domestic Violence into the Office to End Domestic and Gender Based Violence to provide critical services to those who experience crimes related to gender or domestic violence.

Establish a Cannabis Regulatory Framework.

The Budget proposes a comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management.

Strengthen New York's Policing Profession.

Building on Executive Order 203, the Budget includes legislation establishing hiring standards for all police officers, instituting accreditation requirements for departments, and establishing enforcement decertification standards.

Recruitment Incentive and Retention Program.

The Budget extends DMNA's tuition benefit program for eligible service members enrolled at a two or four-year college in New York.

Protecting Our Democracy.

The Budget includes elections reforms to expand opportunities for voter participation, modernize absentee voting and counting procedures, and improve access to early voting.

The FY 2022 Executive Budget affirms New York's progressive values within the criminal justice system and continues to support the emergency response agencies that have been on the frontlines of the pandemic, working to keep New Yorkers safe and healthy. To promote public safety, the Budget advances the Women's Agenda, and invests in prevention, diversion, treatment, re-entry and supervision services at the State and local level.

Overview

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

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

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

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

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

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

The Division of Military and Naval Affairs (DMNA) provides fully capable land, air, and naval military forces and facilities executing global missions across unified air and land operations in support of our communities, State and Nation.

Responding to the Pandemic

Public Safety and General Government Agencies have been critical partners in supporting the State's response to the COVID-19 pandemic.

- **Division of Military and Naval Affairs (DMNA)** – DMNA has responded to the pandemic with the largest civil support activation in the National Guard's history, with over 3,000 soldiers activated during Spring of 2020. DMNA's mission includes staffing testing sites and alternate care facilities, setting up test kit assembly operations, and managing and distributing personal protective equipment (PPE) from State stockpiles. They are also stationed at airports throughout the State to ensure completion of COVID-19 screening forms. Beginning in January, DMNA began assisting in vaccination efforts throughout the State, including operating call centers to schedule appointments, providing security at vaccine sites, and providing trained medics to administer the vaccine.
- **Division of Homeland Security and Emergency Services (DHSES)** – DHSES' Emergency Operation Center (EOC) has been activated since March 2020 in response to the pandemic. Their asset management personnel have coordinated the receipt, storage and distribution of millions of pieces of PPE and durable medical equipment at locations throughout the State. They are involved managing the State's diagnostic testing operations, procuring test kits, distributing medical supplies, and facilitating mask fit testing.
- **Division of State Police** – During the early stages of the response, the State Police were responsible for the safe transport of thousands of test samples from numerous testing sites to appropriate laboratories for analysis. Additionally, the State Police assumed an important role of assisting Department of Health officials in collecting data from travelers entering New York State, at seven of the State's regional airports.
- **Department of Corrections and Community Supervision (DOCCS)** – In order to mitigate the spread of COVID-19, low level technical parole violators were released from state custody to reduce congestion within the facilities and allow safe social distancing. Additionally, DOCCS decommissioned over 3,000 top bunks allowing less congestion within dorm settings and developed new protocols to prevent the spread of COVID-19. Further, DOCCS Correctional Industries program (CorCraft) was enlisted to develop and produce hand sanitizer. Upwards of 100,000 gallons a week was shipped across the state to schools, nonprofits, and other institutions, filling the shortage originally experienced at the start of the pandemic.
- **Multi-Agency Collaborations** – Several agencies, including DHSES, DMNA, OVS, and DCJS, supported DOL's Unemployment Insurance program by supporting the benefits hotline. The Multi-Agency Task Force to combat violations of coronavirus-related regulations at bars and restaurants is led by SLA and State Police. In addition to the State Liquor Authority and State Police, the Task Force includes investigators from various other State agencies.

Improving Public Safety and Fairness

New York has one of the lowest crime rates in the country and the lowest imprisonment rate of any large state. The crime rate in New York State declined for the seventh consecutive year in 2019, the fewest number of crimes reported since reporting began in 1975. This makes New York the second safest large state, ranking behind only Pennsylvania. The significant decline in crime coincides with a 52 percent drop in the State’s prison population from a peak of 72,600 in 1999 to a current population of approximately 34,500 – the lowest level in more than two decades. Through this decline, excess capacity has begun to build and as a result the State has achieved \$292 million of savings for taxpayers by closing 18 prisons since 2011 without laying off workers. This includes the 3 facilities that will close this year. The FY 2022 Executive Budget extends the current authorization by two years, to allow the State to act expeditiously to right-size and eliminate excess capacity with 90-day notice.

More recently, however, the rates of hate and bias-motivated incidents have spiked nationwide and in New York, as well. Reported hate crimes in New York State increased 18% during 2019, reversing a two-year decline and marking the highest number of incidents reported to law enforcement agencies in a single year since 2012. In New York City these crimes increased 19% and by 18% in the rest of the state. The Budget continues and expands initiatives the Governor has developed to ensure that New York continues to be one of the safest states in the nation and protects all New Yorkers from crimes fueled by hate and prejudice.

Table 15: Summary of All Funds Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollar (millions)	Percent
Department of Corrections and Community Supervision	3,985	3,173	-812	-20.38%
Division of State Police	1,115	897	-218	-19.55%
Division of Criminal Justice Services	256	277	21	8.20%
Division of Homeland Security and Emergency Services	1,678	1,240	-438	-26.10%
All Other	548	510	-38	-6.93%
Total Public Safety	7,582	6,097	-1,485	-19.59%

Spending for public safety agencies is projected at \$6.1 billion for FY 2022. In FY 2021, DOCCS and State Police shifted payroll

Performance Profile

Improving Public Safety.

New York has one of the lowest crime rates of any large state in the country. When compared to all states, New York has the ninth lowest Index crime rate, behind seven states with fewer residents.

Rightsizing the Prison System.

The significant decline in crime coincides with a 52 percent drop in the State’s prison population since 1999 to 34,500 – the lowest level in more than two decades. This decline has made it possible for the State to close 18 prisons since 2011, generating an annual savings of \$292 million. This includes the 3 facilities that will close at the end of March.

Improving Interoperable Communications.

The Budget continues funding to improve emergency communications statewide and deploy new technology that helps counties link their systems together. DHSES has awarded more than \$450 million in seven rounds to 57 counties and New York City since 2010.

Executive Order 203.

The New York State Police Reform and Reinvention Collaborative requires all local governments and police departments to engage their community and develop a plan to modernize policing strategies and strengthen their relationships with the communities they serve by April 1, 2021.

costs to the Coronavirus Relief Fund (CRF) provided for in the Federal CARES Act. As a result, the associated fringe costs are not included in FY 2022 spending. Spending reductions may be restored if the State receives requested Federal COVID relief funds.

Proposed FY 2022 Budget Actions

Advancing the Women and Families Agenda

Governor Cuomo has long championed the needs of survivors of gender-based violence and fought to prevent domestic violence. The COVID-19 pandemic exacerbated the problem of domestic violence, as evidenced by a 33.5 percent increase in calls this year. The FY 2022 Executive Budget will take the lessons learned from the pandemic to expand the approach to stopping gender-based violence.

- **Establishing a Domestic Violence Misdemeanor** – As part of the Executive Budget, the Governor will be establishing a domestic violence misdemeanor. This crime will be added to a list of those disqualifying an individual from owning a firearm.
- **The Office to End Domestic and Gender-Based Violence** – New York is proud to be the only State with an executive-level agency dedicated to the issue of domestic violence. The Office for the Prevention of Domestic Violence (OPDV) will transform into the Office to End Domestic and Gender-Based Violence, aimed at bringing together multiple efforts to address gender-based violence and create the first agency addressing gender-based violence in the nation. The new office will encourage collaboration among agencies and service providers, eliminate redundant processes, and simplify survivor interactions with the State.
- **Coordinate Interagency Funding for Domestic Violence and Sexual Assault** – The Executive Budget proposes the establishment of a panel of State agencies tasked with creating a Domestic and Gender-Based Violence Consolidated Funding Application. The panel will coordinate and consolidate the various funding streams available to victims of gender-based violence and the agencies that serve them.
- **Require Abusers to Pay Survivor Housing Costs** – The Executive Budget includes legislation allowing courts to require abusers to pay for damages to housing units, moving expenses and other housing costs when related to a domestic violence incident.

Facilitating Police Reform

During 2021, Governor Cuomo took action to respond to community concerns and rebuild public trust in the law enforcement profession. The Governor signed the “Say Their Name” reform agenda which repealed 50-a, banned chokeholds, prohibited race-based 911 calls, and codified the Executive Order that appointed the Attorney General (AG) as an independent prosecutor for police involved deaths of unarmed civilians. The Governor also signed legislation creating an office within the AG to investigate complaints of misconduct against law enforcement.

In addition, Governor Cuomo issued Executive Order 203 creating the New York State Police Reform and Reinvention Collaborative. This created a collaborative process requiring all local

governments and police departments to develop plans to modernize their policing strategies and strengthen relationships with their communities. These plans must be completed and certified by April 1, 2021. Failure to complete this process will result in loss of State funding. Building on these initiatives, the FY 2022 Executive Budget continues to strengthen New York's policing profession.

- **Strengthen Hiring Standards for Police Officers** – This legislation will require all law enforcement agencies to comply with background check standards that include a criminal history check, a mental health exam, prior employer disclosure, review of the police registry for permanent decertification, and disclosure of previous misconduct.
- **Require Accreditation of Police Departments for Background Checks** – This legislation will require all law enforcement agencies to become accredited for purposes of standardizing background checks in order to ensure that only those most qualified can serve as a law enforcement officer.
- **Instituting Accreditation Requirements for Police Departments** – This legislation will require all law enforcement agencies to meet hiring accreditation standards in order to enhance the effectiveness and professionalism of policing statewide.
- **Establish Decertification Standards for Police Officers** – This legislation will create a more robust accountability mechanism to prevent bad actors from serving as police officers by clearly defining conduct that results in permanent decertification, mandating reporting of misconduct, and requiring information sharing of serious misconduct by officers.
- **Monitorship** – This legislation will require the Attorney General to appoint a monitor to oversee police agencies located in municipalities that fail to complete a plan by April 1, 2021 as required by the New York State Police Reform and Reinvention Collaborative (Executive Order 203). The monitor would be at the expense of the police agency or local government.
- **Fund Body Worn Cameras** – The Executive Budget includes funding to support recently passed legislation requiring all State Police Officers on patrol to wear body cameras.

Ensuring the Safety and Security for All

The FY 2022 Executive Budget targets known threats to public safety.

- **Close the Federal Loophole Permitting Individuals with Active Warrants to Purchase Guns** – The Executive Budget includes legislation to prohibit the purchase or acquisition of a rifle, shotgun, or firearm by any person who is subject to an active arrest warrant for a felony or serious misdemeanor offense. This will allow these types of arrest warrants to be entered into the National Instant Background Check System (NICS) database as a state-specific prohibitor ensuring that individuals wanted in New York for a serious crime cannot acquire new guns.

- **Enhance the Sharing of Crime Gun Data** – The Executive Budget includes legislation requiring law enforcement agencies to submit identification data from all firearms recovered by law enforcement to the Bureau of Alcohol, Tobacco, Firearms, and Explosives’ (ATF) crime gun trace data sharing program. Law Enforcement agencies will also be required to collect and submit qualifying ballistics evidence to the National Integrated Ballistics Identification Network to assist local and state law enforcement agencies in matching and analyzing ballistic evidence found at crime scenes to ballistic data from across the state and nation.
- **Securing Communities Against Hate Crimes (SCAHC)** – The Securing Communities Against Hate Crimes grant program boosts safety and security at New York’s nonpublic schools, community centers, and day care facilities at risk of hate crimes or attacks because of their ideology, beliefs, or mission. The SCAHC Grant provides up to \$50,000 in funding for security needs including cameras, state-of-the-art technology, door-hardening, improved lighting, and other related security upgrades at each eligible facility.
- **Continue Phase-in of Hurrell-Harring Settlement (HHS) Implementation** – The Executive Budget provides \$50 million in Local Assistance funding for the fourth year of a five-year phase-in of increased support for the Office of Indigent Legal Services. This funding provides for the continued expansion of the Hurrell-Harring Settlement reforms to every county in order to improve the quality of indigent criminal defense statewide through three initiatives: Counsel at Arraignment, Caseload Relief, and Quality Improvement.

Protecting and Safeguarding Democracy

Governor Cuomo will continue to lead efforts to modernize and secure New York’s elections system by introducing a sweeping package of legislative reforms to the State’s election laws. The proposals include:

- **Absentee Ballot Reforms** – These election reforms will extend the time for voters to request an absentee ballot, ensure a quick turnaround of a request, allow ballots to be tracked, provide an opportunity to cure contested votes, and speed up the processing of ballots. The Governor will also urge the Legislature to pass a second resolution allowing for no excuse absentee voting.
- **Voter Registration** – In addition to urging the Legislature to pass a second resolution allowing for Same Day Voter Registration, the Governor will advance legislation that pushes the voter registration deadline back from 25 days to 10 days prior to an election.
- **Early Voting** – Building upon his legislation from 2019, the Governor will advance new legislation that expands the early voting hours by one hour on weekdays and three hours on weekends.

Establish a Comprehensive Cannabis Regulatory Framework

In January 2018, Governor Cuomo directed the Department of Health (DOH) to conduct an impact study in consultation with other state agencies to review the potential impact of regulated cannabis

in New York State. The report issued in July 2018 concluded that the positive impacts of a regulated cannabis program in New York State outweighs the potential negative aspects.

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

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

- **Office of Cannabis Management (OCM)** – The FY 2022 Executive Budget includes legislation establishing a regulated adult-use cannabis program that protects public health, provides consumer protection, ensures public safety, addresses social justice concerns, and invests tax revenue. To best achieve these goals, the Governor proposes a comprehensive cannabis regulatory framework, administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets.



Division of the Budget

STATE WORKFORCE

DEPARTMENT OF HOMELAND SECURITY

oversaw procurement and distribution of **supplies and equipment** and



managed **testing operations**.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

staff established and continue to operate **testing sites statewide**.



State employees provided support to the

UNEMPLOYMENT INSURANCE

program benefits hotline



NYS EMPLOYEES SPRUNG TO ACTION DURING THE PANDEMIC

STATE POLICE

provided **safe transport** of samples to labs, helped with **collecting data** from travelers at NYS airports



DEPARTMENT OF AGRICULTURE AND MARKETS

distributed **face coverings** and **hand sanitizer** to farms



launched **on-farm testing** for workers

THE DEPARTMENT OF CORRECTIONAL INDUSTRIES

developed/produced **hand sanitizer** shipping **100,000 gallons a week** to schools and other institutions



Budget Highlights

State Workforce Levels. In light of the strict hiring freeze during the pandemic, the Budget assumes a reduced workforce level, with exceptions to maintain capacity in institutional settings and other key investments. This is a necessary measure, however, priority workforce needs will continue to be addressed.

State Retiree Health Insurance Reforms. Over the past three fiscal years, employee and retiree health care costs have increased by approximately 8.6 percent. The Budget proposes reforms targeted towards moderating the cost increases associated with higher income members and other retirees.

NYSHIP Integrity. The Budget assumes NYSHIP will conduct a Dependent Eligibility Verification Audit to strengthen program integrity by eliminating enrollees who are not eligible for health insurance coverage.

Interest Reform. The Budget proposes to provide a market rate of interest on court judgments paid by public and private entities. A prevailing market interest rate – rather than the current fixed 9 percent rate that was established when interest rates were at 12 percent annually – is fairer to all parties and will facilitate timely court decisions.

The New York State workforce undertook an incredible effort to support and safeguard New Yorkers during the global pandemic as they delivered vital public services and managed a range of critical facilities and provider networks. In light of the strict hiring freeze during the COVID-19 pandemic, the Executive Budget assumes a reduced workforce level from prior years, with exceptions to maintain capacity in institutional settings and other key investments. While this is a necessary measure given economic circumstances, priority workforce needs will continue to be addressed. The Budget also assumes the continued deferral of general salary increases to avoid layoffs.

Overview

The State has multi-year labor agreements with several unions and is negotiating successor agreements with unions whose contracts are expiring or have expired.

The Budget assumes a workforce level of approximately 178,000 annual-salaried, full-time equivalent (FTE) positions within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), the Offices of the Attorney General and the State Comptroller. The current level of the workforce under the direct control of the Executive is approximately 113,000 FTEs (63 percent). Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments.

As a result of Federal inaction, New York State was blindsided by COVID-19 and in Spring 2020 was the epicenter of the global pandemic, causing economic upheaval across the State. The economic disruption devastated State revenues and the Governor moved quickly to control spending, including by implementing freezes on wages and hiring. The strict hiring freeze resulted in significant attrition in FY 2021, mitigating the need for more difficult workforce actions. Since the start of the fiscal year through December 2020, agencies subject to direct Executive control are down roughly 5,200 FTEs, and 6,000 FTEs with the inclusion of the University Systems and the Elected Offices.

The Budget proposes additional reductions in the Department of Corrections and Community Supervision (-800), Office of Mental Health (-446) and the Office of Children and Family Services (-285) based on proposals for facility transformation, restructuring and select closures in DOCCS and OCFS. These reductions will be achieved through attrition.

Workforce investments include: the Department of Health (+339) to support the Medicaid takeover; the Division of Alcoholic Beverage Control (+208) to support the new Office of Cannabis Management, including staff from the Department of Health; the Office of the Medicaid Inspector General (+35) to support new program integrity initiatives; the Department of State (+31) to support the Office of Renewable Energy Siting; the Board of Elections (+15) to support Campaign Finance; the Office for People with Developmental Disabilities (+12) for oversight of a new repair review process related to rehabilitation and property maintenance costs of voluntary operated individualized residential alternative providers; the Division of Criminal Justice Services (+7) to support policing reform; the Department of Environmental Conservation (+7) to support the Climate Leadership and Community Protection Act program; and the Office to End Domestic and Gender-Based Violence (+3) to support the Enough is Enough program.

To better serve people with addiction and mental illness, the Executive Budget integrates the Office of Addiction Services and Supports and the Office of Mental Health into a new Office of Addiction and Mental Health Services. Additionally, the Institute for Basic Research in Developmental Disabilities (IBR) will combine with the New York State Psychiatric Institute (NYSPI), the Lake George Park Commission will realign with the Department of Environmental Conservation and the Gaming Inspector General function is transferred to the Office of the State Inspector General.

Table 16: Summary of Workforce Levels

Category	Current Actual FY 2021 PP 19	Year End Estimate 3/31/21	Year End Estimate 3/31/22	Current Actual to 3/31/22 Year End Estimate (Decr)/Incr	3/31/21 Year End Estimate to 3/31/22 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	112,784	113,000	112,170	(614)	(830)
University Systems	60,318	60,315	60,315	(3)	0
Independently Elected Agencies	4,452	4,492	4,492	40	0
Grand Total	177,554	177,807	176,977	(577)	(830)

Responding to the Pandemic

New York State’s workforce stood by New Yorkers in their time of need, from partnering with other agencies to staff call centers to service on the frontlines of the pandemic, including, but in no way limited to:

- Employees of several agencies, including Division of Homeland Security and Emergency Services (DHSES), Division of Military and Naval Affairs (DMNA), Office of Victim Services, and Division of Criminal Justice Services (DCJS), supported the Department of Labor’s Unemployment Insurance program benefits hotline. The Multi-Agency Task Force

to combat violations of coronavirus-related regulations at bars and restaurants is led by SLA and State Police.

- The Justice Center has supported the State's pandemic response by assisting with four call center activities, either directly within the Justice Center's own call center or by providing staff to assist other agencies' call centers, including: fielding questions related to sick and paid family leave for the NYS Worker's Compensation Board; helping the Department of Health and the Department of Tax and Finance set up COVID testing appointments and answer general COVID questions; and triaging calls from the Office for People with Developmental Disabilities' COVID-specific hotline. Through these efforts, the Justice Center has handled approximately 70,000 calls with New Yorkers regarding COVID-19.
- Department of Environmental Conservation (DEC) staff from every division, including Emergency Management staff, Forest Rangers, and Environmental Conservation Police Officers, are serving on the frontlines of the State's response to COVID-19. To date, more than 1,000 staff have volunteered to help combat the pandemic, supporting more than 20,000 missions in New York's coronavirus fight. DEC staff stood up and operated testing sites, delivered food, PPE, and test kits, supported Department of Health and Labor call centers, and are now standing up vaccination sites across the state.
- Department of Agriculture and Markets (Ag&Mkts) staff, with its partners, distributed more than 100,000 face coverings and tens of thousands of gallons of hand sanitizer to farms across the State. Ag&Mkts also launched on-the farm COVID-19 testing for farm workers, in partnership with NYS DOH, in targeted areas of the State that see the greatest number of seasonal farm workers.
- DHSES Emergency Operation Center (EOC) has been activated since March 2020 in response to the pandemic. Their asset management personnel have coordinated the receipt, storage and distribution of millions of pieces of PPE and durable medical equipment at locations throughout the State. They are involved in the management of the State's diagnostic testing operations, including test kit procurement, distributing medical supplies, and facilitating mask fit testing.
- During the early stages of the response, the State Police were responsible for the safe transport of thousands of test samples from numerous testing sites to appropriate laboratories for analysis. Additionally, the State Police assumed an important role of assisting Department of Health officials in collecting data from travelers entering New York State, at seven of the State's regional airports.
- Department of Corrections and Community Supervision (DOCCS) decommissioned over 3,000 top bunks allowing less congestion within dorm settings and developed new protocols to prevent the spread of COVID-19. Further, DOCCS Correctional Industries program (CorCraft) was enlisted to develop and produce hand sanitizer. Upwards of 100,000 gallons a week was shipped across the state to schools, not for profits, and other institutions filling the shortage originally experienced at the start of the pandemic.

Employee Fringe Benefits and Fixed Costs

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

All Governmental Funds spending is projected to increase by \$1.62 billion (18.7 percent) as illustrated in the following table. The growth is primarily attributable to the planned repayment of deferred Social Security payroll taxes authorized under Federal CARES Act. Growth in the health insurance program reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The pension increase reflects an increase in the State's employer contribution rates following updated actuarial demographic assumptions and a valuation date during a bear market. Increases in workers’ compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

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

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,443	4,707	264	5.9
Pensions	2,521	2,833	312	12.4
Social Security	504	1,451	947	187.9
Workers’ Compensation	479	520	41	8.6
Other Fringe Benefits / Fixed Cost	693	743	50	7.2
Total	8,640	10,254	1,614	18.7

Proposed FY 2021 Budget Actions

NYSHIP PROGRAM INTEGRITY

The Budget assumes the New York State Health Insurance Program (NYSHIP) will conduct a Dependent Eligibility Verification Audit to strengthen program integrity and eliminate enrollees who are not eligible for health insurance coverage. The last audit was conducted in FY 2016 and industry best practice is to perform this function every five years.

State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 8.4 percent, from \$3.66 billion in FY 2018 to \$3.97 billion in FY 2020 (retirees and dependent survivors comprise about half of this cost). This growth is significant compared to the benchmark growth

rate of two percent per year. The Executive Budget includes three proposals to help restrain this growth.

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High-Income State Retirees.** The Federal government imposed the supplemental IRMAA premium in 2007 to require high-income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high-income retirees. This subsidy is worth \$713 annually for retirees with an Adjusted Gross Income (AGI) between \$88,000 and \$111,000, growing to a taxpayer subsidy of \$4,277 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2021. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$4 million in FY 2022 (due to the lag in reimbursement), increasing to \$17.1 million in FY 2023.
- **Cap State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2021, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$148.50 per month. The cost of this reimbursement is \$247 million. This proposal maintains State reimbursement at \$148.50 per month, consistent with CY 2021 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual Budget process. This proposal provides savings of \$1.8 million in FY 2022 and \$9.3 million fully annualized in FY 2023. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey).
- **Implement Differential Health Care Premium Contributions for New Civilian Hires at Retirement Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post October 1, 2021 civilian hires in approximately 30 years once the current retiree group is largely replaced.

Provide a Market-Rate of Interest on Court Judgments

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



Division of
the Budget

TRANSPORTATION

THE GOVERNOR'S DIRECTION

Accelerated critical transportation and transit projects during the pandemic, including:



Rehabilitation of the F Train's Rutgers Tube

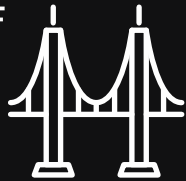


11 ADA stations, 24 new accessible elevators

138TH STREET

The 138th Street-Grand Concourse Station

THE DEPARTMENT OF
TRANSPORTATION
REPLACED AND
REHABILITATED
IN FY 2020



100+

state bridges

nearly
5,000

preventive bridge treatments

2,600

lane miles of State highway were resurfaced or reconstructed.



Moynihan Station

\$2.5 billion



THE FY 2022 BUDGET

Continues to Provide **\$3 billion** to support the historic, **\$51.5 billion** MTA Capital Plan for transit riders



Continues the second year of a record **\$11.9 billion** DOT Capital Plan

Budget Highlights

2020-2024 MTA Capital Plan. The FY 2022 Budget continues to provide \$3 billion to support the new, historic, \$51.5 billion MTA Capital Plan for transit riders.

Implement Congestion Pricing. The landmark program, designed to reduce traffic congestion, improve air quality, and promote mass transit usage, will be the first of its kind in the United States.

Continue Support for Roads and Bridges. The Budget continues the State's investment in local roads and bridges, which is greater today than at any period in our State's history, including the State's unprecedented \$11.9 billion two-year investment in DOT programs and maintains record CHIPS and Marchiselli funding for local roads at \$477.8 million.

Thruway Authority Converted to Cashless Tolling in 2020. This improvement will lead to a safer, greener, and less congested Thruway system.

Modernize Rest Stops. In 2020, the Thruway also began a multi-year initiative to redevelop its 27 service areas.

The FY 2022 Executive Budget will help grow the economy, badly damaged by the global pandemic the Federal government failed to stop, in part by continuing New York State's historic investments in the State's transportation system, which are improving our transit systems, roads and bridges, increasing mobility. These investments also are enhancing and expanding the Metropolitan Transportation Authority (MTA) network, and improving roads, bridges, airports, rail facilities, ports, and transit systems funded through the Department of Transportation (DOT) budget.

Overview

The State's transportation system is operated, maintained, and administered by a network of State and local agencies and public authorities. DOT is responsible for construction, reconstruction, maintenance, and snow and ice removal for approximately 43,700 State highway lane miles and nearly 7,900 bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

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

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

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

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

The State's transportation programs also include the Department of Motor Vehicles (DMV), which operates 27 district and branch

offices and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, non-driver identification cards and vehicle registrations, conducts road tests, monitors driver training, and performs enforcement activities. In a typical year, DMV conducts more than 20 million customer transactions and collects more than \$2 billion in revenue for the State and localities. New Yorkers rely on credentialing and identification documents issued by DMV to conduct financial transactions, obtain employment, and board aircraft, among other uses.

Responding to the Pandemic

When the global pandemic struck New York's shores, blindsiding the State, the administration moved swiftly to protect the health and safety of all citizens who rely on transportation systems, particularly essential workers, and State agencies took on new roles.

The MTA deployed new and advanced technologies to disinfect thousands of transit cars daily and incorporate new air filtration systems to protect riders.

The DMV instituted changes to maintain services, including extending expired documents, managing density in the regional offices, providing extensive services online, and expanding services by mail.

To date, more than 1,900 DOT employees have participated and devoted more than 250,000 hours to COVID response. All the while, DOT has continued to adhere to its core mission of maintaining state highways and delivering capital projects, as well as responding to natural disasters. DOT's contributions to the fight against COVID-19 in FY 2021 included:

- Delivering supplies (including 7 million bottles of hand sanitizer, 2.5 million COVID testing kits, and millions of items of PPE),
- Setting up drive-through COVID-19 testing locations across the state,
- Assisting with the investigation and reporting of NYC/Long Island establishments violating COVID-19 safe distancing protocols,
- Providing construction management services for 3 temporary COVID hospitals, and

Performance Profile

Improving the DMV customer experience. The DMV continues to enhance the customer experience by employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction.

Renewing State Roads and Bridges. During FY 2020, the Department of Transportation replaced or rehabilitated more than 100 State bridges and completed almost 5,000 corrective and preventive bridge treatments to slow deterioration. In addition, approximately 2,600 lane miles of State highway were resurfaced or reconstructed.

Tolls on the Thruway. Authority tolls were frozen from 2010 through 2020. In 2021, the Thruway is beginning a toll adjustment that will leave tolls flat for Rockland and Westchester County residents on the Mario M. Cuomo Bridge, and NY E-ZPass users across the system. Overall, tolls will remain among the lowest in the Northeast.

- Assisting with DOH call center by handling almost 100,000 calls.

Investing in a Safe, Reliable Transportation System

Reimagining the MTA

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

Governor Cuomo intervened to declare a state of emergency at the MTA and begin the process of reversing the decline. The Governor pushed for passage of a \$836 million MTA Subway Action Plan for 2017 and 2018. This plan has led to a dramatic and historic turnaround in on-time subway performance. Despite the challenges brought about by the coronavirus, MTA has continued to provide more reliable service while ensuring a safe public transportation system for all riders. Actions taken by the MTA include daily cleaning and disinfecting of stations and its entire fleet of rolling stock.

The MTA is currently facing its worst financial crisis in its history due entirely to the pandemic. The availability of additional federal aid will be critical for providing MTA the resources it needs to continue its essential role in supporting the region's recovery.

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

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

At the center of the new funding is the Central Business District Tolling Program, which was enacted by the Governor and Legislature in the FY 2020 Budget. The congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion of the \$25 billion in new financing provided by the State. While its implementation has been slowed by the federal government's failure to provide necessary guidance and approvals, the expectation is that with new leadership in Washington, it will now advance. The remainder is supported by \$10 billion from a progressive tax on high-end real estate sales and from leveling the playing field between brick and mortar and online retailers.

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

In addition to historic investments in new rolling stock (subway cars, train cars, and buses), the new MTA Capital Plan will advance several major construction projects. These include Phase 2 of the Second Avenue Subway, which will provide three new fully accessible stations and a connection with Metro-North. Penn Station Access is fully funded and will carry the New Haven line and East Bronx residents directly into Penn Station. Funds are provided for the final stage of the East Side Access project, which will soon bring the Long Island Rail Road into Grand Central Station. The new program will also complete funding for the LIRR Third Track, adding 10 miles of mainline between Floral Park and Hicksville and providing capacity and shortening service disruptions for 41 percent of LIRR ridership.

To achieve the program's ambitious goals, Governor Cuomo and the Legislature enacted the MTA Transformation Plan, which includes new principles to ensure capital projects move forward speedily, on budget, and in order of priority. This includes reforms to vendor accountability, reorganizing the Authority including Capital Construction and Development, and the use of design-build project delivery.

The Executive Budget proposes additional MTA reforms designed to provide safety and protections for MTA workers, including increased protections for subway workers against assault and harassment.

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

Strengthening Roads and Bridges

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

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

The shorter, two-year Capital Plan is proposed due to Federal funding uncertainty. The Federal Fixing America's Surface Transportation (FAST) Act was extended for one year and is now set to expire on September 30, 2021. Unlike the MTA Capital Plan, where Federal aid accounts for approximately 20 percent of total spending, the DOT Capital Plan has historically relied on Federal aid for more than 40 percent of its spending. Due to the ongoing uncertainty at the Federal level, the State is making the prudent decision to commit at this juncture to the second year of a two-year plan while working with the New York congressional delegation to move the renewal of the FAST Act forward.

Major projects funded in this plan include phases of the Van Wyck Expressway expansion, the Hunts Point Interstate Access Improvement, and the replacement of I-81 in Syracuse.

Following the Governor’s call for additional modernization to reduce traffic congestion and improve the customer experience, the Thruway Authority has fully implemented cashless tolling system-wide. In 2020, the Thruway also began a multi-year initiative to redevelop its 27 service areas.

Table 18: State Operating Funds Spending

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollar (millions)	Percent
Department of Transportation	902	896	(6)	0
Metropolitan Transportation Authority	5,159	5,162	3	0
Department of Motor Vehicles	81	81	0	0
Transportation Spending (Total)	6,142	6,139	(3)	0
MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, For-Hire Vehicle surcharges, MTA Aid Trust, and Mansion Tax. FY2021 spending is adjusted -66M for local aid spending from FY2020 appropriations.				

Proposed FY 2022 Transportation Budget Actions

Improving Roads, Bridges, and Safety

- DOT Capital Plan:** The Executive Budget provides \$5.8 billion for the second year of a record \$11.9 billion, two-year DOT Capital Plan that will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the final two years of the last DOT Capital Plan, this is an increase of \$3.0 billion, or 33 percent.
- Local Highways and Bridges:** The Executive Budget continues Governor Cuomo’s record commitment to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year’s level of \$477.8 million. The Budget also continues \$100 million in highway aid through the PAVE NY program, and \$100 million to fund local bridge projects from the BRIDGE NY program. These programs are further improving conditions on State and local roads and bridges.
- Funding Sources:** DOT’s capital program is supported by Federal aid, State capital projects funds, financial settlement funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and the State’s General Fund.

Investing in Transit

New York State provides transit system operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. This multi-billion-dollar aid program reflects the importance of transit systems that provide an estimated 3.8 billion rides annually. In

a typical year, State transit aid accounts for approximately one-third of the operating resources used to support the transit systems across the state.

The FY 2022 Executive Budget provides over \$5.7 billion in operating support to transit systems, including resources that are collected by the State and sent directly to the MTA without further appropriation. The MTA will receive \$5.2 billion from State operating aid sources in FY 2022.

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

The FY 2022 Executive Budget provides \$544 million in operating support for non-MTA transit, including \$330 million for various downstate systems and \$214 million for Upstate systems (which will receive almost a 9 percent year over year increase). Other transit assistance includes \$11 million to continue to fund the Lower Hudson Transit Link serving the Mario M. Cuomo Bridge and parts of Rockland and Westchester counties.

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

Modernizing DMV Customer Service

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

Building on the success of previous customer service initiatives, DMV continues to enhance the customer experience by employing self-service office kiosks, an online reservation system, extended office hours and the expansion of online transactions. DMV's website is continuously improving to provide a more responsive design for its customers.

Additional motor vehicle Budget actions include the following:

- **License Transactions.** The Budget continues funding programmatic mandates that include the Driver's License Access and Privacy Act and the conversion to REAL ID by October 2021.
- **Public Safety.** As part of continued public safety awareness, the Budget proposes legislation to extend for two years the ignition interlock program for those convicted of an alcohol related traffic violation.

- **Extend Autonomous Vehicle Testing.** This Budget extends for two years the pilot program for testing of autonomous vehicles in the State. This authorization includes removal of the "one-hand on the wheel" requirement for vehicles with autonomous technology.

Since 1927, the Division of the Budget (DOB) has been charged with assisting the Governor in the development of the Executive Budget and implementation of the Enacted Budget. DOB manages the expenditures and other fiscal operations of the departments responsible for providing services to all New Yorkers and ensures the provision of those services are grounded in efficiency, accountability and performance management.

The devastating impact of the COVID-19 pandemic, caused by the Federal government's abject failure to provide states with the information, resources, equipment, and guidance needed to fight the virus, demanded that New York simultaneously address multiple critical needs of its citizens. Across the spectrum of governmental services, Governor Cuomo and State leaders developed scientifically based, data driven approaches that balanced meeting the basic needs of New Yorkers and our economy while saving lives and minimizing the spread of the virus to the extent possible. These efforts, based on quantitative analysis, were supported by local input and unprecedented coordination among healthcare institutions, and delivered with continual public reporting and transparency, to achieve cooperation from nearly 20 million New Yorkers.

COVID-19 Response – Data Driven and Performance Focused

On March 1, 2020, New York State's first case of Coronavirus Disease 2019 (COVID-19) was confirmed. At that time, there were only 85 confirmed cases across the United States (US). Between April 10 and July 22, 2020, New York had more confirmed cases than any other state in the nation as a result of the Federal failure to act.

Realizing that providing wide access to testing was critical to containing the spread of the virus, but with dangerously insufficient testing resources from the Federal government, Governor Cuomo secured Federal approval to conduct testing developed through the Department of Health's (DOH) Wadsworth Center, enabling New Yorkers to have immediate access to COVID-19 testing. From an initial goal of performing 1,000 tests per day, Wadsworth quickly ramped up, partnering with laboratories across the State, and within a month had expanded testing to more than 20,000 people per day. Today, New York conducts more than 200,000 tests per day, among the highest in the nation.

With the availability of a vaccine, State leaders developed the New York COVID-19 Vaccination Plan based on advice and recommendation of clinical and public health experts. New York State has established Vaccine Administration Sites (VAS) through a network of health care providers, including hospitals, long term care facilities, Federally Qualified Health Centers, Community Health Centers, Rural Health Clinics, private provider offices, local health departments, and other entities. Other VASs include schools, colleges and universities, homeless shelters, correction facilities, and sites where target populations gather with a focus on ensuring those in low-income and minority communities hit hardest by the virus have full access to the vaccine that will stop it. Commercial and independent pharmacies, businesses, and other organizations to enable on-site vaccination will also be enrolled in the program.

New York Forward

The reopening of the economy, like the pausing of the economy, was based on regionally developed data regarding infection rates, hospital capacity and other factors. Under New York Forward, reopening occurred on a regional basis as each region met criteria to protect public health. This approach enabled businesses to re-open while the State maintained one of the lowest infection rates in the nation. Each region appointed a Control Room consisting of a team of local electives and hospital and state representatives who monitor metrics for each of the criteria, as well as other key indicators to inform the phased reopening. The metrics allow officials to measure the infection rate and readiness of local hospitals and contact tracers to handle the cases. The State also developed several public-facing dashboards available on the New York Forward website to enable the public to track regional and statewide metrics to help inform their decisions and gain their cooperation.

Building Back Better

Consistent with New York’s commitment to performance improvement, operations will not resume as they were before the pandemic, but will build back smarter, and with greater equity and resiliency. New York has the responsibility to execute a path forward resulting in improved service delivery in education, healthcare and other government services.

Governor Cuomo has stressed that we must learn from our experiences how to best serve New Yorkers. Changes made to service delivery are continually being implemented based on the experiences of the State’s management of the coronavirus epidemic in 2021. Some of these are outlined below.

Education	
Access to Education	As schools across the state shifted to remote learning, districts took various approaches to meeting their students’ needs. To improve remote learning, New York is examining ways technology can be used to provide more opportunities to more students, reduce educational inequality, and better meet the educational needs of students with disabilities. In partnership with public and private stakeholders across the State, New York is developing a blueprint to adapt New York’s educational systems in response to COVID-19. In early May, the State launched a “Reimagine Education Advisory Council” made up of educators, students, parents, and education leaders to help districts reimagine schools. The Council collaborates with independent organizations to answer key questions about what education should look like in the future using new technologies and is working to develop a blueprint to reimagine education in the new normal.

Healthcare

Healthcare Delivery

Facing projections of patients and COVID-19 cases that far exceeded the existing hospital capacity, the State developed a variety of approaches to ensure access to needed health care for all New Yorkers. These included expanding the hospital capacity through the Surge and Flex initiative, which required hospitals to increase their capacity and be able to accept patients. To increase the number of healthcare providers, New York established a nation-leading web-portal to connect healthcare professionals nationwide with overwhelmed hospitals.

Building upon the State’s nation-leading testing capacity and implementing a statewide vaccine program to ensure New York is the first COVID-safe state in the country, New York is taking steps to strategically balance the medical resource stockpile across the state and expand frontline healthcare worker employment opportunities. Additionally, New York is expanding tele-medicine and remote care healthcare options that expanded considerably during the pandemic.

To increase the number of health care providers able to serve New York’s citizens and to deliver the coronavirus vaccine, Governor Cuomo is proposing to create the nation’s first Public Health Corps, made up of 1,000 fellows from various health care backgrounds, including undergraduate and graduate public health programs, nursing schools, medical schools, retired medical professionals, and others. Fellows would complete an intensive public health training curriculum created by Cornell University. The Department of Health, along with public and private partners, would manage the Corps.

Government Services

Strengthening Transit Operations

Recognizing the critical role transit systems play in supporting essential workers, the Metropolitan Transportation Authority (MTA) implemented an ambitious effort of daily disinfecting train cars and employing new technologies to provide cleaner air and safer environments to protect riders and employees.

Fighting Hunger While Supporting Farmers

During the pandemic, New Yorkers lost their jobs and struggled to keep food on the table. Between April and June of 2020, 1 out of 10 households reported not having enough food the prior week. Households with children experienced even greater scarcity. For African Americans and Hispanic households, those percentages were

3 to 4 times higher than white households. This occurred while farmers lost markets through restaurant closures, food banks, and experienced sudden and intense increases in demand for food.

Nourish New York, launched in April 2020, is helping New Yorkers access nourishment, while providing farmers with an additional outlet to sell their goods. To date, more than 16 million pounds of dairy, produce, meats and more have been purchased from New York farmers and provided to 823,883 households across the state. Funding for the Nourish NY program will be continued to meet the surging demand of New York families and farmers.

Strengthening Equity

As data showed Blacks and Hispanics faced disproportionately high rates of COVID-19 infection and that residents of low-income and non-white communities entered hospitals at a higher rate, the Governor created the New York Vaccine Equity Task Force to ensure the vaccine is distributed both equitably and according to need. The Task Force will assist in eliminating some of the current barriers to vaccinations and expand access to Black, Hispanic, Asian, and Native American communities. The Task Force will also focus on areas of outreach to rural, poor, and public housing communities, as well as other health deserts.

Enabling Remote Services

To minimize contact while enabling New Yorkers to receive needed services, New York State is investing over \$70 million in critical technology needed to enhance remote access capabilities, increase virtual service offerings and allow New Yorkers to access state and local services safely and conveniently. Projects include working to ensure all 58 social services offices have the capability to deliver services remotely, enhancing e-signature capabilities, and building virtual civil service exams to make them accessible to more New Yorkers. Upgrades in online scheduling and virtual hearing procedures will be made accessible across over a dozen State agencies, providing safe, remote access to key government services.

Expanding Broadband

As more New Yorkers suddenly depended on access to the internet for both work and for schooling, Governor Cuomo created a Blue-Ribbon Commission to leverage advanced technology and improve access to high-speed internet. These efforts will enable all New Yorkers to better access healthcare and educational opportunities, and to create more and better employment options in an increasingly digital economy.



Citizens' Guide to the Executive Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AARP	American Association of Retired Persons
ACA	Affordable Care Act
ACT	Assertive Community Teams
AG	Attorney General
AGI	Adjusted Growth Income
AIHP	American Indian Health Program
AIM	Aid and Incentives for Municipalities
ALP	Assisted Living Program
AP	Advanced Placement
ARRA	American Recovery and Reinvestment Act of 2009
BOA	Brownfield Opportunity Area
CAP	Comprehensive Attendance Policy
CBTC	Communications-Based Train Control
CCO	Care Coordination Organizations
CHP	Child Health Plus
CIF	Community Investment Fund
CMS	Centers for Medicare and Medicaid Services
COLA	Cost-of-Living Adjustment
CPI	Consumer Price Index
CPRA	Certified Peer Recovery Advocates
CSR	Cost Sharing Reduction
CTH	Close to Home
CUNY	City University of New York
CUCF	City University Construction Fund
CY	Calendar Year
DASNY	Dormitory Authority of the State of New York
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DED	Department of Economic Development
DHBTF	Dedicated Highway and Bridge Trust Fund
DHR	Division of Human Rights
DHSES	Division of Homeland Security and Emergency Services
DIIF	Dedicated Infrastructure Investment Fund
DMNA	Division of Military and Naval Affairs
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOT	Department of Transportation
DPS	Department of Public Service
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
DUR	Drug Utilization Review
DVA	Division of Veterans Affairs
EI	Early Intervention
EMDT	Enhanced Multidisciplinary Teams
EP	Essential Plan
EPF	Environmental Protection Fund

Glossary of Acronyms



EPIC	Elderly Pharmaceutical Insurance Coverage
ERM	Enterprise Risk Management
ESD	Empire State Development
FEMA	Federal emergency Management Agency
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GPHW	General Public Health Work
GSEU	Graduate Student Employee Union
HESC	Higher Education Services Corporation
IB	International Baccalaureate
IBR	Institute for Basic Research in Development Disabilities
IRMAA	Income Related Monthly Adjustment Amounts
LIRR	Long Island Rail Road
M/C	Management/Confidential
MLTC	Managed Long Term Care
MCO	Medicaid Managed Care Organizations
MRT	Medicaid Redesign Team
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
NCS	Office of National and Community Service
NYC	New York City
NYPA	New York Power Authority
NYS	New York State
NYSCOBA	New York State Correctional Officers and Policy Benevolent Association
NYSERDA	New York State Energy Research and Development Authority
NYSHIP	New York State Health Insurance Program
NYSPBA	New York State Police Benevolent Association
NYSPIA	New York State Police Investigators Association
OASAS	Office of Alcoholism and Substance Abuse Services
OCFS	Office of Children and Family Services
OMH	Office of Mental Health
OMIG	Office of the Medicaid Inspector General
OPRHP	Office of Parks, Recreation and Historic Preservation
OPWDD	Office for People with Developmental Disabilities
ORDA	Olympic Regional Development Authority
OTDA	Office of Temporary and Disability Assistance
OTP	Opioid Treatment Programs
PMT	Payroll Mobility Tax
PEF	Public Employees Federation
PIT	Personal Income Tax
PPS	Performing Provider Systems
PSC	Public Service Commission
REC	Real Estate Center of Excellence
REDC	Regional Economic Development Council
SHIP	State Health Innovation Plan
SHU	Special Housing Unit
SICG	Statewide Interoperable Communications Operations Grant Awards
SOFA	State Office for the Aging
STAR	School Tax Relief

STEM	Science, Technology, Engineering, Math
STIP	Short Term Investment Pool
STOA	Statewide Mass Transportation Operating Association
SUCF	State University Construction Fund
SUD	Substance Use Disorders
SUNY	State University of New York
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TIFIA	Transportation Infrastructure Finance and Innovation Act
TNC	Transportation Network Companies
URI	Upstate Revitalization Initiative
U.S.	United States
VAP	Vital Access Provider
VAPAP	Vital Access Provider Assurance Program
VBP QIP	Value Based Payment Quality Improvement Program
VLT	Video Lottery Terminal