

FISCAL YEAR

2024

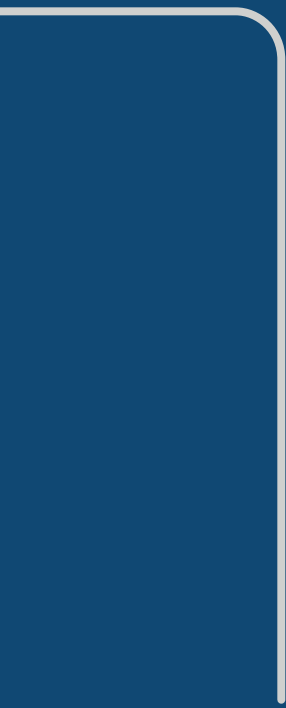
NEW YORK STATE EXECUTIVE BUDGET

GOVERNOR **KATHY HOCHUL**

ACTING BUDGET DIRECTOR **SANDRA L. BEATTIE**





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SECTION I

INTRODUCTION

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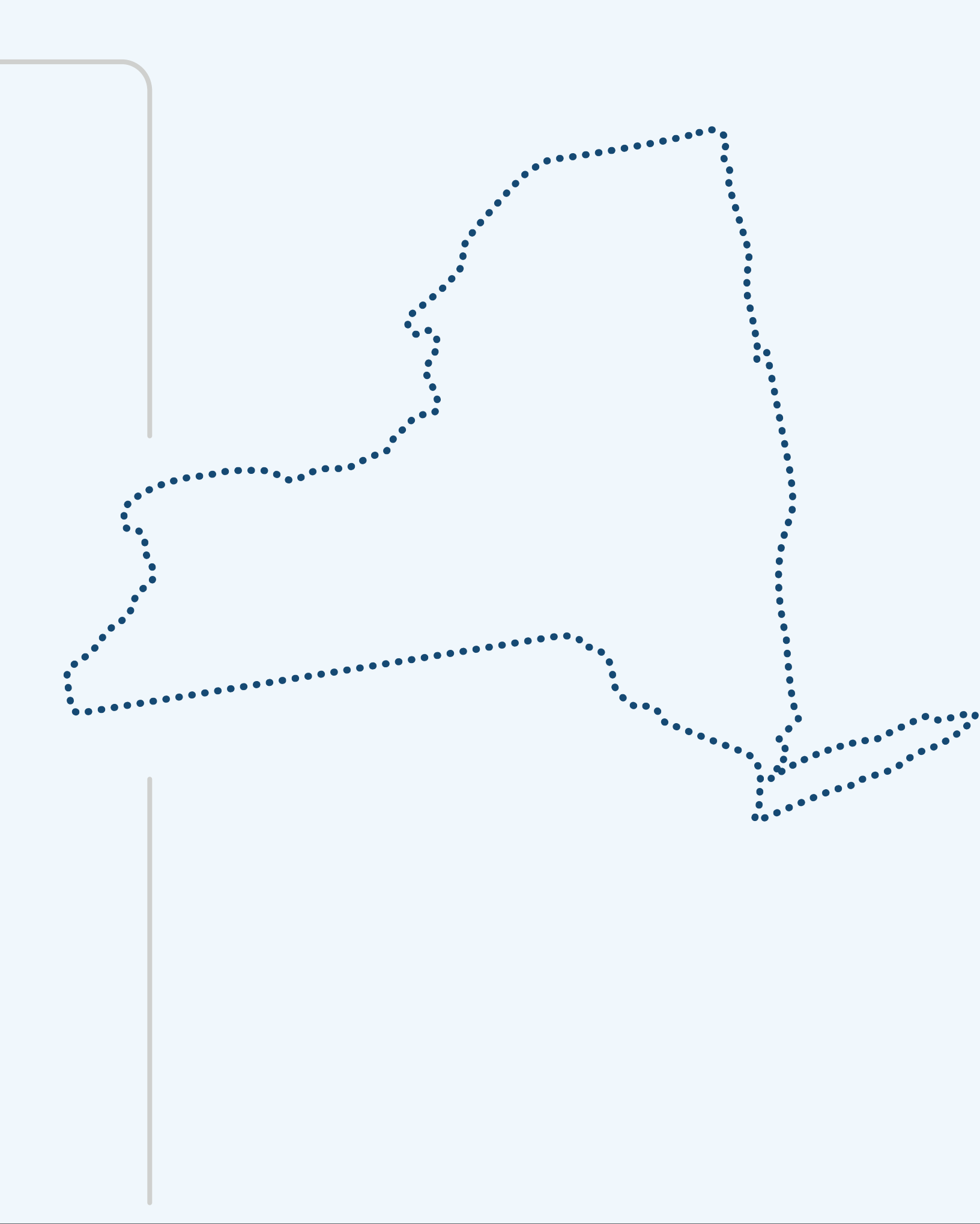


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GOVERNOR'S MESSAGE



In my State of the State, I proposed an ambitious agenda to make New York more affordable, more livable and safer. I spoke about how for generations, people have come to our State in pursuit of the New York Dream of a better life. But today, that dream remains out of reach for too many.

It is up to those of us with the power to create change to bring that dream closer. Through the policies I have laid out in my State of the State and this Budget, we are committed to instilling hope and unlocking opportunity for every New Yorker.

We will do this by finally tackling our State's housing crisis with a plan to build 800,000 homes over the next decade; investing \$1 billion to transform the way we care for New Yorkers struggling with mental illness; boosting our public safety initiatives and driving down gun and violent crime; combating climate change and making our transition to a greener economy more affordable; making unprecedented investments in our public schools; and creating the jobs of tomorrow.

While this Budget includes transformational investments, we remain committed to our fiscally responsible approach. Last year, I took proactive steps to rebuild our state for a stronger and healthier financial future. Due to these efforts, and in the face of a growing tide of economists predicting a recession, I am proud that we will not be raising income taxes this year. We must continue to be smart and reasonable during these uncertain times.

We are focused on the areas that will have the highest impact to improve people's lives, and we will use the entirety of this bold, ambitious budget to address the needs of every New Yorker.

The task ahead of us is daunting, and the stakes could not be higher. But we will do the hard things to lift up and support all New Yorkers. We will lay the foundation for them to realize the New York Dream.



A handwritten signature in black ink that reads "Kathy Hochul".

KATHY HOCHUL
GOVERNOR



DIRECTOR'S MESSAGE

Crafting a State budget is never just about numbers. It is about people.

In her first Executive Budget as the first woman elected Governor of New York, Governor Hochul set bold priorities for the State, and the Division of the Budget went to work developing a Budget to best meet the needs of the people it serves.

This Executive Budget considers every resident: senior New Yorkers, looking to age with independence and respect; parents, seeking affordable housing and accessible childcare; workers, needing increased protections and higher wages; veterans, needing care and support; children, who for generations to come, need sustainable solutions to mental health services, gun violence, enriching education and professional opportunities; and so many more.

This is a Budget that invests in today as well as for future generations, for years to come. This is a proposal to build a stronger, safer New York that is accessible for all.

It is government's responsibility to provide quality, affordable access to mass transit and transportation; education and job opportunities; clean air and healthy foods; physical and mental health care; and healthy environments in which every New Yorker can work, live, and play.

After what has been a tumultuous period of uncertainty, government must work more effectively and above all, deliver on its promises. Governor Hochul has identified key areas to support all New Yorkers as we collectively face global economic and civil concerns, yet maintain a strong desire to live well, safely, and vibrantly in our beautiful State.

Governor Hochul's Executive Budget proposes a convergence of renewal and reservation; a budget that expects to see the State's best days while ensuring there are plans for economic uncertainty.

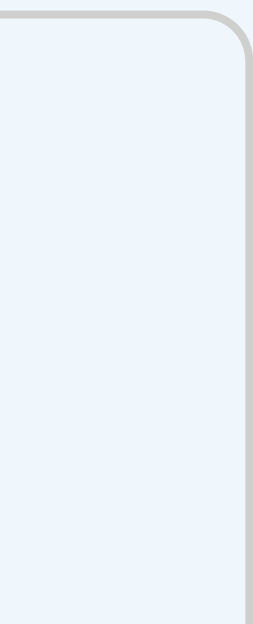
Heading into its 97th year delivering the Executive Budget, and in lockstep with Governor Hochul's vision and our partners around the State, the Division of the Budget is taking an innovative approach; a deep dive into what matters most for every New Yorker – Senior New Yorkers, New York's Households, New York's Young Adults, New York's Business Owners and Employees, the Future of New York, Marginalized New Yorkers, New York's Veterans, and everyone in between – this Executive Budget meets New Yorkers where they live, work and enjoy; to ensure no New Yorker is left behind.

Because it is every New Yorker, as they are, that makes New York great.



A handwritten signature in black ink that reads "Sandra L. Beattie".

SANDRA L. BEATTIE
ACTING BUDGET DIRECTOR



THE DIVISION OF THE BUDGET



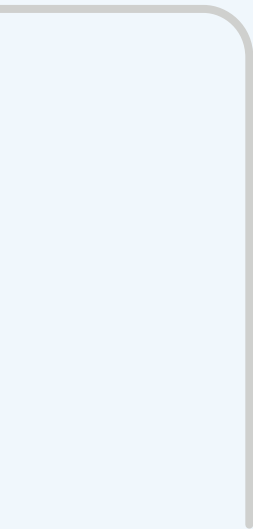
Established in 1927, the New York State Division of the Budget (DOB) serves as the Governor's chief financial advisor. Charged with executing the Governor's constitutional fiscal duties, maintaining the State's overall financial health, and ensuring its operational sustainability, DOB prepares and implements the State Budget, oversees the operations of State agencies, coordinates the State's capital plan and bond market activities, supports fiscal accountability across the State enterprise, and drives the advancement of statewide technological innovation.

Since its creation nearly 100 years ago, DOB has provided 15 governors, from Al Smith to Franklin Delano Roosevelt, to Nelson Rockefeller to Kathy Hochul, with sound, objective advice on financial and operational matters. The Division's role in State government transcends party politics. It is not charged with managing any single area of services or programs, but rather is responsible for weighing and considering the needs of the entire State and the competing demands on State resources.

Article VII of the New York State Constitution establishes the process by which the State's annual Budget is enacted. As the New York State Court of Appeals described in its 2004 landmark decisions *Silver v. Pataki* and *Pataki v. New York State Assembly*, under Article VII of the Constitution, the Governor is the constructor of the Budget and the Legislature is the critic. Section 20 of the State Finance Law charges the Division with exercising all of the Governor's powers and performing all of the Governor's duties with respect to the Budget, and in furtherance of those duties Section 21 of the State Finance Law vests the Division with certain auxiliary powers, including broad access to State agency offices, documents, data and information, and the ability to administer oaths, issue subpoenas, and compel testimony. Executive Law Section 180 charges the Director of the Budget broadly with assisting the Governor in her "duties respecting the investigation, supervision and coordination of the expenditures and other fiscal operations of such department." Hundreds of other provisions of State law and annual appropriations charge the Budget Director with approving transactions and policies across the State, including approving expenditure of every dollar spent from the State Treasury.

The Division's expansive duties necessitate an unwavering commitment to fiscal discipline and to the maximization of the value of every single taxpayer dollar spent by the State. To that end, two fundamental tenets underly the Division's operations: a dollar spent on one need is a dollar unavailable for spending on another need, and fiscal responsibility cannot be severed from operational efficiency. Accordingly, to effectuate its statutory obligations, the Division not only manages discrete agency and program budgets, it also establishes enterprise wide policies and strategies to support efficiency in operations and mitigation of financial plan risk. The Division issues such policies and strategies in the areas of Federal grant management, purchasing and procurement, technology, data, provision of government services, and risk management.

DOB is a premier institution in State government, comprised of a talented, dedicated team of 300 dedicated civil servants and its keepers. Analysts, economists, strategists, administrators, operators, innovators, and lawyers, it is DOB's responsibility to continually ensure the State meets the needs of the people it serves.



SUMMARY OF BUDGET DOCUMENTS



OVERVIEW

The Executive Budget process and key Budget documents are governed by the State Constitution, with additional details and actions prescribed by state laws and practices that have been established over time. The State's budget process is governed primarily by Article VII of the New York State Constitution. Article VII requires the State 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.

Two types of budget bills are necessary for the Executive Budget:

- **Appropriation Bills:** Executive Budget Appropriation bills provide the legal authorization for all proposed spending from the funds managed by the State. These bills encompass the recommended funding for State operations, aid to localities, capital projects, and debt service, as well as legislative and judiciary bills.
- **Article VII Bills:** Article VII bills propose amendments to, or create new, state laws governing programs, savings, and revenues, as the Governor deems necessary. These bills encompass the recommended changes to law in the areas of: Education, Labor, Family Assistance, Health and Mental Hygiene, Transportation, Public Protection, General Government, the Environment, and Economic Development and Revenue.

In addition to the bills mentioned above, the Executive Budget includes the five Budget documents.

THE BIG FIVE

EXECUTIVE BUDGET BRIEFING BOOK

The Executive Budget Briefing Book presents the Governor's overall goals for the upcoming fiscal year. It explains the State's Financial Plan, includes highlights of major initiatives, and a list of the legislative proposals needed to implement the proposed Budget.

FIVE-YEAR FINANCIAL PLAN

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

FIVE-YEAR CAPITAL PROGRAM AND FINANCING PLAN

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

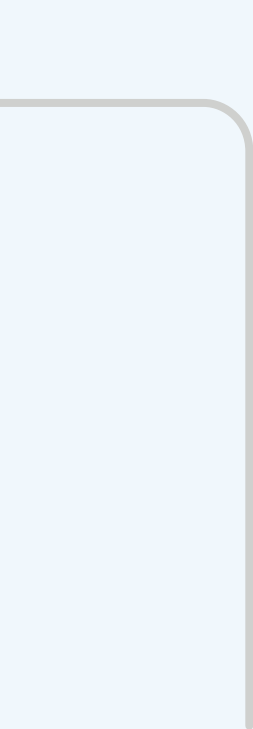
ECONOMIC AND REVENUE OUTLOOK

The Economic and Revenue Outlook explains the specific sources of State revenues and presents an economic outlook for the nation and the State over the upcoming fiscal year.

STATE AGENCY PRESENTATIONS

The State Agency Presentations include 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 module also includes the budget requests of the Legislative and Judiciary branches, which are submitted without revision as required by the Constitution.

All Executive Budget bills and documents are accessible to the public through the Budget Division's official website, budget.ny.gov, or in print from the Senate and Assembly document rooms in Albany, NY. In addition, the public is encouraged to visit the Open Budget website, openbudget.ny.gov, to access the latest information related to the Executive Budget proposal and the Enacted Budget.



**WE ARE
NEW YORK**



With insecurity behind us and again on the horizon, the present spectrum of uncertainty requires dutiful and strategic planning. The Fiscal Year (FY) 2024 Executive Budget will invest in areas that will deliver most for New Yorkers, while maintaining fiscally responsible spending. Through these actions, New York will fortify our mental health and health care system, expand access to housing, and keep New Yorkers safe in their communities.

Key FY 2024 Executive Budget Initiatives

Mental Health

The Executive Budget makes significant investments to improve access to mental health care including expanding inpatient, outpatient, residential, and supportive services statewide. For people with addiction or mental health challenges, the Budget includes increased funding for supportive community-based housing and programs.

Affordable Housing

Governor Hochul's newly formed New York Housing Compact is a bold plan that will build on the extraordinary commitments made in last year's budget to increase affordable housing and more with the creation of 800,000 new homes over the next decade.

Public Safety

New York's families and communities must be safe and protected. New investments will keep the momentum achieved through successful initiatives. Additional investments in already successful initiatives will keep momentum on reducing crime—with a focus on programs that support children in the neighborhoods hit the hardest by gun violence—as well as improvements to the criminal justice system to protect New Yorkers while maintaining equitable access to justice.

INVESTING IN THE NEW YORK DREAM

The FY 2024 Executive Budget is an investment in, and a reflection of, the diverse experiences, interests, and needs of every New Yorker. Key investments in the New York Dream can be found below.

For Senior New Yorkers

Foundational residents, those that choose to live and retire in New York, have made tremendous social, cultural, and economic contributions, and truly understand the beauty of our State. As New York's older population grows, the Budget ensures these residents have access to exceptional aging services and high-quality long-term care. This year's Executive Budget prioritizes the physical and mental health and wellness of New York's seniors with historic investments in the health care workforce, the largest State contribution to Medicaid in the State's history, and strategic investments in residential care settings. The State plans to ensure New York's seniors have essential services and supports, strategizing growth in the valuable long-term care workforce.

Last year, Governor Hochul directed the creation of the first-ever statewide Master Plan for Aging so New Yorkers can age with dignity and independence wherever they choose. In addition to providing funding to support the Master Plan, the Budget will:

- Provide respite care for high-need family caregivers, granting relief for those who oversee care of their loved ones;

- Invest in care teams to provide care for low-income adults in their home, helping to ensure New Yorkers can age in place;
- Establish quality reporting and accreditation for assisted living residences and implement quality improvement initiatives in nursing homes;
- Permit Area Agencies on Aging to serve more individuals by allowing individuals whose income is at or above 250 percent of the federal poverty level to pay for certain services;
- Invest in the Long-Term Care Ombudsman Program (LTCOP) to provide additional coverage of long-term care facilities across the state.
- Provide for a 2.5% COLA for not-for-profits that provide services on behalf of the multiple health and human services agencies, including SOFA;

We understand that the majority of older New Yorkers live on a budget. The Executive Budget reduces their tax burden by simplifying and modernizing the local senior citizens exemption income definition.

For New York Households

The immense responsibilities that fall on the heads of New York households are not overlooked. This year's Executive Budget executes valuable initiatives to support those that sustain New York's households through investments in child care, education, and community infrastructure – with no new personal tax increases, relieving unpredictable burdens on the taxpayer.

The Executive Budget builds on the historic investments enacted in FY 2023 with a bold plan to make New York's child care system fairer, more affordable, and easier to access. This includes by further expanding eligibility for child care assistance by raising the income limit to the maximum allowed by Federal law – which is 85 percent of New York's median income, or approximately \$93,200 per year for a family of four. As a result, the families of an estimated 113,000 more children will become newly eligible for child care assistance.

The Budget also streamlines and centralizes the child care application process so that an estimated 83,400 children in already-eligible families will have easier access to the Child Care Assistance Program. Additionally, it creates incentives for employer-based child care by a new tax credit for the creation and expansion of child care and the creation of an employer-supported Child Care Pilot.

Because New Yorkers understand that family comes first, the Budget rightly expands access to paid parental leave.

Continued record investments in New York's local roads and bridges are partnered with increased support for municipalities to reinforce New York communities and the paths heads of households must travel every day.

New York's Young Adults

To support the future of our most vibrant population, the Executive Budget will expand opportunities for valuable public service positions, adequate wages, and further strengthen access to reproductive rights for all New Yorkers.

Continuous recruitment coupled with civil service reforms and the creation of strategically placed centers for careers in government will make it easier for young adults to start a reliable and fulfilling career in New York State public service. This Executive Budget also proposes indexing the minimum wage to inflation to ensure New Yorkers have access to adequate wages in times of economic turmoil.

Building upon the success of the existing Summer Youth Employment Program (SYEP), which provides work opportunities for low-income youth during the summer months, the Executive Budget creates a new Youth Opportunities Program to provide these employment opportunities during the remaining months of the year.

New York's Businesses and Their Employees

After a long period of uncertainty, the following measures are included in the Executive Budget to reduce the burden on and incentivize New York's business owners and their employees:

- Modify the investment tax credit for farmers to improve access to \$7 million in tax credits annually;
- Extend and expand the film credit program to make New York a national magnet for productions and support thousands of jobs and small businesses that depend on the film industry;
- Continue the support of New York City's tourism industry by extending the NYC musical and theatrical production tax credit;
- Extend the 50 percent tax credit for the phase out of a certain grade of fuel oil for an additional six months so taxpayers have additional time to apply for this credit;
- Extend the application deadline for the COVID-19 capital costs tax credit program;
- Reduce penalties for underpayment of taxes for businesses impacted by disaster;
- Create a NYC biotech credit.

Marginalized New Yorkers

Every day, New York State stands with the most vulnerable New Yorkers, and this year's Executive Budget seeks to reach them all. With new initiatives designed to support marginalized New Yorkers most in need, it helps bring every New Yorker closer—no matter their struggles—to obtaining the New York dream.

The Budget improves the delivery of vital services including expanded broadband access across New York, easier access to public services including child care, and the elimination of food scarcity in our communities. Further, all New Yorkers receiving public assistance will experience increased access to education and training opportunities.

New York's Housing Compact will increase affordable housing statewide and will coincide with multiple initiatives to support New Yorkers struggling with utility bills, assist retrofitting homes for energy efficiency, and guarantee energy affordability.

The Budget also increases the economic stability and outlook of Public Assistance recipients by providing better access to education and training opportunities, and by giving them time to build savings after obtaining employment.

The Budget seeks to support those experiencing upheaval with enhanced funding for the office of new Americans, liberty defense, and migrant refugee legal assistance programs. The Budget also supports New York City's efforts to provide support services and assistance to migrants.

New York's Veterans

New York's veterans deserve exceptional and accessible care. The Executive Budget establishes the development of mobile service centers to bring care directly to veterans. To support aging veterans, investments will be made in veteran specific nursing homes to ensure quality, lifelong care. For the many veterans struggling

to return to everyday life, the budget will invest in homeless veterans housing to ensure every veteran has a home in the country they served.

The budget will also require healthcare facilities to notify an individual, upon discharge, of the possibility of placement into a Veterans Nursing Home, rather than a traditional nursing home; and invest in the development of a strategic and modernization plan for the five State Veterans' Homes.

Active New Yorkers

The pandemic triggered a drastic change to every New Yorker's way of life. Nearly all of the activities that made being a New Yorker truly wonderful were paused. This Executive Budget invests in the vibrant cities, towns, parks, and great outdoors that New Yorkers can't live without. Downtown revitalizations, parks and lands infrastructure, and our environment are all key initiatives in this year's budget.

The Future of New York

The Executive Budget makes a strategic investment in the future of New York by supporting our students, schools, and environment. To ensure all New York schools can provide the best education, the proposal provides the largest School Aid increase in history. Notably, this includes fully funding the Foundation Aid



Governor Hochul attends the 78th Precinct National Night Out

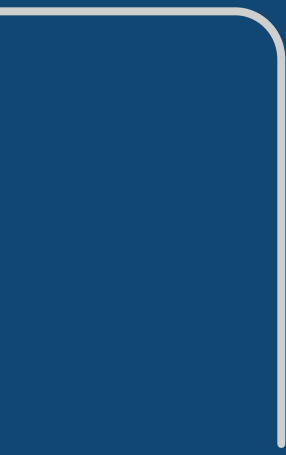
formula for the first time in its 17-year history.

The Executive Budget provides full-day prekindergarten access for the vast majority of New York's four-year-old children and funds high-impact tutoring programs to assist students recovering from pandemic-related learning loss. Significant investments will also be made in charter, nonpublic, and native American reservation schools in order to ensure that all New York students have a bright future, the next generation of the State's professional workforce.

Long-term investments will be made in New York's vibrant SUNY and CUNY campuses. The Executive Budget provides matching funds to help grow the endowments of SUNY's four university centers and substantial funding for investments in SUNY and CUNY campuses.

Leading the way for a tobacco free generation, the Budget includes legislation to expand upon the State's ban on the sale of flavored vaping products by prohibiting the sale of all flavored tobacco products. In addition, the Budget increases the cigarette tax from \$4.35 to \$5.35 per pack. These actions are projected to reduce the number of young people smoking cigarettes by nine percent, prevent 22,000 youths from becoming adult smokers, and prevent premature deaths caused by smoking.





SECTION II

EXECUTIVE BUDGET FY 2024







FINANCIAL PLAN OVERVIEW



EXECUTIVE SUMMARY

The State's Financial Rebound from COVID

In the decade between the Great Recession and the onset of COVID, the New York economy steadily expanded. The State's gross product grew at 4.4 percent annually and total employment increased by nearly 1.4 million. State finances were stable, with State Operating Funds spending increasing at an average annual rate of 2.4 percent. Tax collections, which fund roughly three-quarters of State Operating Funds spending, grew at a yearly average of just under 3.8 percent, reaching a "pre-COVID" peak in FY 2020, rising by nearly 10 percent over FY 2019.

Then COVID struck. The onset of the pandemic in New York, which coincided with the start of the State's 2021 fiscal year, triggered sweeping public health measures at the State and local level to slow the spread of the virus. Economic activity slowed dramatically, unemployment spiked, and the State prepared for a prolonged economic downturn. State spending, adjusted for the timing of payments, flattened.

State finances, however, have fared better than expected. In FY 2021, during the acute phase of the pandemic, tax collections in State Operating Funds declined by just 0.3 percent from FY 2020, bolstered by Federal economic stimulus — and have subsequently soared. In FY 2022, collections grew by 27 percent, which is equal to about seven years of typical tax receipts growth compressed into a single year. In FY 2023, collections are expected to increase by an additional 11 percent to total \$115 billion, or nearly \$34 billion higher than FY 2021 results.

FY 2023 General Fund Surplus

In this Financial Plan, DOB is increasing the current-year estimate for tax receipts by \$5.9 billion in comparison to the Mid-Year Update. The higher tax receipts, combined with other revisions totaling \$2.8 billion, including downward revisions to estimated disbursements, leaves a General Fund surplus of \$8.7 billion.

As described below, the remarkable surge in tax collections that began last year is expected to peak by the end of FY 2023, as the post-COVID expansion runs its course. Accordingly, the surplus is used to strengthen the State's capacity to weather the economic downturn on the horizon. More than half of the surplus will be used to accelerate the deposits to principal reserves that had been planned for FY 2024 (\$2.4 billion) and FY 2025 (\$2.9 billion), bringing the balance held in principal reserves to more than 15 percent of spending by March 31, 2023 — two years ahead of schedule. An additional \$600 million will be used to fund deposits to the Retiree Health Trust Fund that were scheduled in later years, bringing the balance to \$1.2 billion. To ensure the State can abide by the limits imposed by the Debt Reform Act, \$1 billion will be used to recapitalize the debt reduction reserve. The remaining surplus will be used to prepay expenses and manage future budget gaps.

In October 2021, the Governor committed to building the State's reserves to ensure that it could honor its current commitments through good and bad times. The extraordinary gains in tax receipts have been directed to accomplish that purpose. By the end of FY 2023, the State will have boosted its reserves by over \$20 billion since FY 2020. It will have also prepaid over \$10 billion in future debt service costs that were due in FY 2024 through FY 2027.

The Post-COVID Expansion is Ending

Yet even as tax receipts continue to show strength in the current year, DOB has downgraded its expectations for the economic outlook twice since the Enacted Budget Financial Plan was published in May 2022, first in the First Quarterly Update and again in this Financial Plan. It is now forecasting a mild national recession in calendar year 2023, with U.S. real output projected to decline by 1.4 percent in the first quarter and 0.9 percent in the second quarter, followed by a recovery in the latter half of the year.

At the State level, key economic drivers of tax receipts have been revised sharply downward. Total wage growth is now expected to slow to 2.4 percent in FY 2023 and 2.3 percent in FY 2024, compared to 3.3 percent and 4.3 percent in the May 2022 forecast. Bonus income is expected to decline by 27 percent

from the FY 2022 peak. In comparison, the Enacted Budget forecast called for a 15.5 percent decline in FY 2023 followed by growth of 3.5 percent in FY 2024.

Beginning in FY 2024, the weakening economic activity is expected to become apparent in tax collections (which are a lagging indicator of changing economic activity). This will carry through the following years of the Financial Plan, with the most pronounced impact on FY 2025 and FY 2026 operations. General Fund tax receipts, before proposed actions in the FY 2024 Executive Budget, have been reduced by \$2.6 billion in FY 2024, \$7.5 billion in FY 2025, \$8 billion in FY 2026, and \$5.3 billion in FY 2027 in comparison to the Enacted Budget Financial Plan.

The FY 2024 Executive Budget Financial Plan

The Governor introduced the FY 2024 Executive Budget Financial Plan on February 1, 2023. DOB estimates that the General Fund is balanced on cash basis in FY 2024, if the Legislature adopts the Governor's proposal without modification. The Budget fully funds existing commitments, including the third and final year of the Foundation Aid phase-in. By the end of SY 2024, Foundation Aid will have increased by \$5.7 billion since SY 2021. DOB expects the General Fund to end FY 2024 with a balance of nearly \$35 billion, with principal reserves intact.

Three of the most pressing issues facing the State at the start of 2023 are addressed in this Executive Budget: the solvency of the MTA, the stability of the State's health care system, and the provision of care for thousands of new asylum seekers coming to the State. In response to these challenges, the Budget advances a comprehensive funding plan to put the MTA on stable financial footing. It adds substantial new operating and capital aid for health care. And it provides extraordinary funding to local governments that are providing services and assisting with the resettlement process for asylum seekers.

The Budget proposal also funds the initiatives outlined in the Governor's State of the State address. These include expanding mental health inpatient, outpatient, and supportive services (FY 2024: \$134 million; FY 2025: \$276 million); providing matching

funds to increase the State University endowment (maximum of \$500 million over two years); giving a monthly discount on electric utility bills for moderate-income customers (FY 2024: \$200 million; FY 2025: \$50 million), and indexing the minimum wage for inflation and funding the cost for State service providers (FY 2024: \$19 million; FY 2025: \$63 million).

State Spending

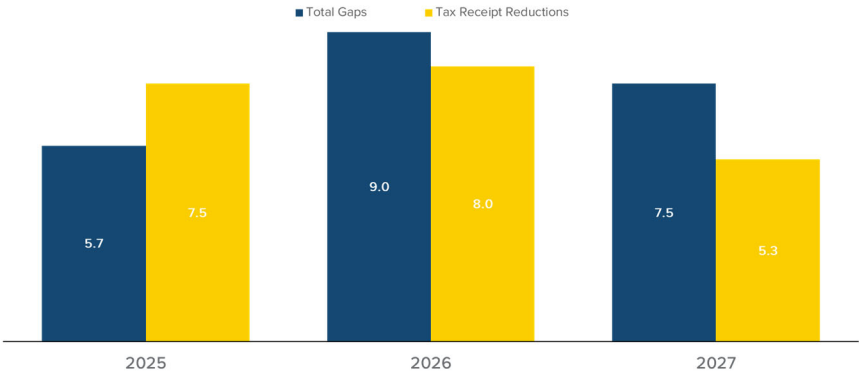
State Operating Funds spending will total \$125.2 billion, an increase of \$2.5 billion, or 2 percent, from the current fiscal year.

Outyear Budget Gaps

The Executive Budget Financial Plan projects out-year budget gaps of \$5.7 billion in FY 2025, \$9.0 billion in FY 2026, and \$7.5 billion in FY 2027, a total of roughly \$22 billion over three years. The gaps that have opened in each year are due principally to the downward revisions in projected tax receipts, which have been lowered by nearly \$21 billion (FY 2025 to FY 2027) in comparison to the Enacted Budget Financial Plan. If the FY 2025 Budget is balanced with recurring savings, the budget gap for FY 2026 would be \$3.3 billion. The projected budget gaps do not reflect the use of any reserves to balance operations.

FY 2024 EXECUTIVE BUDGET SPENDING (billions of dollars)				
	FY 2023 Updated	FY 2024 Projected	\$ Change	% Change
All Funds	221.6	227.0	5.4	2.4%
State Operating Funds	122.7	125.2	2.5	2.0%
School Aid (School Year Basis)	31.3	34.4	3.1	10.0%
Medicaid	25.8	27.8	2.0	7.7%
Executive Agencies	12.3	12.6	0.3	2.4%
All Other	53.3	50.4	-2.9	-5.4%

OUTYEAR BUDGET GAPS AND TAX RECEIPTS REDUCTIONS

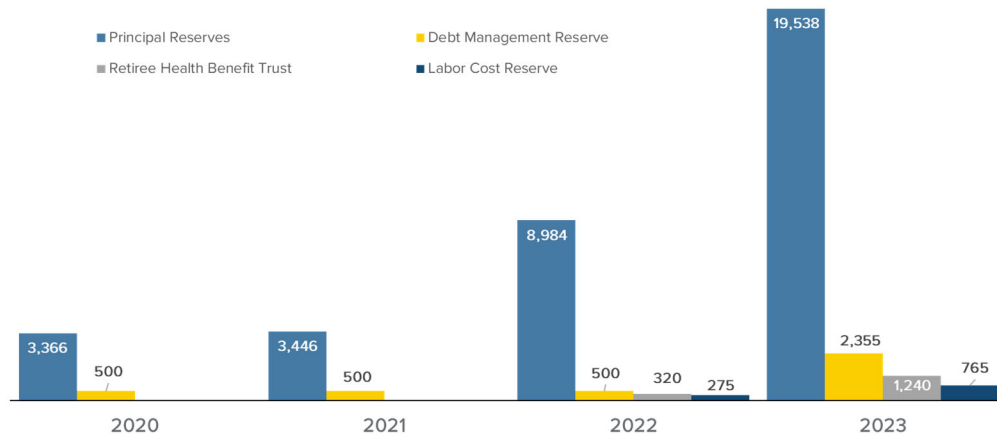


Tax reductions reflect downward revisions since the FY 2023 Enacted Budget Financial Plan (May 2022).

Reserves and Risks

Economic turning points create heightened risks to the Financial Plan. In the two recessions prior to COVID, tax receipts fell more steeply and for a longer period than originally expected. While the DOB forecast is based on reasonable assumptions, the impact of an economic slowdown is highly unpredictable. A second, new risk has been created by the PTET program, which has introduced a high degree of uncertainty in the level and timing of PIT tax collections. Lastly, the State is dependent on a range of Federal approvals to implement savings measures and receive reimbursement for costs it has incurred in the first instance. The Financial Plan maintains a reserve for such transaction risks, in addition to the principal reserves and other reserves for specific purposes (e.g., future labor agreements).

\$20 BILLION ADDED TO RESERVES SINCE 2020



- *Principal reserves include the statutory Rainy Day Reserves and the informal reserve for economic uncertainties.*
- *The Retiree Health Benefit Trust Fund is a trust fund for the payment of health benefits of retired employees and their dependents and is not included in the General Fund balance.*
- *Other statutory reserves for dedicated purposes (PTET, pandemic assistance, and undesignated fund balance) are excluded.*





CAPITAL PLAN OVERVIEW



Governor Hochul is making significant investments that will play a critical role in building New York’s future, creating jobs and growing the economy, across the State. The major investments being made in New York’s infrastructure and economic revitalization today will chart a course for the safety, mobility, prosperity, and health of New Yorkers tomorrow. The Executive Budget builds on major investments in transportation and mass-transit; affordable and supportive housing; economic and community development; and environmental initiatives, including the approval of the largest Bond Act in New York State history. New proposals focus on developing quality affordable housing; increasing access to care and housing opportunities for individuals with mental health issues; public safety initiatives; health care technology and system transformation; and investments in SUNY and CUNY infrastructure.

FEDERAL FUNDING

On November 13, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. The State is projected to receive \$13.4 billion in new Federal funding over the next 5 years, of which \$5.7 billion is expected to flow through the State budget for road and bridge projects, and \$7.7 billion will be disbursed by public authorities, primarily

the MTA, and local governments. In total, the State is expected to receive funding for the following essential programs:

- Roads, Bridges, and Major Projects (\$4.6 billion);
- Public Transit (\$4.1 billion);
- Clean Water, Weatherization, and Resiliency (\$3.2 billion);
- Broadband (\$800 million); and
- Airports (\$685 million)

MAJOR ONGOING INFRASTRUCTURE INVESTMENTS

Governor Hochul is committed to advancing major infrastructure projects that are supported by the State, local governments, public authorities, private entities, and the Federal government. The State budget includes investments in projects that will improve the State’s transit systems, modernize airports, and rebuild infrastructure to upgrade the State’s transportation network in a timely manner and prepare for future generations. Major infrastructure investments currently underway include:

TRANSFORMATIVE INFRASTRUCTURE PROJECTS (billions of dollars)			
	Total Project Costs	State Share	Other Funding Partners Share ¹
Transformative Projects Total	108.7	13.5	95.2
Gateway Tunnel Project ²	16.1	3.2	12.9
MTA Capital Plan 2020-2024 ³	52.1	3.0	49.1
Commuter-First Penn Station ⁴	22.0	7.0	15.0
Transform JFK Airport	18.5	0.3	18.2
¹ Includes funding from federal & local govts, public authorities, and other funding outside of the State budget.			
² State funding share is still being finalized. Total includes financing costs.			
³ State share excludes new revenue sources enacted by the State to fund \$25 billion of the capital plan.			
⁴ State budget includes \$1.3 billion appropriation to initiate the project. Funding shares still being determined.			

Gateway Hudson 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. This project will revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. Project costs estimated at \$16.1 billion.

Pennsylvania Station Area Civic and Land Use Improvement Project. The State has completed the transformation of the James A. Farley Post Office building into the Moynihan Train Hall and 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 Long Island Rail Road (LIRR) commuters and intercity rail passengers, offering an underground connection between the Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E Trains).

Expanding on this vision, Governor Hochul plans to create a commuter-first Penn Station. The reconstructed Penn Station will create a double-height, light-filled train hall that more than doubles passenger space from 123,000 square feet to 250,000 square feet and nearly doubles the number of entrances from 12 to 20. The station reconstruction complements the station expansion that 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. Project costs are estimated at \$22 billion including station reconstruction, expansion and improvements to public realm and transit.

MTA's \$52.1 billion 2020-2024 Capital Program. Represents the largest investment in MTA infrastructure in state history, almost 70 percent larger than the any previous program. The current

program is revitalizing the subway system, and prioritizes improving signal technology, increasing accessibility, and improving quality of life issues. The Capital Program also ensures investment in the LIRR and Metro North Railroad, and upgrading bus service. The final stage of the Capital Program will advance several major initiatives including:

- **Central Business District Tolling Program.** The congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion in financing to support the 2020-2024 Capital Plan.
- **Accessibility.** The program will increase accessibility by making 70 more subway stations ADA-accessible resulting in over 60 percent of passenger stations fully accessible.
- **Second Avenue Subway Phase 2.** The project will provide three new fully accessible stations, extending service from 96th street to 125th street, and a connection with Metro-North.
- **Penn Station Access.** The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible Metro-North commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.



Governor Hochul and MTA Break Ground on Metro-North Penn Station Access Project

- **East Side Access.** The project will bring the LIRR into a new concourse below Grand Central Terminal.
- **LIRR Third Track.** The project will add 10 miles of mainline between Floral Park and Hicksville which will provide increased capacity and shorten service disruptions for 41 percent of LIRR ridership.

Transforming John F. Kennedy Airport. The State is proceeding with a historic \$18.5 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 terminal sites into one unified JFK Airport. Work will include demolishing old terminals, utilizing vacant space, and modernizing infrastructure, while incorporating the latest in passenger amenities and technological innovations. This record investment includes \$15.6 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.

FIVE-YEAR CAPITAL PLAN & BUDGET

The State's Five-Year Capital Plan projects spending \$95 billion from State capital appropriations. Funds used to support the plan will include State bonds, State PAYGO (Pay-As-You-Go, e.g., taxes and fees); and Federal funding.

Major initiatives added or continued in FY 2024 include:

Five-Year Department of Transportation Capital Plan. The Executive Budget includes funding for the second year of a five-year, \$32.8 billion Department of Transportation (DOT) Capital Plan. The DOT Capital Plan leverages Federal funding commitments made in the Infrastructure Investment and Jobs Act to support phases of major infrastructure projects, including the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The new plan also supports new large-scale projects, including: modernizing the Livingston Avenue Bridge in Albany; reconnecting neighborhoods across the Kensington

Expressway in Buffalo; converting Route 17 to I-86 in Orange and Sullivan Counties; and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County. The DOT Capital Plan also includes an additional \$1 billion for the BRIDGE NY program and \$1 billion for the Pave Our Potholes (POP) program, and continues record commitments to funding local highways and bridges, including through the Consolidated Highway Improvement Program (CHIPS).

Five-Year Housing Plan. The Executive Budget continues a \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and electrifying an additional 50,000 homes as part of the State's plan to electrify 1 million homes and make another 1 million electrification-ready. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies. Additionally, the FY 2024 Executive Budget proposes a \$250 million Infrastructure Support Fund, as part of the New York Housing Compact, to support projects that facilitate the construction of increased housing, such as sewer and water infrastructure, parking facilities that allow existing lots to be repurposed, school infrastructure needs, and improvements to accommodate neighborhood growth and livability.

Expansion of Mental Health Capital Programs:

- **Residential Programs.** Governor Hochul is investing \$890 million in capital to build 2,150 new residential beds for people with mental illness who need varying levels of supports. This includes 500 new Community Residence – Single Room Occupancy (CR-SRO) beds, 900 Transitional Step-Down Beds, and 750 permanent Supportive Housing beds. The Governor's plan also calls for 600 licensed Apartment Treatment beds and 750 scattered site Supportive Housing beds, which do not require capital funding for a total of 3,500 new units throughout the State.
- **Outpatient Services.** The Executive Budget supports the Governor's proposal to significantly

expand outpatient mental health services throughout the State by funding 12 new Comprehensive Psychiatric Emergency Programs, including \$60 million in capital.

- **Inpatient Bed Capacity.** The FY 2024 Executive Budget includes \$18 million in capital funding to open 150 State-operated inpatient psychiatric beds, which are part of a multi-year plan to increase operational capacity at mental health facilities.

Capital Funding to Support Public Safety. The Executive Budget proposes \$35 million for a new round of capital grants to support the Securing Communities Against Hate Crimes program and continues \$50 million in funding to meet the needs of communities most impacted by gun violence. In addition, the Executive Budget invests \$100 million for the purchase and renovation of a new forensic laboratory, an additional \$80 million for the renovation for a new State Emergency Operations Center, and \$25 million to support the rehabilitation and renovation of the Lexington Avenue Armory.

Higher Education. The Executive Budget proposes \$2 billion in new capital funding for SUNY and CUNY, including \$1.2 billion to maintain and preserve campus facilities and make strategic investments, \$400 million for SUNY transformation capital investments, \$224 million for community colleges, and \$150 million for capital projects at SUNY hospitals.

Clean Water, Clean Air, and Green Jobs Bond Act. In November 2022, voters approved a \$4.2 billion bond act that will support: capital improvements and enhancements in flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure. New program funding approved in the bond act is expected to begin in FY 2024.

Wadsworth Center. The Executive Budget includes a \$1.7 billion investment to support the Wadsworth Center Laboratories and Research reconstruction effort. A portion of the funding, \$750 million, was appropriated in the FY 2018 Enacted Budget. Funds were originally appropriated for a new building

housing all of Wadsworth Lab's activities under one roof but, due to the pandemic and inflation, construction of the new laboratory was divided into two phases. This proposal would support costs for building both phases. The Wadsworth Lab, a public health research laboratory of the New York State Department of Health (DOH), played an essential role in helping New York battle COVID-19. New York State is committed to supporting the rebuilding of this Center, ensuring that these vital DOH facilities can prepare to fight future public health challenges on behalf of New Yorkers.

Modernize Aging & Inefficient Low-and-Moderate Income Homes. The Executive Budget includes \$200 million for NYSEDA to launch the EmPower Plus program. This funding will provide low-income New York residents with no-cost energy efficiency solutions for their homes.

Clean Water Infrastructure. The Executive Budget adds a \$500 million appropriation to support clean water infrastructure, raising the State's total investment to \$5 billion. These funds will be expended via locally based construction projects that will result in safer and improved municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure.

Health Care. The Executive Budget proposes a new \$1 billion capital investment in health care, including \$500 million for the purpose of financing capital improvements for eligible health care providers, improving health care delivery, and \$500 million to finance information technology improvements statewide.

Parks Capital. The Executive Budget allocates \$200 million in New York Works capital funding to the Office of Parks, Recreation and Historic Preservation to continue the State's investment in critical infrastructure projects.

Broadband and Digital Infrastructure. The Executive Budget continues \$1.6 billion to support the ConnectALL initiative to provide affordable broadband access to New Yorkers in rural and urban areas statewide. The initiative aids in the removal of existing barriers to broadband access,

including fee exemptions for rural deployments; standardizing processes for state land and rights-of-way deployments; and addressing issues in serving multiple-dwelling units.

Economic Development. The Executive Budget provides \$845 million in new economic and community development funding across a number of valuable programs, including Round XIII of the Regional Economic Development Council (REDC); a seventh round of Downtown Revitalization Initiative, which will also include NY Forward as a way to enhance support for smaller, rural communities; the New York Works Economic Development Fund; and funding for the Olympic Regional Development Authority (ORDA) to continue upgrading and modernizing training facilities and ski resorts.

NYRA. The Executive Budget includes \$455 million in capital to fund the redevelopment of Belmont Racetrack. The project will result in the creation of new tracks and parking as well as the construction of a new clubhouse. This project will facilitate the move of Aqueduct racing to Belmont, allowing the State to repurpose the Aqueduct property. NYRA is expected to repay the State for the entire cost of the project using funds dedicated to capital improvements.

TAKING ACTIONS TO ENSURE AFFORDABILITY

Governor Hochul is using a disciplined approach to control and target new borrowing to keep debt affordable and within the State's debt limit. The Capital Plan includes \$6 billion of cash resources for pay-as-you-go capital spending, which is being used in place of higher cost taxable debt issuances. This effective management of State debt costs will enable the delivery of affordable infrastructure investments.

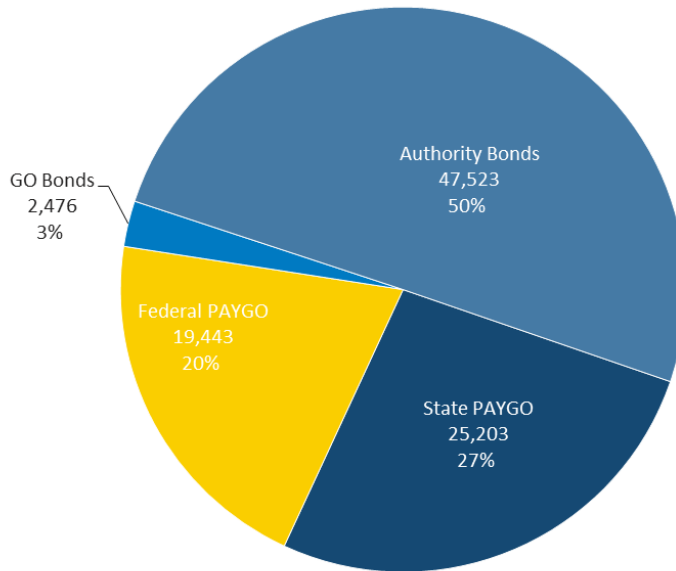
State debt will continue to remain affordable as evidenced by the following debt metrics:

- Over the past decade the State has been disciplined in its use of debt, while making significant investments in the State's infrastructure. From FY 2014 to FY 2023, debt outstanding has increased from \$55.2 billion to \$58.5 billion (projected), or an average of 0.7 percent annually. By comparison, in the prior 10

years, debt grew by 2 percent annually.

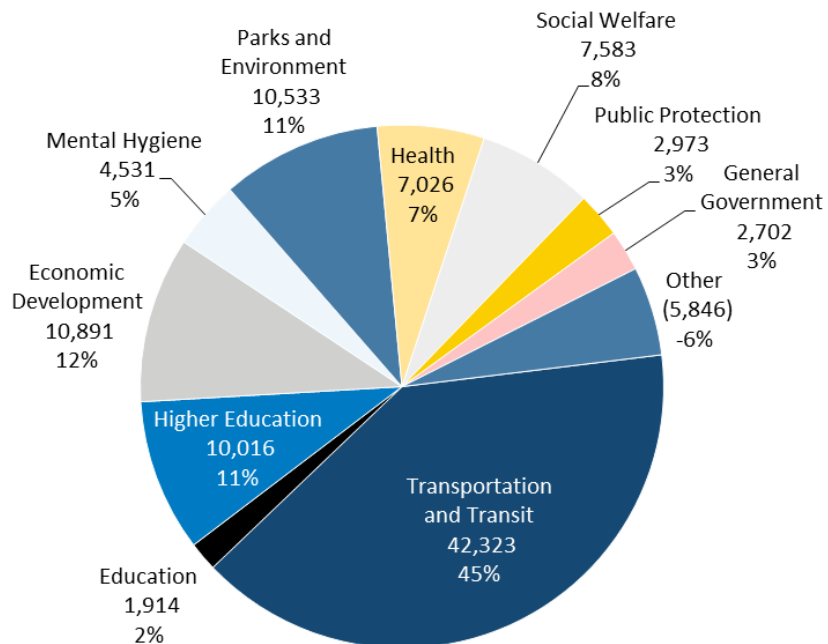
- State-supported debt is projected to remain within the statutory debt caps throughout the Five-Year Capital Plan as a result of the strategic cash contribution of \$6 billion over multiple years to reduce debt issuances.
- State-related debt outstanding as a percentage of personal income is expected to remain below historical levels across the Five-Year Capital Plan and is projected at 4.8 percent in FY 2028.
- Debt service costs are estimated at \$6.7 billion in FY 2024, after adjusting for debt service prepayments, which is a decrease of 0.7 percent from FY 2023.

Five-Year Capital Spending by Financing Source
(millions of dollars)



Five-Year Capital Spending by Function
(millions of dollars)

Five-Year Capital Spending by Function
(millions of dollars)







REVENUE ACTIONS



The FY 2024 Executive Budget continues to build on the accomplishments of the FY 2023 Budget by expanding tax credits for farmers, continuing the State's support for the arts and tourism by expanding the current tax credit for Broadway productions, as well as enabling tax simplification and other taxpayer-friendly measures.

ECONOMIC BACKGROUND AND OUTLOOK

New York State and the nation faced mounting inflationary pressures in 2022. Pandemic-related fiscal stimulus, supply chain disruptions, and price spikes in energy and agricultural products due to the war in Ukraine pushed consumer price inflation to its highest levels in over 40 years. As a result, year-over-year Consumer Price Index (CPI) inflation surged throughout 2022, peaking at 9.1 percent in June before falling to 6.5 percent in December. Meanwhile, U.S. Gross Domestic Product (GDP) fell for two consecutive quarters in the first half of 2022, triggering concerns that the U.S. economy might already be in a recession. However, this contraction followed a strong rebound in 2021 from the pandemic.

U.S. real GDP rebounded strongly by 3.2 percent in the third quarter of 2022. Recession fears continue to loom over the national economy as the Federal Reserve tightens monetary policy at the fastest pace on record to curb inflation. The U.S. economy is expected to enter a mild downturn in 2023, with an estimated annual average GDP growth of 0.5 percent.

In 2022, New York State's labor market continued its recovery from the global pandemic. As of December 2022, the State had regained 86.5 percent of its pandemic-related job losses. However, the nation had already recovered all its pandemic-related job losses by August 2022. Following an estimated growth of 5.0 percent in 2022, the State's labor market outlook remains weak. The State's employment is projected to grow by only 0.7 percent in 2023, with private sector employment growing by 0.8 percent. This outlook is due to the slowing global economy, the stock market's volatile performance, and an impending national recession following the Federal Reserve's rapid, albeit lagged, rate hikes to bring inflation under control. As a result of the projected weaker growth,

the State is not expected to return to pre-pandemic employment levels until 2027.

New York State's wages increased by 12.4 percent in FY 2022 due to the significant number of jobs recovered, high inflation, and strong equity market growth. However, wages are estimated to increase by a more modest 2.4 percent in FY 2023 due to a slowdown in hiring and a substantial decline in bonuses. The State's total wages are projected to grow by 2.3 percent in FY 2024 due to a substantial slowdown in job growth and a small decline in bonuses. The State's finance and insurance sector bonuses are estimated to fall by 25.2 percent in FY 2023 due to weaker bank profits in 2022, stemming from the stock market's weak performance, record low dealmaking activity, and the lapse of pandemic-related fiscal stimulus. As the outlook of the financial markets improves, the finance and insurance sector bonuses are projected to experience a smaller decline of 5.1 percent in FY 2024.

BRIEFING BOOK REVENUE ACTIONS

(millions of dollars)

	General Fund		All Funds	
	FY 2024	FY 2025	FY 2024	FY 2025
Providing Tax Relief to New York	-	(42)	-	(42)
Extend and Enhance the Film Tax Credit	-	-	-	-
Extend the Empire State Commercial Production Tax Credit for Five Years	-	-	-	-
Modify the Investment Tax Credit for Farmers	-	(7)	-	(7)
Extend the New York City Musical and Theatrical Production Tax Credit for Two Years	-	-	-	-
Create a Tax Credit for Child Care Creation and Expansion	-	(25)	-	(25)
Extend the Lower Manhattan Sales and Use Tax Exemption	-	(10)	-	(10)
Extend the Tax Credit for the Phase Out of a Certain Grade of Fuel Oil for Six Months	-	-	-	-
Reform, Simplification, and Other Actions	(58)	712	(127)	581
Lead the Way for A Tobacco-Free Generation - Increase the State Excise Tax on Cigarettes from \$4.35 to \$5.35	(7)	(14)	(13)	(25)
Lead the Way for A Tobacco-Free Generation - Prohibit the Sale of All Flavored Tobacco Products	(51)	(100)	(116)	(222)
Make Local Sales Tax Rate Authorizations Permanent	-	-	-	-
Return Foreclosure Excess to Property Owners	-	-	-	-
Simplify and Modernize the Local Senior Citizens Exemption Income Definition	-	-	-	-
Allow DTF the Right to Appeal DTA Tribunal Decisions	-	-	-	-
Provide Authority to Abate Interest for Taxpayers Impacted by Declared Disasters	-	-	-	-
Extend and Limit the Vending Machine Sales Tax Exemption to Business Enterprise Program Vendors for One Year	-	-	-	-
Extend the Tax Credit for the Rehabilitation of Historic Properties for Five Years	-	-	-	-
Amend Motor Fuel Reporting Designation	1	1	2	4
Eliminate the Congestion Surcharge Registration Requirements	-	-	-	-
Extend the Temporary Article 9-A Tax Rates for Three Years	-	810	-	810
Create the Extended Prosperity and Innovation Campuses ("EPIC") Initiative	-	(1)	-	(1)
Require S-Corporation Conformity with Federal Returns	-	15	-	15
Make Technical Changes to Tax Law	-	-	-	-
Revoke Cigarette and Tobacco Taxes Certificate of Registration for Inspection Refusal	-	-	-	-
Abatement of Penalties for Underpayment of Estimated Tax by a Corporation	-	-	-	-
Clarification of the Wind and Solar Valuation Model	-	-	-	-
Technical Correction to the Deposit Timeframe	-	-	-	-
Extend the Application Date for COVID-19 Capital Costs Tax Credit	-	-	-	-
Extend Reduced Real Estate Transfer Tax Rates for Qualifying REITs for Three Years	-	-	-	-
Gaming Initiatives	-	-	11	22
Authorize a Franchise Corporation's Payment Structure to Fund the Belmont Redevelopment Project	-	-	-	-
Extend Pari-Mutuel Tax Rates and Simulcast Provisions for One Year	-	-	-	-
Enact Procedures For An Off-Track Betting Corporation To Terminate Operations	-	-	-	-
Extend Capital Acquisition Fund Flexibility for Capital OTB for One Year	-	-	-	-
Eliminate Quick Draw Restrictions	-	-	11	22
Fee Actions	-	-	-	-
Extend the Oil and Gas Fee	-	-	-	-
TOTAL REVENUE ACTIONS	(58)	670	(116)	561

PROVIDING TAX RELIEF TO NEW YORK

With a mild downturn projected for 2023, the Executive Budget's tax revenue actions are measured and targeted to maximize the benefit to taxpayers and incentivize the recovery of key sectors of the New York State economy. These include:

Extend and Enhance the Film Tax Credit. The Budget would extend the production and post-production credits an additional five years through 2034 and would make the following additional changes:

- Increase the annual funding cap of the credits to \$700 million starting in tax year 2024; including \$45 million of this being allocated to the post-production credit;
- Increase the credit base rate from 25 to 30 percent;
- Provide an additional 5 percentage points credit for eligible relocating television series;
- Include a capped credit for "above the line" salaries like those for writers and directors; and
- Reduce the number of seasons that a relocated television series must be filmed outside New York prior to its first relocated season in New York to be eligible for the credits.

Modify the Investment Tax Credit for Farmers. Many farms are in a position where their tax liabilities do not allow them to benefit from nonrefundable tax credits, rendering the financial incentive provided by the Investment Tax Credit (ITC) moot. This Budget stimulates farm investment by:

- Converting the ITC into a refundable tax credit for five years.
- Providing over 130 farmers and farm businesses with the ability to utilize \$7 million additional ITC credits annually.

Extend the New York City Musical and Theatrical Production Tax Credit. To continue the State's support of an industry greatly affected by the pandemic, the Executive Budget makes the following changes:

- Extends the initial application deadline from June 30, 2023 to June 30, 2025; and
- Increases the overall cap on the program from \$200 million to \$300 million.

OTHER KEY TAX CUTS AND CREDITS

Extend the Tax Credit for the Phase Out of a Certain Grade of Fuel Oil for Six Months. The FY 2023 Enacted Budget established a tax credit equal to 50 percent of conversion costs to assist affected entities outside of New York City to convert to cleaner energy sources. The Executive Budget extends the application deadline from before July 1, 2023 to before January 1, 2024.

Create a Tax Credit for Child Care Creation and Expansion. There is a critical shortage of child care available and accessible to working parents. The Executive Budget proposes to establish a new tax credit for the creation and expansion of child care to incentivize and assist the creation of new child care opportunities. Businesses that create new child care seats or expand existing child care would receive a refundable tax credit.

REFORM, SIMPLIFICATION AND OTHER ACTIONS

Lead the Way for A Tobacco-Free Generation. To achieve this important initiative the Executive Budget takes two actions:

- Increases the excise tax on cigarettes from \$4.35 to \$5.35.
- Prohibits the sale of all flavored tobacco products.

Make Local Sales Tax Rate Authorizations Permanent. In an effort to shore up local government finances and to ensure revenue stability and certainty

for local governments going forward, the Executive Budget:

- Grants permanent local sales tax authority for all counties and cities at their existing rates or up to 4 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 4 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 3 percent threshold.

Return Foreclosure Excess to Property Owners.

When a delinquent property taxpayer experiences a loss of their property through a foreclosure proceeding, any equity that has been accumulated during their ownership is forfeited. To rectify this injustice, the Executive Budget provides that when a tax delinquent property is foreclosed upon by the county and sold, any money the county receives that exceeds the liability amount (e.g., overdue taxes, penalties, interest, mortgage liens, etc.) will be returned to the property owner, minus applicable administrative costs to the local government.

Simplify and Modernize the Local Senior Citizens Exemption Income Definition. Local governments and school districts can opt to grant a reduction on the amount of property taxes paid by qualifying senior citizens. This is accomplished by reducing the taxable assessment of the senior's home by as much as 50 percent – dependent on age, income, and other local requirements and thresholds.

The definition of income for this exemption is long, cumbersome, and often difficult to understand. To simplify the income definition used by local governments, the Executive Budget amends the statute to match the income definition that is used to qualify for the School Tax Relief Program. This change would eliminate the need for seniors to bring multiple documents to their assessor to verify their income, and reduce the burden on the State's senior

homeowners, as well as assessors.

Allow DTF the Right to Appeal DTA Tribunal

Decisions. The New York State Division of Tax Appeals Tribunal (DTA) is an independent body with the ability to cancel assessments, invalidate regulations, and reverse prior Tribunal decisions (and its predecessor, 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 New York State Department of Taxation and Finance (DTF) the right to seek judicial review of an adverse decision that it believes is contrary to the interests of the people of this state.

Clarification of the Treatment of Limited Partners for the Metropolitan Commuter Transportation Mobility

Tax. The Executive Budget amends the definition of "net earnings from self-employment" to clarify the definition of a limited partner for the purposes of the Metropolitan Commuter Transportation Mobility Tax (MCTMT), thereby eliminating an ambiguity that some individuals have exploited to avoid paying the MCTMT.

Extend and Limit the Vending Machine Sales Tax Exemption to Business Enterprise Program Vendors

for One Year. To support the continued efforts of the New York State Commission for the Blind Business Enterprise Program (BEP), the Executive Budget extends for one year, the existing sales tax exemption for certain food and drink purchased from vending machines (\$1.50 or less for items purchased from vending machines that only accept coin or currency and \$2.00 or less from vending machines that can accept cashless payments) to vending machines operated by vendors in the BEP. The current exemption is scheduled to expire May 31, 2023.

Extend the Temporary Article 9-A Tax Rates

for Three Years. The FY 2022 Enacted Budget established temporary tax rates on the business income base for Article 9-A filers with business income tax bases over \$5 million, as well as reinstated the capital base tax rate for certain taxpayers. The Executive Budget extends these temporary Article 9-A rates for three years, through Tax Year 2026.

Extend the Tax Credit for the Rehabilitation of Historic Properties for Five Years. Taxpayers may claim a tax credit for the rehabilitation of historic properties located in New York State. Historic properties are buildings and the structural components that are listed in the National Register of Historic Places or are located in a registered historic district and that are certified to be of historic significance to the district. This tax credit is currently available through Tax Year 2024, but the Executive Budget extends this tax credit through Tax Year 2029.

Require S-Corporation Conformity with Federal Returns.

The Executive Budget requires all Federal S Corporations be treated as such for state tax purposes unless the corporation is a qualified New York manufacturer and chooses New York C corporation status. 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.

GAMING INITIATIVES

Authorize a Franchise Corporation's Payment Structure to Fund the Belmont Redevelopment Project. The Executive Budget provides for a financing structure for the New York Racing Association (NYRA) to redevelop Belmont Racetrack. This will include winterizing the track, opening the infield, and constructing a new redesigned grandstand. At the time of completion, Aqueduct racing will consolidate with Belmont and Aqueduct property will return to the State.

Eliminate Quick Draw Restrictions. The Executive Budget removes certain antiquated restrictions on vendor locations selling Quick Draw tickets in order to increase revenue for education.

Revenue Spotlight: Mobile Sports Wagering.

The one-year anniversary of mobile sports wagering in New York State was Sunday, January 8, 2023. Through January 7, the total mobile sports wagering

handle reached \$16.6 billion and generated a total net revenue to education of \$709.2 million. An additional \$200 million in licensing fees has also been collected, generating a total of more than \$909 million in revenue.

For Fiscal Year 2023 and annually thereafter, revenues from mobile sports wagering are distributed as follows: \$5 million to fund sports programs for underserved youths, \$6 million to fund problem gambling education and treatment, with the remaining majority to fund education aid.





FEDERAL AID & RECEIPTS



The Federal budget and appropriations process has significant impact on New York State’s economic health and ability to complete major initiatives. The Executive Budget establishes the framework for responsibly administering Federal funds to benefit New Yorkers and is integral to managing the complex fiscal relationship between the State and the Federal government. This year, Governor Hochul’s Executive Budget will continue to ensure Federal funds that support the most vulnerable New Yorkers are protected from the heightened uncertainty surrounding Federal government fiscal policy.

OVERVIEW

Federal funds have accounted for nearly 38% of the New York State budget on average over the past four years. Presently, the Department of Health is the largest recipient of Federal funds due to Medicaid, COVID-19 response and recovery, and other health programs. Federal spending in response to the COVID-19 pandemic was responsible for a surge in Federal funds between FY 2020 and 2023.

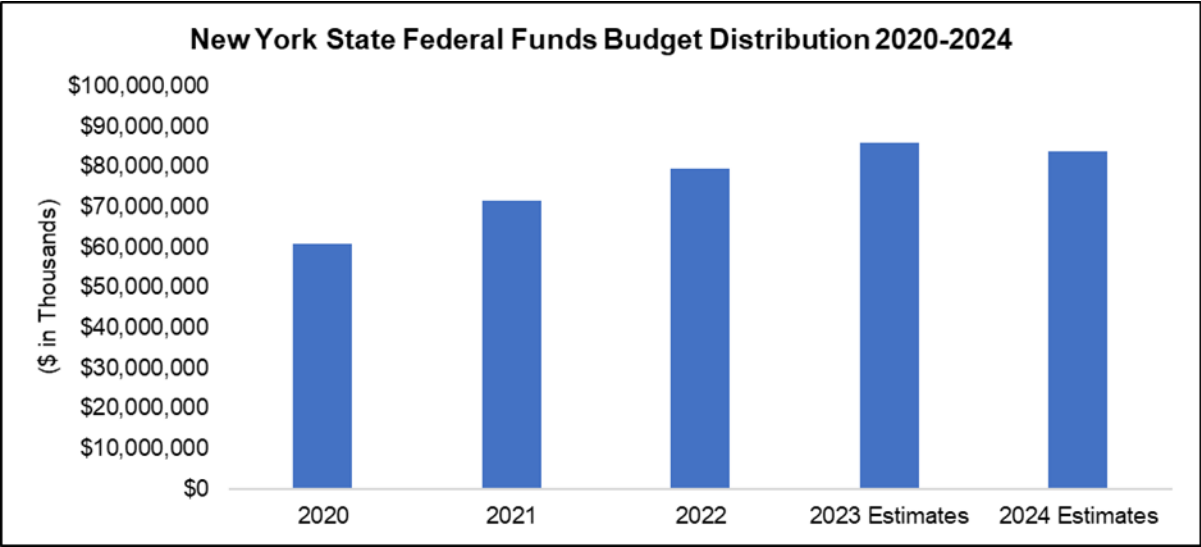
In addition to health care, State and Federal resources fund transportation, education, public protection, other human services for New Yorkers. It is critical that New York receives the necessary Federal funds to meet these needs.

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 Federal resources expected to be utilized in FY 2024 include:

- Medicaid (\$52.9 billion). Federal Medicaid dollars help support health care for more than 9 million New Yorkers, including more than 2 million children. Medicaid is the single largest category of Federal funding, representing 63 percent of Federal resources anticipated in the FY 2024 Executive Budget.
- Other Health and Human Services Programs (\$15.4 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 Enforcement, Foster Care, and the Unemployment Insurance Program.
- Education (\$9.1 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, those with disabilities, and college students with exceptional need, such as students who receive Pell grants.
- Transportation (\$2.6 billion). Federal resources support infrastructure investments in highway and

transit systems throughout the state, including funding participation in ongoing transportation capital plans.

- Public Protection (\$2.6 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.
- All Other Funding (\$1.3 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 receipts have consistently represented approximately one-third of all State expenditures prior to the pandemic but are expected to represent nearly 39 percent and 37 percent in FYs 2023 and 2024, respectively.

Federal Disbursements by Program Area (Millions of Dollars)					
Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Medicaid	40,920	45,054	48,103	52,607	52,874
Health & Social Welfare	12,314	16,329	16,928	16,122	15,362
Education	4,102	3,688	7,516	9,904	9,142
Transportation	1,646	1,633	1,968	2,321	2,645
Public Protection	1,547	2,152	1,908	2,779	2,551
All Other	158	6	741	2,271	1,346
Coronavirus Relief Fund	-	2,824	2,318	-	-
Total	60,687	71,686	79,483	86,005	83,920

THE IMPACT OF EMERGENCY COVID-19 SPENDING ON NEW YORK’S BUDGET

COVID-19 Federal funding remained a key funding source in the past fiscal year. In response to the COVID-19 pandemic, these programs provided substantial funding to the State:

- The CARES Act provided the Education Stabilization Fund, the Coronavirus Relief Fund (CRF) and funding for childcare.
- The Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act of 2020 provided support for vaccine development and the Public Health Emergency (PHE) preparedness program.
- The Families First Coronavirus Response Act (FFCRA) increased Medicaid funding and provided paid sick leave and food assistance.
- The FEMA Lost Wage Assistance program provided additional financial relief to New Yorkers experiencing pandemic-related unemployment.
- The Paycheck Protection Program and Health Care Enhancement Act provided funding for small businesses and health care programs.
- The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 allowed New York State to establish a second Education Stabilization Fund to continue to prevent, prepare for and respond to COVID-19.
- The American Rescue Plan (ARP) Act of 2021 established the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) and provided funding for state and local government pandemic response and recovery. In December of 2022, the SLFRF was amended to expand the eligible uses to include recovery funding for infrastructure improvement projects.

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

In 2021, New York State and its localities were allocated \$23.5 billion through the SLFRF implemented by the U.S. Department of Treasury (U.S. Treasury) under ARP. Of the total funding, New York State received \$12.7 billion in aid directly, and nearly \$800 million in additional aid to distribute to localities in the State that did not receive aid directly from the U.S. Treasury.

To date, the State has reported the attribution \$4.5 billion of its award to the U.S. Treasury for FY 2022 and completed the distribution of the nearly \$800 million to qualifying localities across FYs 2021 and 2022. The State is scheduled utilize the remainder of its \$12.7 billion award by FY 2025 in accordance with the table below.

In FY22, Governor Hochul directed the use of \$4.5 billion of the State’s total \$12.7 billion award to providing essential government services and serving the individuals, businesses, and communities that suffered during the COVID-19 pandemic. Pandemic-recovery programs that utilized SLFRF in FY22 include Restaurant Resiliency (\$24 million), Small Business Recovery Grants (\$526 million), Pandemic Rental Assistance Grants (\$183 million) and the Substantially Dedicated Public Health and Safety Workforce (\$968 million). Additionally, \$2.794 billion was used to continue the provision of critical government services. Through these efforts, SLFRF assisted 30,257 small and micro businesses, 17,989 low-income or minority households, 19,806 full-time public health and safety workers, and helped to distribute 1 million meals to people in need across the State.

New York State Fiscal Recovery Fund			
(millions of dollars)			
FY 2022	FY 2023	FY 2024	FY 2025
4,500	2,350	2,250	3,645

In FY23, New York State continued to identify programs focused on the provision of critical government services central to supporting individuals and communities, including those most impacted by the COVID-19 pandemic for receipt of SLFRF. Agencies engaged in transportation, agriculture, mental health, tax and finance, and children and family services continued to be prioritized, as well as public workers that are substantially dedicated to New York State's public safety operations. In FY 2024, the SLFRF will be used to continue these important efforts and will leverage recent Federal legislation to support critical infrastructure projects.

RECENT SIGNIFICANT LEGISLATIVE ACTIONS

In addition to COVID-19 funding, major legislation also impacted and generated Federal funding for the State.

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL) was signed into law on November 15, 2021. Nationwide the BIL/IIJA provides \$550 billion in Federal funding for infrastructure projects and is expected to fund an estimated two million jobs per year. Across the

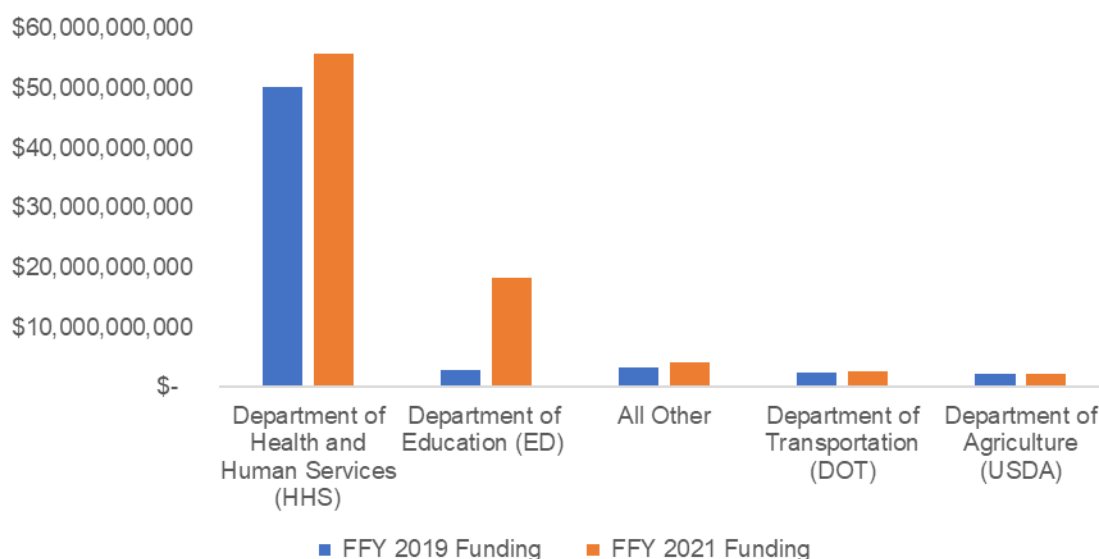
United States, BIL/IIJA is providing increased funding for infrastructure in cities and villages. New York State's local governments will use this funding to support overdue infrastructure projects – including transportation networks, water systems and broadband capabilities – in New York's communities.

New York expects to receive more than \$13.5 billion for Federal-aid highway apportioned programs and bridge replacement and repairs, \$9.8 billion over five years for improvements to public transportation, \$175 million to build a network of electric vehicle charging stations (EV chargers), \$2.6 billion to improve water infrastructure to ensure clean, safe drinking water is available in all communities, and other important projects.

Inflation Reduction Act

The Inflation Reduction Act was signed into law on August 16, 2022, providing funding to address the climate crisis, lower utility costs and develop solutions to help New York and other states achieve lower emissions. IRA funding is expected to be used for domestic manufacturing of clean energy technologies, providing more affordable and cleaner energy. IRA funding is helping New York State tackle climate change for future generations across New York communities through lower energy costs for households and businesses.

New York State FFY 2019 and FFY 2021 Grant Funding Distribution from Federal Agencies



New York State FFY 2019 and 2021 Grant Funding Distribution from Federal Agencies (Source: USA Spending.gov)

In order to lower energy costs, the IRA includes rebates on installing new appliances and making household improvements, tax credits for installing solar panels and solar projects and grants to help state and local governments adopt the latest building energy codes.

NEW YORK'S BALANCE OF PAYMENTS WITH THE FEDERAL GOVERNMENT

Each year, the Balance of Payments exercise is conducted to measure the difference in total value between the State's payments into and receipts from the Federal government. This year's exercise indicates that New York had a positive balance of payments in Federal Fiscal Year (FFY) 22 for the second consecutive year. As in the prior year, the COVID-19 pandemic and resulting Federal spending was the key driver of the State's positive balance of payments. However, Federal spending in response to the COVID-19 pandemic is time-limited and the State expects to resume its role as one of the largest net donor states if New York does not receive an equitable share of Federal funding.

The forthcoming Balance of Payments report from the Rockefeller Institute of Government for Federal Fiscal Year 2021, finds that the average per capita balance of payments for the entire United States was \$8,122, compared to \$5,802 for New York. The U.S. balance of payments decreased by 8% from FFY 2020, whereas the New York per capita balance of payments number decreased by 20%. This decrease was caused by a 20% increase in Federal receipts with only a 4% increase in Federal expenditures. New York's contribution to Federal receipts continues to outpace the national average, resulting in a greater deterioration in the State's net balance of payments position, compared to the rest of the nation.

Sixty-five percent (compared to 72% in FFY 2020) of Federal expenditures are made up of COVID-related funding, meaning that without them, New York would have a negative balance of payments per capita at -\$1,519. Whereas the average of all states balance of payments without COVID-related expenditures remain positive at \$2,816. This is because, on average, states paid significantly lower Federal receipts than New York did – by about 40%.

Because New York was the epicenter of the pandemic, the State's labor market and economy experienced greater impact than the rest of the nation. New York's economic recovery continues to lag the nation with the number of employed individuals remaining 2.7% below its pre-pandemic peak compared to 0.8% above for the national workforce. New York State has the seventh highest unemployment rate in the country at 4.3% compared to 3.5% for the national unemployment rate as of December 2022, which may have a potential impact on the State's Balance of Payments.

FEDERAL FUNDS MANAGEMENT

To leverage and steward limited Federal funding, New York State's response to the pandemic included the design and implementation of a process to centrally manage COVID-19 funding across State Agencies, Departments, and Public Authorities. This innovative process was used to manage the distribution of the CRF and is currently used to manage the attribution of the SLFRF, as well for the development and submission of applications to the Federal Emergency Management Agency (FEMA).

New York State, through coordination by the Division of the Budget and the Division of Homeland Security and Emergency Services (DHSES), manages Federal COVID-19 related FEMA claims, allowing the State to assign Federal funding most appropriately to each effort and ensure compliance with all associated Federal requirements. The Division of the Budget tracks COVID-related expenditures, compiles data to complete Federal reports, and facilitates the State agency reimbursement process. Expenditures must pass through several levels of compliance based on the results of agency risk assessments. The State developed internal controls and processes to mitigate the risk of inappropriately claimed expenses and audit disallowances. This includes the statewide implementation of a subrecipient monitoring and management policy for all agencies (including State and Federal programs).

This centrally coordinated approach to Federal funds management has been continuously validated through the Federal Single Audit (audit) – a Federally required annual independent audit of New York

State's Federal award expenditures. The audit is used to assess the internal controls adopted by State agencies to manage Federal aid.

The most recent Federal Single Audit for State Fiscal Year 2022 examined New York State's Federal expenditures of more than \$127 billion during the period of April 1, 2021 to March 31, 2022, as reported on the State's Schedule of Expenditure of Federal Awards and includes Federal COVID-19 relief funds. This is the third audit report issued in the last 18 months, wherein New York State received no audit findings for centrally administered Federal COVID-19 funding – including \$5.1 billion from the CRF and \$4.5 billion of the total \$12.7 billion from the SLFRF.

New York State continues to focus on strengthening internal controls, managing risks, and mitigating improper spending. New York State's centralized approach to the distribution of Federal disaster relief funding has proven to be a successful model which other states may decide to replicate when facing future disasters.

FISCAL FEDERALISM

It is the duty of the Federal, state and local governments to work together to responsibly steward taxpayer resources. In recent years, Federal programs have been designed to require state and local coordination to leverage Federal funds to respond to the pandemic and to ensure citizens have access not only to health care, but to clean air, water, and energy through improvements to infrastructure.

Given the importance of Federal monies, in addition to internal controls and stewardship of existing Federal awards, New York State regularly monitors key Federal and local activities to identify and mitigate any financial risk. Certain federal decisions impacting the economy shape the State Financial Plan. This includes, but isn't limited to, those that impact New York's economy like consumer price inflation. The State continues to monitor the Federal actions and identify the potential for negative impacts to the New Yorkers in areas like employment, housing and supply chains.





ECONOMIC DEVELOPMENT



As New York continues its efforts to rebound from the economic impacts of the COVID-19 pandemic, the FY 2024 Executive Budget will continue to invest in New York's economic recovery, the promotion of job creation, job retention, workforce development, and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally-balanced economic development strategies.

Governor Hochul's economic development vision will focus on industries where innovation is the key to success and advance regional economic priorities through strategic investments in communities across the State.

OFFICES AND RESPONSIBILITIES

Together, the Empire State Development Corporation (ESDC) 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. This also includes the newly-created Office of Strategic Workforce Development which leads Governor Hochul's comprehensive effort to strengthen the skills and talents of New York's workforce. Other State agencies and public authorities also oversee programs and investments that support economic development throughout the State. The Economic Development portfolio at the Division of the Budget includes the administration of regionally based economic development programs; marketing and advertising activities to promote tourism; strategic business investment; and the administration of programs to expand university-based research and technology.

CREATING JOBS AND GROWING THE ECONOMY

A key component of the State's strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

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

PROPOSED FY 2024 ECONOMIC DEVELOPMENT BUDGET ACTIONS

Regional Economic Development Councils. The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth with a focus on businesses and industries most impacted by the ongoing public health emergency. The Executive Budget includes a wide spectrum of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core REDC funding through \$150M in new capital grants and \$75M in new Excelsior tax credits through ESDC to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes downtown and community revitalization initiatives that will be coordinated with REDC-driven economic development strategies where appropriate.

Downtown Revitalization. Governor Hochul is committed to reviving New York State's downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local



**\$100
MILLION**

**FOR REVITALIZING
NEW YORK'S DOWNTOWNS**

governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the State. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative (DRI), 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 projects that advance the community's vision for revitalization.

New York Forward. To support a more equitable recovery across New York's rural communities, the State will invest in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes \$100 million for the rural and smaller communities. Like the DRI program, NY Forward communities will be selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in shovel-ready projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness of future community projects, overcoming barriers and closing the gap between the trajectory of New York State's small communities and larger urban centers.

Continued Investment in Tourism. Tourism is New York's third largest employment sector. To support this important industry, the Budget continues to make significant investments by providing \$58.5 million for the State's robust tourism and advertising campaigns, which attract visitors from around the world. These investments include an additional round of \$15 million in competitive funding through the Market

NY Program to support tourism marketing plans and other projects that best demonstrate regional collaboration among counties to promote regional attractions, as well as matching grants to assist counties and municipalities in local tourism efforts, the I Love NY marketing campaign, and other targeted investments.

GO-SEMI. To support and maximize New York's once in a generation partnership with Micron Technology, Inc., the State will create the Governor's Office of Semiconductor Expansion, Management, and Integration (GO-SEMI). GO-SEMI, led by Empire State Development (ESD), will be supported by experts from numerous State agencies and will work in coordination with our federal and local partners to help shepherd the Micron project. The Office will also oversee other associated investments in the semiconductor industry, and will shape and implement a broader, national model for maximizing industry and community returns on such public/private partnerships.

EPIC. Ensuring that the jobs of tomorrow are developed here in New York, the State will launch the Extended Prosperity and Innovation Campuses (EPIC) initiative to support the growth of new businesses and help form strong partnerships between the private sector and the State's leading educational centers. EPIC replaces the START-UP NY program and will: support a wider range of innovation businesses; be streamlined to remove barriers; and increase investments dedicated to growing innovation and creating jobs. Participating businesses will operate tax-free for 10 years on or near eligible university or college campuses. These partnerships will give businesses direct access to advanced research laboratories, development resources, and experts in key industries, resulting in increased commercialization of new technologies and ensuring mutually beneficial collaborations.

Technology Innovation Matching Program. The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are competitive federal programs that incentivize small businesses to engage in research and development with the potential for commercialization. They are two of the nation's largest sources of early-stage funding

for startups and small businesses, providing over \$3.8 billion in awards in 2021. Currently, more than half of states have a matching grant program for their SBIR and SBTT applicants. New York does not, placing our state at a disadvantage when it comes to attracting and generating innovation investments. To remedy this, the State will create a Technology Innovation Matching Program, which will provide \$6 million dollars in matching grants for New York companies applying for SBIR and SBTT funding. This additional matching investment from New York will support the growth of small businesses and the development of new scientific advancements, while simultaneously creating jobs and keeping New York competitive.

Cell and Gene Therapy. Cell and Gene Therapy (CGT) is the treatment of diseases, such as cancer, by manufacturing reprogrammed patient cells to either repair those that cause disease or kill tumors. In 2021, national investments in CGT represented one third of all private investment into life sciences. New York is at the forefront of this rapidly growing life sciences industry, which has become a powerful growth engine for the State. New York will further support its leadership position in the life sciences industry by providing funding for two CGT hubs. One will be located upstate and will leverage existing institutions that conduct research and development of these therapies, and the other will be located downstate and provide direct access to CGT for large and diverse patient populations. Each center will engage in cutting-edge clinical research as well as co-locate vital CGT infrastructure, technology, and services - ultimately making New York a leading state for CGT development.

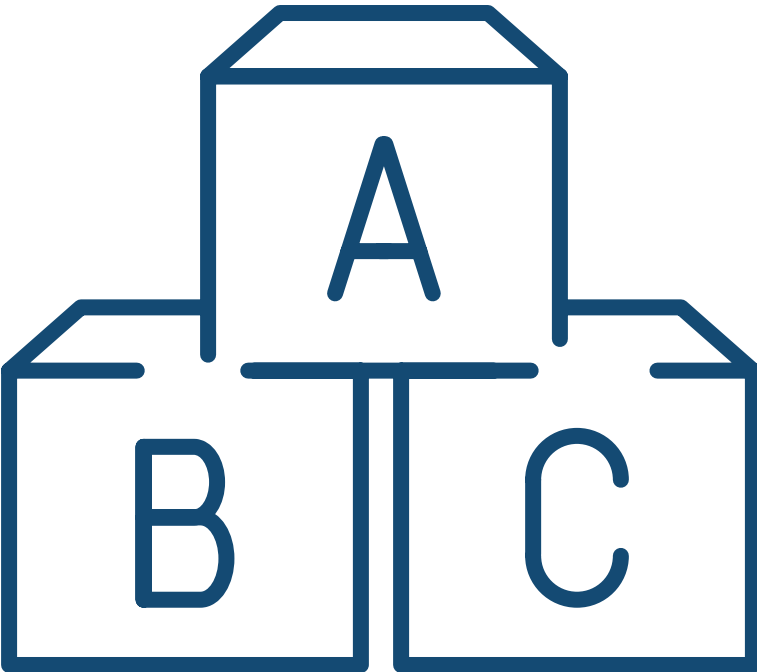
Olympic Regional Development Authority (ORDA) Capital Improvements. The Budget includes \$92.5 million in new capital funding for ORDA, including \$80 million for a strategic upgrade and modernization plan to support continued improvements to Olympic and other ORDA-owned facilities, \$10 million for 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 assets located in the North

Country, Mid-Hudson, and Capital Region will continue to make New York State more competitive for winter recreation and travel, attracting large sporting events and International Championships, and ultimately driving year-round business and economic sustainability to the surrounding areas.

Continued Investment for Arts and Culture. The Executive Budget builds upon the prior year's record level support for arts and culture, including \$40 million for grants administered by the New York State Council on the Arts (NYSCA). This funding will provide critical aid to bolster nonprofit arts and culture organizations and artists as they continue a dynamic multi-year recovery process. In addition, NYSCA continues to disburse \$100 million in capital grant funds that have been made available to help improve nonprofit arts facilities across the state.



Micron makes the largest single private investment in New York State history.



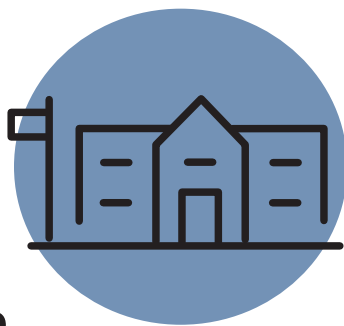


EDUCATION



The Executive Budget reflects Governor Hochul's strong commitment to education, setting forth additional funding and services to get all students and schools back on track for a bright future. The Executive Budget provides a \$3.1 billion or a 10 percent increase to annual School Aid, the largest School Aid increase in history, for a record total of \$34.5 billion. Notably, this proposal includes fully funding the Foundation Aid formula for the first time in its 17-year history.

NYS SCHOOLS EDUCATE 2.3 MILLION CHILDREN K-12



ABOUT NEW YORK STATE SCHOOLS

- New York State's 673 major school districts educate approximately 2.3 million children in kindergarten through 12th grade.
- Public education in New York State represents a significant commitment of State and local resources. With total State, local, and Federal spending levels exceeding \$76 billion, education is both the largest area of State spending and the largest component of local property taxes.
- New York State has ranked first nationally in school district spending per pupil for 16 straight years, a reflection of the State's longstanding commitment to provide all students with the opportunity to excel as learners, workers, and citizens.

MAJOR INVESTMENTS FOR THE FUTURE OF NEW YORK

- With this Executive Budget, School Aid increases will total more than \$13 billion over 10 years – a 63 percent increase over that period. Foundation Aid alone will have increased by \$5.7 billion since

the three-year phase-in of full funding of the current formula was enacted in 2021. This funding will impact school-age children and their families for generations to come.

PREPARING STUDENTS FOR SUCCESS NOW AND IN THE FUTURE

Establish High-Impact Tutoring Programs to Address Learning Loss. The effects of the pandemic on student learning were particularly acute in New York for students in grades 3-8, where the percentage of fourth-grade students performing at or above basic proficiency in math and reading decreased at rates above the national average. High-impact tutoring has proven to be one of the most effective methods in helping students get back on track to making meaningful academic achievements. This is why the Executive Budget dedicates \$250 million of the historic increase in Foundation Aid to the establishment of high-impact tutoring programs across the State. The programs will focus on assisting students in grades 3-8 in reading and math.

Create New Early College High School and P-TECH Programs. College-level courses provided in high schools, like those provided through the Smart Scholars Early College High School (ECHS) or Pathways in Technology Early College High School (P-TECH) programs, allow students to earn college credit in high school, helping them get a head start on college and reduce their student debt. New York currently has 86 ECHS and P-TECH programs serving thousands of students in every region of the State. To encourage continued growth in these programs, the Executive Budget includes an additional \$20 million in grant funding to support the establishment of new ECHS and P-TECH programs. New funding will prioritize support to students in high-need school districts, with programs focused on computer science

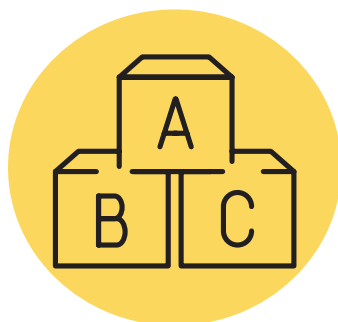


\$20 MILLION IN GRANT FUNDING FOR NEW ECHS & P-TECH PROGRAMS

and computer and software engineering, helping to prepare students for the technology jobs of tomorrow.

Create a Robust High School-College-Workforce Pipeline. To help build the economy of the future, the Governor will invest \$10 million over two years in competitive funding for school districts, boards of cooperative educational services (BOCES), and community colleges to develop strategic workforce plans that promote job readiness across the State. Awards will reach every region of the State to ensure that New York remains ready to meet the needs of local industries.

\$125 MILLION TO EXPAND FULL-DAY PREKINDERGARTEN



Prekindergarten Programs. The Executive Budget adds \$125 million to expand high-quality full-day prekindergarten programs, bringing the State's annual support for such programs to \$1.2 billion. This new funding will support approximately 17,500 additional full-day prekindergarten slots for four-year-old children. With this added funding, the State will be approximately 95 percent phased-in with universal prekindergarten coverage for four-year-old children.



\$34.5 BILLION HIGHEST LEVEL OF STATE AID IN HISTORY

Historic Funding for Schools to Respond to the Pandemic. In addition to the historic State aid increases provided to school districts in the FY 2022 and FY 2023 Enacted Budgets, New York's public schools were also awarded \$14 billion of federal Elementary and Secondary School Emergency Relief (ESSER) funds, available for use over multiple years. This funding will continue to help schools safely operate with in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs resulting from the disruptions of the COVID-19 pandemic.

SUMMARY OF SCHOOL AID SPENDING

PROPOSED FY 2024 EXECUTIVE BUDGET ACTIONS

Historic School Aid Increase. The Executive Budget provides \$34.5 billion in total School Aid for SY 2024, the highest level of State aid in history. This investment represents the largest year-to-year increase ever: \$3.1 billion (10.0 percent), including a \$2.7 billion Foundation Aid increase and a \$392 million increase in all other School Aid programs, including expense-based aids, categorical aids, and competitive grants.

EXECUTIVE BUDGET SCHOOL AID				
SCHOOL YEAR BASIS (\$ IN MILLIONS)	2022-23	2023-24	\$ CHANGE	% CHANGE
FOUNDATION AID	\$21,334	\$24,069	\$2,735	12.8%
HIGH-IMPACT TUTORING SET-ASIDE	\$0	\$250	\$250	N/A
EXPENSE-BASED AIDS	\$9,537	\$9,769	\$232	2.4%
UNIVERSAL PRE-K EXPANSION	\$0	\$100	\$100	N/A
FORMULA-BASED AIDS (AID ON THE RUN)	\$30,871	\$33,938	\$3,066	9.9%
CATEGORICAL AIDS	\$306	\$307	\$1	0.5%
COMPETITIVE GRANTS	\$176	\$197	\$21	11.8%
SUFPK EXPANSION (FY2024)	\$0	\$25	\$25	N/A
SUFPK EXPANSION (FY2023 - ROUND 2)	\$0	\$13	\$13	N/A
TOTAL SCHOOL AID	\$31,353	\$34,480	\$3,127	10.0%

Foundation Aid. Foundation Aid is the State's main education operating aid formula. It is focused on allocating State funds equitably to all school districts, especially high-need districts, based on student need, community wealth, and regional cost differences. The Executive Budget provides a \$2.7 billion (12.8 percent) increase in Foundation Aid. This growth fully funds the formula for the first time in its history, marking the final year of the three-year phase-in and ensuring that each school district receives a minimum year-to-year increase of 3 percent. Within the Foundation Aid increase, \$250 million is dedicated to support high-impact tutoring for students struggling to recover from pandemic-related learning loss.

Expense-Based Aids. The Executive Budget fully funds the current statutory formulas that reimburse a portion of certain school district expenses, such as school construction, pupil transportation, BOCES services, and the educational costs of certain students with disabilities. In total, these aid categories are projected to increase by \$232 million (2.4 percent). The Executive Budget also adds \$125 million to expand high-quality full-day prekindergarten programs for four-year-old children.

OTHER P-12 EDUCATION

The Executive Budget provides funding for new and recurring initiatives outside of traditional School Aid to bolster the school system in New York State.

Charter Schools. Approximately 182,000 students attend 343 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 based on the average annual growth in the district's spending. Consistent with the current statutory formula, the Executive Budget increases New York City charter schools' per-pupil funding by 4.5 percent. This will allow charter schools to continue to innovate, recruit high-quality teachers and staff, and provide strong educational options for New York's students.

The FY 2024 Executive Budget also proposes to eliminate the regional cap on the number of charters that may be issued in New York City. Additionally, the

Executive Budget proposes to permanently authorize the reissuance of any charter originally issued to a charter school that subsequently closed after July 1, 2015, due to surrender, revocation, termination or non-renewal. These changes will permit the issuance of additional charters in New York City and expand educational opportunities for students.

Nonpublic School Programs. Approximately 370,000 students attend roughly 1,700 nonpublic schools statewide. The Executive Budget provides \$193 million in aid to reimburse nonpublic schools' costs for State-mandated activities and requires SED to prorate claims that exceed available annual funding, starting with aid payable in SY 2024. The Budget also provides \$70 million for science, technology, engineering, and math (STEM) instruction, a \$12 million (21 percent) year-to-year increase. In addition, the Budget continues \$45 million for capital health and safety projects, including critical repair and maintenance of nonpublic schools' facilities.

Special Education Tuition Rate-Setting Reform. Approximately 14,000 school-age students with disabilities are educated in private settings and special act school districts during the school year, and 50,000 school-age students with disabilities receive summer services. Additionally, approximately 80,000 preschool-age children with disabilities receive special education services. Funding for the providers of these special education services is determined through a rate-setting methodology administered by SED. Pursuant to SED's request, the Executive Budget provides \$2.5 million for SED to study and design a new rate-setting methodology in order to streamline and improve the timeliness of tuition rates for these providers. SED will present its recommendations to DOB by July 1, 2025, and adoption of any alternative methodology would be subject to DOB approval.

OTHER BUDGET ACTIONS

Major Capital Investments in Native American Reservation Schools. The Executive Budget provides \$20.1 million for capital improvements to the three State-owned schools on Native American reservations to supplement the \$35.7 million provided for these schools in the FY 2023 Enacted Budget. The two year total of \$55.8 million provides \$20.1 million for

the St. Regis Mohawk Nation School, \$18.4 million for the Tuscarora Nation School, and \$17.3 million for the Onondaga Nation School. This funding will modernize classrooms and HVAC systems, among other school facility upgrades.

Capital Investments in Schools for the Deaf and Blind. The Executive Budget provides \$8 million for capital improvements to the State-owned Schools for the Deaf and Blind.

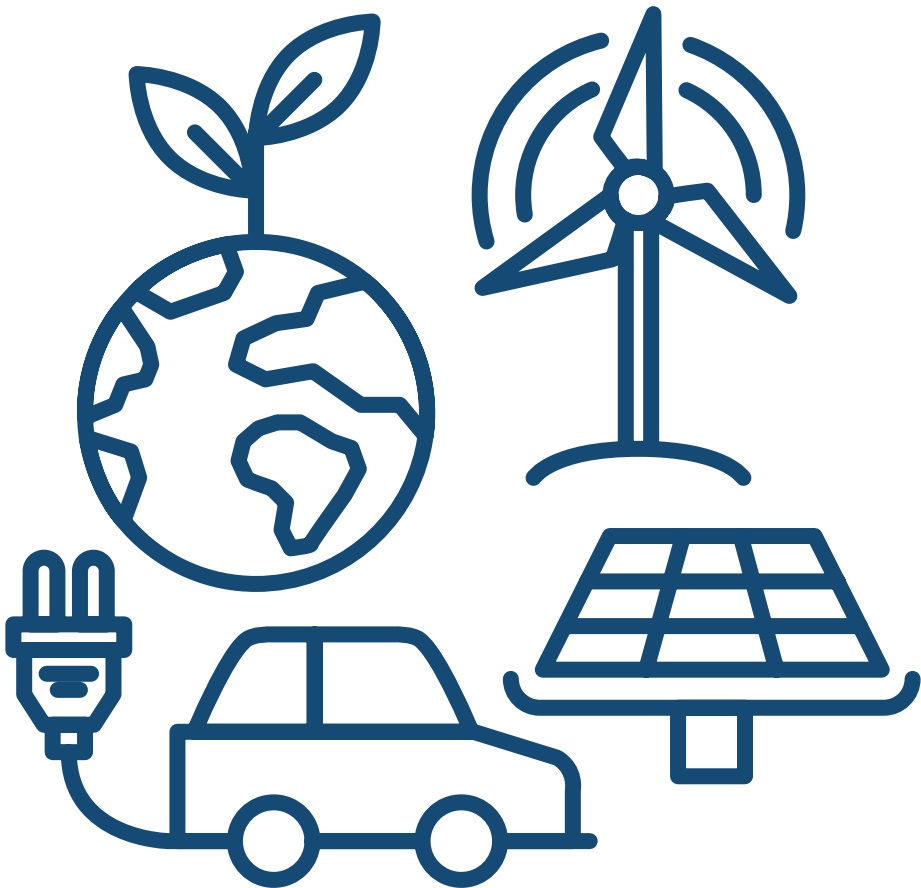
SCHOOL AID DEFINITIONS

The terms commonly used to discuss School Aid are presented below. Their estimated values in SY 2024 under the Executive Budget are provided in parentheses.

- **Formula-Based Aids (\$33.9B):** The categories of General Support for Public Schools (GSPS) that appear on the School Aid run published by SED along with the Executive Budget and Enacted Budget, including the following:
 - **Foundation Aid (\$24.1B):** The State's main formula for unrestricted operating aid to school districts, intended mainly to support districts' instructional costs. It is the largest aid category within School Aid.
 - **Expense-Based Aids (\$9.9B):** All categories of GSPS that appear on the School Aid run other than Foundation Aid. These aids largely reimburse a certain percentage of districts' costs in the prior school year. The main expense-based aids are Building Aid (\$3.3 billion), Transportation Aid (\$2.5 billion), BOCES Aid (\$1.2 billion), and Universal Prekindergarten/Statewide Universal Full-Day Prekindergarten (\$1.2 billion).
- **Competitive Grants (\$197M):** Additional support for schools, generally awarded through competitive RFPs. The competitive grant totals reflected for SY 2023 and SY 2024 include a \$55 million reduction related to the shifting of funding for the Empire State After-School program from the SED to the OCFS budget. Funding for the Empire State After-School program will be appropriated in OCFS's Budget beginning in FY 2024.
- **School Aid (\$34.5B):** The sum of formula-based aids, categorical aids, and competitive grants.



Governor Hochul reads to a pre-kindergarten class in West Hempstead, NY.





ENVIRONMENT, ENERGY, & AGRICULTURE



OFFICES AND RESPONSIBILITIES

New York State's environmental, energy and agriculture agencies are on the front lines of the on-going fight against climate change, being tasked with conserving and protecting precious natural resources; promoting New York State 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 State'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 State's citizens.

181 STATE PARKS & 35 HISTORIC SITES



The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe, enjoyable recreational and educational opportunities for New York State residents and visitors, and functions as a steward of New York State's valuable natural, historic, and cultural resources. OPRHP operates the State Park System, a network of 181 State parks and 35 historic sites. In 2021, the system welcomed more than 78 million visitors.



78 MILLION VISITORS IN 2021



5.35 MILLION ACRES

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 (AGM) 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.

The New York State Energy Research and Development Authority's (NYSERDA) advances innovative energy solutions in ways that improve New York's economy and environment. NYSERDA is the primary state entity tasked with energy market research and development and oversees a variety of energy programs including NY-Sun designed to make solar energy more accessible and the electric vehicle rebate program.

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 in order to more effectively manage its assets.

LEADING THE NATION

From the beginning of her administration, Governor Hochul has made it clear that combating climate change remains a top priority for New York State. Acknowledging that the cost of inaction greatly outweighs the cost of any actions we can take together, New York will continue to pursue an aggressive agenda that will lead the nation in transitioning to a sustainable green energy economy, in a way that is both effective and affordable for all New Yorkers.

In her recent State of the State Address, Governor Hochul – at the recommendation of the Climate Action Council - directed DEC and NYSERDA to advance a Cap-and-Invest Program that establishes a gradually declining cap on greenhouse gas emissions, limits the financial impact to New Yorkers, and strategically invests the proceeds in programs that drive emissions reductions and maintains the competitiveness of New York's industries. As required by the Climate Leadership and Community Protection Act (CLCPA), DEC and NYSERDA will design a program over the coming year that ensures compliance with New York's statewide emissions reductions goals, with an acute emphasis on affordability.

In furtherance of our climate goals, New York has recently closed its third offshore wind solicitation after receiving more than 100 proposals – a record-setting level of competition amongst East Coast states. This highly-anticipated solicitation will procure enough renewable energy to power at least 1.5 million homes and includes the first phase of a nation-leading \$500 million investment in offshore wind ports, manufacturing, and supply chain infrastructure. This latest offshore wind project will prove to be yet another significant step toward achieving CLCPA's mandate to secure 70 percent of the State's electricity from renewable energy by 2030, and at least 9,000 megawatts of offshore wind energy by 2035.

PROPOSED FY 24 BUDGET ACTIONS

In addition to announcing critical new programs and advancing major new investments on the climate front, Governor Hochul's proposed budget will provide the funding New York needs to preserve, protect, and enhance our natural resources, expand our outdoor recreation opportunities, and drive economic growth through sustainable agriculture and eco-tourism. Highlights of the FY 2024 Executive Budget include:

- **Clean Water Infrastructure Funding.** An additional \$500 million in clean water infrastructure funding is advanced, to bring the State's total clean water investment to \$5 billion since 2017. This critical investment in our State's infrastructure will ensure New Yorkers have access to clean drinking water and will allow municipalities to invest in efficient and effective wastewater treatment strategies.

\$500 MILLION IN CLEAN WATER INFRASTRUCTURE



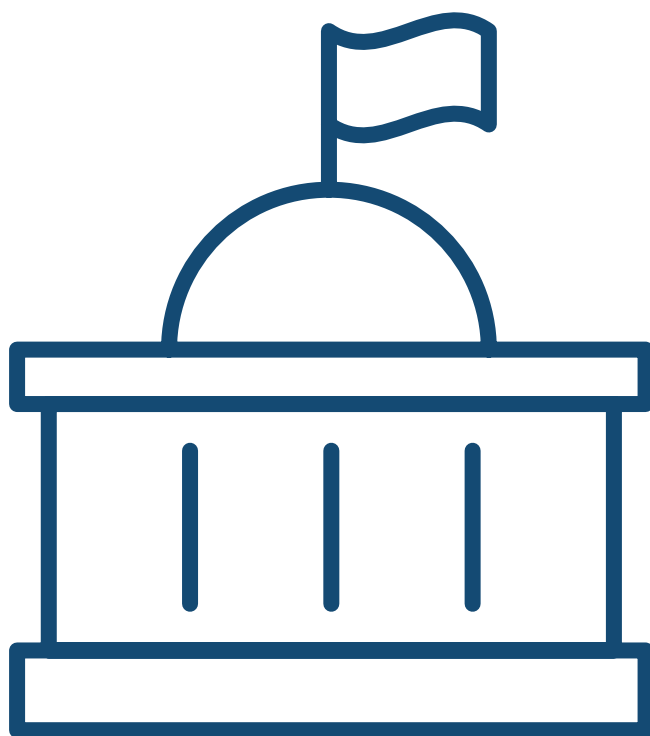
- **Environmental Protection Fund.** \$400 million for the Environmental Protection Fund (EPF) is again provided to support critical projects that work to mitigate the effects of climate change, improve agricultural resources, protect our water sources, advance conservation efforts, and provide recreational opportunities.
- **Sustaining our Environmental Resources.** \$90 million for DEC to address a variety of capital needs to facilitate access to state lands, ensure the safety and durability of our state's dams, rehabilitate campgrounds, and upgrade a variety of widely used recreational facilities. This funding will also provide critical repairs to other public property, including wetlands, trails, waterfronts, and fish hatcheries.

- **Investing in Our State Park System.** \$200 million for OPRHP to invest in enhancing and improving state parks. This substantial level of funding will aid the ongoing transformation of New York’s flagship parks and support critical infrastructure projects throughout the park system.
- **Advancing renewable energy through the New York Power Authority.** Unlock the New York Power Authority’s ability to capitalize the federal Inflation Reduction Act and help New York meet its aggressive renewable energy targets. Enabling NYPA to develop, finance, construct, own, operate, and maintain renewable energy projects; provide bill credits to electricity consumers in disadvantaged communities; phase-out of electricity production from its peaker power plants by 2035; and support workforce training for the renewable energy field.
- **Making Energy Affordable.** \$200 million for DPS to provide relief to New Yorkers who are experiencing high electric bills. DPS will provide a monthly discount to more than 800,000 electric utility customers who are making less than the state median income and have not been eligible for the State’s current utility discount program.
- **Electrifying New York Houses.** \$200 million for NYSEDA’s EmPower Plus home retrofits program. This first-of-its-kind program will help 20,000 low-income families retrofit their homes by adding insulation, installing energy efficient appliances, and where eligible, switching from inefficient fossil fuel heating systems to clean, efficient electric alternatives.



Solar panels, Javits Center, New York City, NY.

- **Making New York Buildings More Sustainable.** Reducing emissions in the building sector by prohibiting fossil fuel equipment and building systems in new construction, phasing out the sale and installation of fossil fuel space and water heating equipment in existing buildings, and establishing building benchmarking and energy grades.
- **Implement the Waste Reduction and Recycling Infrastructure Act.** A statewide producer responsibility program that will transfer the responsibility of end-of-life management for packaging and paper products back onto the producer. This initiative will increase recycling rates, save local governments money, and protect the environment.
- **Clean Up Forever Chemicals Initiative.** A commitment of \$60 million from the clean water investment to fund the first year of the Clean Up “Forever Chemicals” initiative. This new grant program will provide funding for municipalities to investigate and remediate sites contaminated with emerging contaminants like Perfluoroalkyl Substances (PFAS).
- **State Fairgrounds.** \$14 million for the on-going maintenance and improvements of the State Fairgrounds in Syracuse.
- **Eliminating Food Scarcity.** A commitment to addressing food scarcity in New York by providing a \$10 million in grant funding to aid retail food stores in creating new access points for markets, shorten supply chains, and promote equitable food distribution. This new program will work toward the establishment of farm markets, supermarkets, food cooperatives, and other similar retail food stores, along with supporting infrastructure in underserved communities and regions of the state.





GENERAL GOVERNMENT



OFFICES AND RESPONSIBILITIES

Among the agencies responsible for ensuring that New York State government is operating effectively are:

The Office of General Services (OGS) is responsible for a wide array of State support services including managing and leasing properties, designing, building, and maintaining State facilities, and establishing contracts for goods, services, and technology. \$1.3 billion in funding is included in the Executive Budget.

The Department of Civil Service is responsible for providing human resource management services to the State and local governments, assisting State agencies with workforce recruitment, administering exams, overseeing job classifications, and administering employee benefits. \$84.8 million in funding is included in the Executive Budget.

The Division of Alcoholic Beverage Control (ABC) operates under the direction of the State Liquor Authority (SLA). ABC/SLA is responsible for regulating and issuing licenses for the manufacture, sale, and distribution of alcoholic beverages within the State. \$16.2 million in funding is included in the Executive Budget.

The Office of Cannabis Management (OCM) is responsible for developing a comprehensive regulatory structure to monitor and control the cultivation, processing, manufacturing, distribution, transportation, and sale of cannabis in New York State. \$67 million in funding is included in the Executive Budget.

The State Board of Elections (SBOE) is responsible for executing and enforcing all laws related to elections, overseeing the conduct of elections and the disclosure of campaign finance activities. SBOE is also responsible for reviewing the practices of all local boards of elections, facilitating ballots for State offices, approving the voting systems, maintaining the Statewide voter registration database, and implementing various federal programs. \$67.8 million in funding is included in the Executive Budget.

PROPOSED EXECUTIVE BUDGET ACTIONS

Resiliency & Sustainability Consultants

As part of the Leading by Example initiative set forth in Executive Order 22, New York State is currently engaged in efforts to reduce Greenhouse Gas (GHG) emissions and develop new sustainable and resilient policies and practices that meet the high standards of the State. The Office of General Services (OGS) has been tasked with developing a methodology and process for collecting relevant data to build a comprehensive GHG report for agencies' assets and reporting.

To accomplish these goals, it is crucial that State agencies are able to build the capacity to develop effective policies and reporting. The State will create effective communication materials related to sustainability to develop guidance for both public and private entities. OGS will invest \$480,000 to retain advisory services for expert level staff augmentation to assist with the development of GHG metrics, reporting, and communication materials. This will be a large undertaking for the State and involves complex issues that require specific knowledge and expertise to create effective reports, policies, and more.

Modernizing State Office Buildings

To ensure that our workforce has the necessary tools and workspaces, the State will undergo a study and pilot to modernize office buildings owned and leased by OGS. The project will establish criteria for the reconfiguration of spaces for a hybrid workforce that promotes the culture of the tenant agency and the health and satisfaction of New York State employees. The State is dedicating \$4.5 million towards a study of current office spaces and necessary technology upgrades.

Centers for Careers in Government

The Executive Budget provides approximately \$2.0 million for the Department of Civil Service (DCS) to create new Centers for Careers in Government. The Centers strategically meet New Yorkers where they are by locating within existing Department of Labor Career Centers. The Centers allow the State to proactively work with agencies, community organizations, and institutions of higher learning to make State employment more accessible.

\$2 MILLION TO CREATE NEW CENTERS FOR CAREERS IN GOVERNMENT



Continuous Recruitment

The Executive Budget includes \$7.8 million in FY 2024 for DCS to expand continuous recruitment to meet the changing demands of State agencies. Continuous recruitment examinations held via a hybrid of online training and experience exams, online multiple-choice exams, and in State operated computer-based testing centers, will support the DCS examination modernization efforts. This hybrid model is progressive and allows agencies and municipalities the ability to recruit for positions in real time.

Public Service Matters Campaign

DCS will launch a widespread public outreach campaign to reach the next generation of State government leaders. The Executive Budget provides \$2.3 million to create and air this campaign in multiple languages to reach a broader, more diverse audience and to strengthen outreach on difficult-to-fill and high-need State titles.

Modernize Civil Service Pay Structure

The current civil service model leveraged by the State dates back to the 1950s. The Executive Budget includes \$2.2 million to develop a job evaluation system that will review the statewide civil service structure for all job titles to ensure they meet the needs of employers, align with the current job market, consider title pay equity, and level the playing field with the private sector.

Expand Nurses For Our Future

The Executive Budget expands the investment for The Nurses For Our Future Scholarship Program. This increase will strengthen the State's commitment to

continuously grow the New York State Health Care Workforce by addressing the critical nursing shortage facing our health care sector and state agencies.

Expand Opportunities for Individuals with Disabilities

The Executive Budget increases the number of titles designated for individuals with physical or intellectual disabilities from 1,200 to 1,700. Further, the measure has been enhanced to make it easier for individuals in those positions, or for those who are in positions designated for veterans with disabilities, to transfer into competitive positions in the civil service system.

Implementing New York's Cannabis Industry

As Governor Hochul prioritized getting New York's cannabis industry up and running, the Cannabis Control Board (CCB) responded swiftly and held their first meeting in October 2021. Since that time, the CCB, as well as the Office of Cannabis Management (OCM), have been creating and implementing a comprehensive regulatory framework for New York's cannabis industry, including the production, licensing, packaging, marketing, and sale of cannabis products. The first retail sales were made on December 29, 2022, and OCM anticipates the further ramp-up of sales throughout 2023.

Public Campaign Finance

The Public Campaign Finance (PCF) program effective November 9, 2022, establishes public financing to encourage candidates for public office to focus campaign efforts toward soliciting small donations from individual constituents rather than corporate interest groups. The Executive Budget commits \$25 million to funding the State's matching portion. Additionally, the Executive Budget provides \$4 million in additional funding for the State Board of Elections to hire additional PCF implementation and compliance staff.

E-procurement

The FY24 Executive Budget provides \$15M in new funding to support modernizing the State's paper-based procurement process by transitioning it to an electronic procurement system. Additionally, the State is proposing to expand the use of electronic submission and signature in the procurement process to facilitate a more cohesive and streamlined process.





HEALTHCARE



The FY 2024 Executive Budget reflects Governor Hochul's continued commitment to the health and well-being of every New Yorker by addressing the challenges facing our health system; improving quality, outcome, and equity; and building on the historic healthcare investments made in 2022.

\$34 BILLION INVESTMENT IN HEALTHCARE WORKFORCE AND MEDICAID



NEW YORK STATE MEDICAID

The Executive Budget represents a historic moment for the NYS Medicaid program. In FY 2024, the State-funded portion of the Medicaid program will be the largest in history (\$34.7 billion; nearly double the FY 2011 value), as will the average cost per member per year of over \$9,531 (over \$1.6K higher than FY 2017) and total enrollment in the program (7.9 million enrollees by June 2023). The biggest Medicaid challenge facing New York, and the nation, is redetermining Medicaid eligibility as required by the federal decision to wind down the COVID-19 public health emergency declaration. Due to the COVID-19 public health emergency, Medicaid enrollment is projected to peak at a historic high of nearly 7.9 million enrollees in June 2023, and then decline over the next 12 months as COVID enrollment unwinds. New York has the second largest program in the country (7.9 million in Medicaid) and eligibility will need to be re-determined for over 9 million people on the State's various public health insurance programs. The uncertainty around future Medicaid enrollment puts risk on Medicaid spending in future fiscal years.

These are not the only challenges facing the NYS Medicaid program: the State's population is aging and driving significant growth in the Medicaid program, as costs for those who need long term care are ten times that of a typical Medicaid enrollee. Base Medicaid growth trends continue to outpace the

allowable growth index, attributable to increased Managed Long-Term Care (MLTC) enrollment and price growth as well as nursing home price and utilization as compared to COVID. Additionally, Public health insurance coverage for asylum seekers and other migrants may drive further costs to the State. Additional fiscal pressure is exerted by inflation and increased labor costs.

Last year, Governor Hochul initiated a historic \$20 billion, multi-year investment in health care in 2022. Key components of this multi-year investment include:

- \$1.2 billion of State support for health care and mental hygiene worker retention bonuses, with up to \$3,000 bonuses going to full-time workers who remain in their positions for one year, and prorated bonuses for those working fewer hours.
- \$7.7 billion to be spent over four years to increase the home care worker minimum wage by \$3 per hour
- \$500 million for Cost-of-Living Adjustments (COLAs) to help raise wages for human services workers.
- \$2.4 billion for health care capital infrastructure and improved lab capacity, along with other investments in workforce and health care access and delivery
- Other investments in workforce and health care delivery.

Building on these investments, the Executive Budget proposes several targeted and transformational changes to ensure the long-term solvency and sustainability of the Medicaid program, while also stabilizing our healthcare system. The Budget:

- Increase Medicaid rates, including five percent increases for hospitals, nursing homes and assisted living providers.
- Supports the expansion and enhancement of primary care and preventive Medicaid services, including establishing multiple new Medicaid benefits to improve health equity.
- Makes significant investments utilizing available federal Essential Plan resources by reducing cost sharing, increasing reimbursement rates and expanding coverage.
- Provides capital funding for infrastructure

improvements in health care, including \$1 billion for the creation of a new Statewide Health Care Facility Transformation Program (Statewide V) and \$967 million for the reconstruction and consolidation of the Wadsworth Center.

- Reforms the delivery of public health, including an investment in emergency medical services that increases to an average annual value of over \$30 million per year and new improvements to the certificate of need process.
- Bolsters programs to improve public health outcomes through the following initiatives: expanding upon the State's ban on flavored tobacco products, protecting reproductive right and access, and addressing childhood lead poisoning in high-risk areas.
- Supports a series of investments to ensure access to aging services and high-quality long-term care to support New York's aging population.
- Replaces wage parity in the Consumer Directed Personal Assistance Program (CDPAP) with subsidies so that these workers can purchase comprehensive health insurance on the New York State of Health (NYSOH).
- Implements of the pharmacy benefit transition from managed care to fee-for-service, and re-invests savings in Ryan White Clinics, Federal Qualified Health Centers, and hospitals; the reinvestments will backfill the loss of 340B revenues so these facilities are made whole and can continue providing care to vulnerable populations.
- Allows pregnant and post-partum individuals to remain in the Essential Plan (EP), a health plan for New Yorkers with no premium for those who qualify, instead of transferring to the Medicaid program.
- Re-evaluates the use of enhanced federal funding available to the State to support Medicaid investments.

These changes are intended to help transform the healthcare system while preserving access and sustainability and improve the overall health of New Yorkers.

BUILDING A HEALTH CARE SYSTEM FOR NEW YORK'S FUTURE

As we recover from the pandemic, there are challenges to meet in the Health area outside of Medicaid as well. Through wise investments, careful planning, and the devoted efforts of the health care workforce, the state has one of the strongest health care systems in the U.S, but there is still much to do.

The pandemic taxed an already strained health care system, exacerbating disparities and systemic health care delivery issues, as well as causing entirely new problems. The State continues to invest in the system, and has provided increasing subsidies to hospitals and nursing homes even as the growth in necessary subsidies becomes unsustainable.

- Since 2020, the proportion of hospitals that require State financial support is up 223 percent, and the total amount of State subsidy provided to hospitals is up 286 percent.

To address the immense challenges facing our health system over the next four years and to improve quality, outcomes, and equity — and build on the historic health care investments made in 2022, the FY 24 Executive Budget prioritizes:

- building a comprehensive and evidence-based strategy for the health care system statewide and deploying capital to support transformation;
- addressing the most pressing health needs facing New Yorkers, with a particular focus on those living in underserved communities;
- establishing a nation-leading public health disease response and surveillance system; and
- making other critical investments in healthcare access and delivery.

With these investments, the Budget supports improved access and quality of care and health outcomes, and long-term stability, including a plan for struggling hospitals; and the replacement of the State's reporting infrastructure with a nation-leading health monitoring and surveillance system to inform targeted and appropriate responses to public health crises and drive broader health care insights.

OFFICES AND RESPONSIBILITIES

The Department of Health's mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive healthcare and long-term care coverage for low- and middle-income individuals and families through Medicaid, Child Health Plus (CHP), and the Essential Plan (EP). Combined, these programs provide affordable health insurance coverage for nearly 9 million New Yorkers.

At the forefront of 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 healthcare facilities statewide, and operates healthcare facilities including Helen Hayes Hospital, four nursing homes specifically for veterans' and their families, 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.

New York State's Medicaid program is the State's largest payer of healthcare and long-term care services and supports. Over 7.8 million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and more than 44 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$94.4 billion in FY 2024. This includes \$52 billion in federal spending and \$34.7 billion in State spending. In 2012, the State implemented the Medicaid Global Cap, which statutorily sets the annual growth rate to an industry-based metric. The FY 2024 Executive Budget reflects the continuation of the Medicaid spending

cap enacted in FY 2012 and recommends funding consistent with last year's update to the allowable growth calculation. The Global Cap spending limit is set by the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services. Consistent with the index, the FY 2024 Executive Budget reflects \$11 billion in additional Medicaid spending growth between FY 2023 and 2027 as compared to the prior Global Cap growth metric.

The Essential Plan offers comprehensive health coverage to more than one million New Yorkers with incomes below 200 percent of the federal poverty level (FPL) (\$29,000 for a single individual).

The Child Health Plus program provides free or low-cost health insurance to over 405,000 children under the age of 19 who do not qualify for Medicaid and do not have other health insurance coverage.

PROPOSED FY 2024 HEALTHCARE BUDGET ACTIONS

Improve Essential Plan Coverage. To make healthcare coverage more affordable, accessible, and equitable, the Executive Budget includes several changes to improve the Essential Plan, including:

- Reducing cost sharing.
- Ensuring access by increasing reimbursement rates for healthcare providers,
- Expand funding for health plans to broaden coverage of mental health and social services,
- Requiring health plans to spend more on patient care, and
- Expanding the pregnancy/postpartum benefit to all women with incomes of 138 percent of the Federal Poverty Level (FPL) to 250 percent FPL.

Medicaid. The Budget makes critical investments to address the needs of vulnerable New Yorkers, stabilize the health care delivery system and improve health outcomes. The Medicaid program continues to grow beyond indexed growth, further challenged by Medicaid enrollment that is no longer assumed to return to pre-pandemic levels. Over the life of the Financial Plan, the Budget reflects over \$1.6 billion in new costs associated with Medicaid enrollment

estimates above prior projections. There is a great deal of uncertainty with regard to Medicaid enrollment and the State – working with outside, independent experts - will continue to test and refine the Medicaid enrollment projections utilizing available administrative data. In the short term, the Medicaid program is balanced with the Medicaid Global Cap, supported by critical savings and targeted investments. In the long term, Medicaid spending will need to be further reformed to align with allowable growth, while still meeting the needs of vulnerable New Yorkers. Accordingly, the FY 2024 Budget supports:

Continuing the State Takeover of Local Medicaid

Costs. In FY 2024, the State will assume nearly \$6.4 billion in costs that would have otherwise been incurred by localities. This is an annual multi-billion-dollar relief package to the localities that continues to grow by billions of dollars, annually. Since 2015, the counties have saved \$37.9 billion due to the local takeover.

Expanding Medicaid Coverage of Preventative

Health Services. The Budget supports critical preventative care for Medicaid enrollees that will help improve population health and reduce hospitalizations, including: increasing supportive housing funding; expanding Adverse Childhood Experiences screening; expanding coverage for nutritionist services; expanding coverage for therapies; increasing dental care rates; increasing rates for children's vaccine administration; expanding coverage of spinal muscular atrophy prenatal screening; expanding screening for social determinants of health; and expanding coverage for Doula services.

Expanding the Medicaid Buy-in Program for New

Yorkers with Disabilities. The FY 2024 Executive Budget expands the existing Medicaid Buy-In program for the Working Disabled, so that more New Yorkers with disabilities can work and still qualify for Medicaid coverage.

Expanding Access to Primary Care. The FY 2024 Executive Budget supports evidence-based interventions to improve access to primary care for Medicaid enrollees and reduce preventable hospitalizations and emergency room visits by:

- Increasing overall Medicaid reimbursement rates for all primary care, and specifically for nurse practitioners, who are critical providers of primary care;
- Expanding Medicaid coverage of primary and urgent care within the shelter system, which is expected to help tens of thousands of New Yorkers facing housing insecurity to access care;
- Expanding Medicaid coverage of community health workers to help hundreds of thousands of New Yorkers navigate the health and social services systems;
- Increasing Medicaid reimbursement rates for school-based health centers, which increase access to primary care and other health services for children and their families;
- Expanding Medicaid screenings for Hepatitis C and third trimester Congenital Syphilis screenings for all pregnant persons; and,
- Supporting several initiatives to promote the integration of primary and mental health care, including allowing Medicaid reimbursement for additional types of licensed mental health providers in community health centers, establishing a working group on integrated care, and relaxing licensure restrictions for hospitals, outpatient clinics, and behavioral health clinics.

Investing in Provider Reimbursement. The Budget provides a 5 percent rate increase to hospitals, nursing homes and assisted living providers, a total investment of \$379 million State share, inclusive of \$157.5 million to enable New York's nursing home staff to provide high-quality care to residents.

Financing SUNY Hospital Uncompensated Care. The Budget provides an additional \$72 million, growing to \$106 million for Disproportionate Share Hospital (DSH) payments for under and uncompensated care provided by the three State University of New York teaching hospitals. These hospitals are at SUNY Upstate Medical Center, SUNY Downstate Medical Center, and Stony Brook University Hospital. The Budget makes changes to insurance law related to site of service review to ensure coverage of services provided at hospital-based outpatient clinics.

Integrating Managed Long Term Care Plans and

Other Managed Care Reforms. The Budget provides authority for DOH to reform Managed Long Term Care Partial Capitation plans and the option to competitively procure Managed Care Organizations participating in managed long term care product lines. Partial capitation reform will produce \$65 million in savings, beginning in FY 2025.

The Budget also makes the following managed care reforms:

- Requiring plans to pay a claim as billed by a provider and limit the reviews of scope in good faith medical necessity disputes. When a payer questions the medical necessity of the services, the claim will be reviewed by a joint committee composed of clinicians representing both the payer and the general hospital and if the dispute prevails, then ultimately the claim will be determined by an independent third party. This proposal will cost \$7.7million in FY 2024 and \$31.8 million in FY 2025.
- Requiring plans to spend more on patient care.
- Discontinuing supplemental funding for managed care quality pools. This proposal will provide savings of \$111.8 million State-share in FY 2024 and FY 2025.

Subsidize Comprehensive Health Insurance for Eligible CDPAP Workers. The Budget provides eligible CDPAP workers between 250-400% of the FPL State-funded supplemental premium assistance to offset the elimination of wage parity in CDPAP.

Pharmacy Actions. The Budget implements the pharmacy benefit transition from managed care to NYRx (fee-for-service) to improve transparency, streamline administration and maximize the State's ability to leverage pharmacy rebates from pharmaceutical manufacturers through the states purchasing power. The Budget will re-invest savings achieved from directly to in 340B providers including Ryan White Clinics, Federal Qualified Health Centers, and hospitals. The reinvestments will backfill the loss of 340B revenues, which have been increasingly diverted to for profit intermediaries and pharmacy benefit managers in Managed Care so these facilities are made whole and can continue providing care to vulnerable populations.

Additionally, the Budget enhances pharmacy oversight by eliminating “prescriber prevails” and reducing coverage for certain over-the-counter products while eliminating copays.

Utilize enhanced Federal funding. The Budget utilizes enhanced Federal funding available to the State to fund additional costs in the Medicaid program.

Health Delivery System Reform. The Budget makes a series of investments to strengthen and stabilize the State's healthcare delivery system as follows:

Investing in Statewide Health Care Facility Transformation. To drive transformative projects that support the State's healthcare objectives, the FY 2024 Executive Budget proposes a new \$1 billion in capital investments through funding a new round of the Statewide Health Care Facility Transformation Program, which includes \$500 million dedicated to enhancing NYS healthcare IT infrastructure.

Allowing Healthcare Providers to Do More. The FY 2024 Executive Budget includes legislation to allow New York to join the Interstate Licensure Compact and the Nurse Licensure Compact, which will make it easier for physicians and nurses licensed in other states to practice in New York, either physically or virtually, and make it easier for New York providers to offer virtual care to their patients who travel to other states.

Reform Approval Processes of Healthcare Projects. The FY2024 Executive Budget modifies the Certificate of Need (CON) process, including raising the cost threshold for projects that need to file a CON and revisiting the definition of “public need” used in the application process and slightly increasing rates for certain CON projects, resulting in an estimated \$1 million per year in revenue, which will be used towards a \$2.1 million investment to improve the CON application process.

Revitalizing Emergency Medical Services (EMS) and Medical Transportation. The FY 2024 Executive Budget provides investments to enhance the EMS statewide, including:

- Ensuring emergency transportation providers are appropriately reimbursed for trips, by increasing Medicaid reimbursement for more complex patients;
- Establishing a working group to recommend ways to expand access to non-emergency medical transportation;
- Establishing nine regional EMS organizations that can better coordinate all the EMS agencies and providers operating within their region;
- Establishing a statewide EMS disaster response system that can rapidly deploy personnel and equipment when and where it is needed during an emergency;
- Allowing EMS providers to perform expanded clinical care in the community; and,
- Permitting ambulances to treat patients in place or take patients to urgent care clinics without sacrificing payment for the trip, decreasing the number of unnecessary emergency room visits.

As a result, the FY 2024 Executive Budget provides \$7.6 million in increases to the EMS special revenue fund, which is anticipated to increase to \$20.1 million in FY 2025 before reaching the full annual value of the investment of \$26.3 million in FY 2026. Capital equipment resources will also be provided to enhance the statewide fleet of EMS vehicles, including ambulances and fly-cars, as well as non-transport treatment vehicles.

Strengthening New York's Public Health Emergency Readiness Capacity. The FY 2024 Executive Budget will commit additional resources to work with other state agencies, as well as key local and national partners, to build more robust emergency response plans, conduct emergency response training, and ensure appropriate stockpiling of medical equipment and supplies.

Modernizing our Health Reporting Systems. The FY 2024 Executive budget will support the replacement of the State's reporting infrastructure with a nation-leading health monitoring and surveillance system to

inform targeted and appropriate responses to public health crises and to drive broader healthcare insights.

Strengthening Regional Health Department Infrastructure. The FY 2024 Executive Budget supports ensuring regional offices are more integrated into public health policy making and that they prioritize the needs of local health departments. Investments for this purpose include \$3.1 million in FY 2024 and \$2.9 million in FY 2025.

Supporting the New York State of Health

The Exchange – NY State of Health, nystateofhealth.ny.gov, 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, nearly 6.9 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 Executive Budget includes \$584 million in total gross funding, a 12 percent increase from FY 2023, for the operation of the NY State of Health in FY 2024.

Strengthening Public Health and Aging Programs

New York State will continue to focus its efforts on responding to the COVID-19 pandemic and new public health threats by incorporating lessons learned on key areas of ongoing COVID-19 management and activities associated with specific areas of COVID-19 response.

Rebuilding the Wadsworth Laboratories. The Budget provides \$967 million in additional funding to complete the consolidation of Wadsworth's five unconnected sites located throughout the greater Albany area into one new, state-of-the-art facility on Albany's W. Averell Harriman Campus to ensure Wadsworth remains at the forefront of international public health research and is well equipped to respond to new public health threats.

Improving Health Outcomes.

The Budget makes a series of investments to support a healthier New York, with better outcomes and improved health equity, including:

Leading the Way for a Tobacco-Free Generation.

The Budget bans the sale of all flavored vaping and tobacco products. In addition, the Budget increases the cigarette tax from \$4.35 to \$5.35 per pack.

Protecting Reproductive Rights and Access.

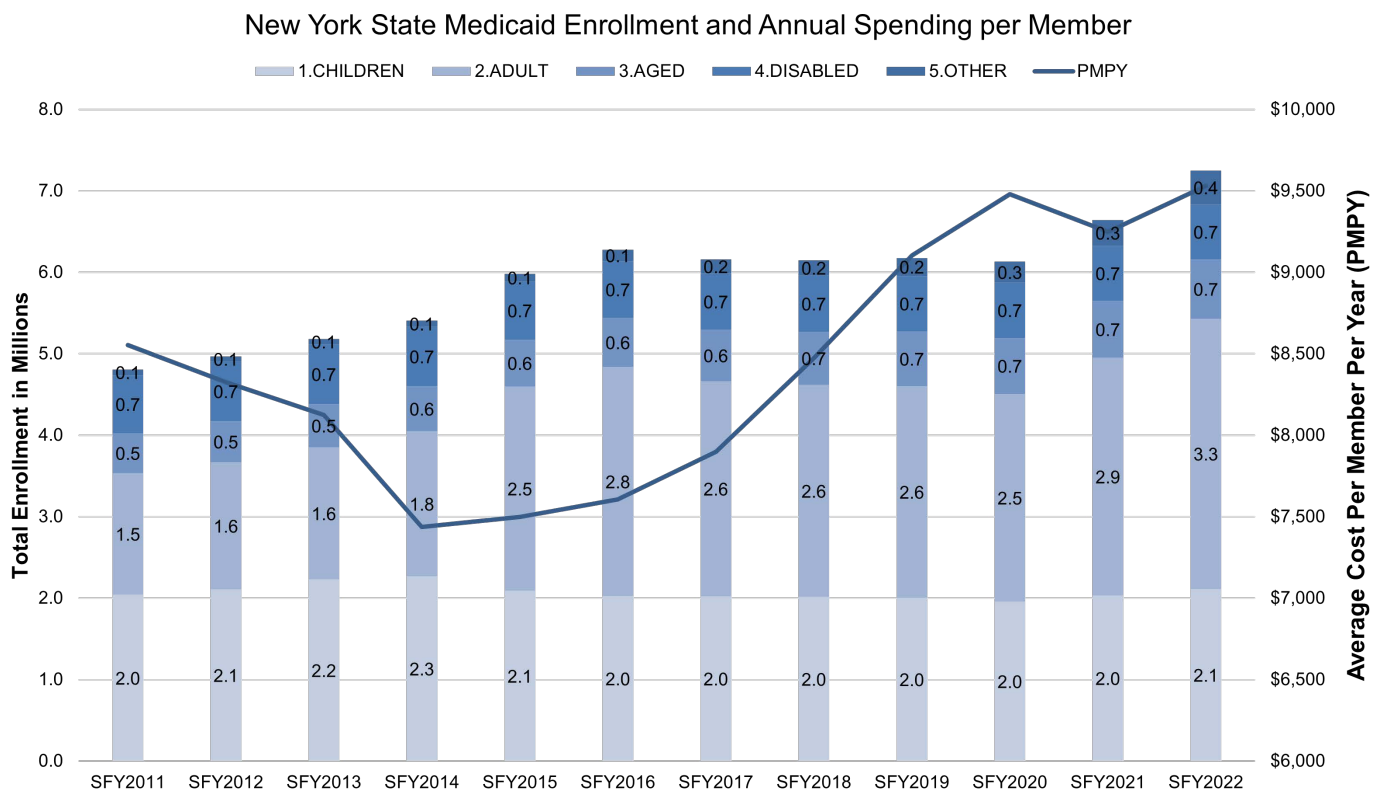
The Budget will increase reimbursement rates for reproductive health providers, implement over-the-counter contraception access, and safeguard abortion access through data privacy protections. In addition, the Executive Budget continues funding to expand abortion provider capacity within the State .

Addressing Childhood Lead Poisoning in High-Risk Areas Outside of NYC. The Budget provides \$38.8 million per year to reduce the risk of lead exposure in rental properties.

Ending Preventable Epidemics. The Budget requires third trimester screening during pregnancy expands access to Hepatitis C screening, to include all pregnant persons, and invests \$1 million in Medicaid to accomplish this.

Continuing Investments for Sexuality-Related Programs and the LGBTQ+ Community. The Budget continues the prior year action of a \$12 million annual investment in sexuality-related programs, which includes \$2 million dollars of funding to support the programs of the Lorena Borjas Trans Wellness and Equity Fund.

Assisting Small and Underserved Communities in Protecting Drinking Water Quality. The Budget provides \$10 million (\$2 million per year) for the creation of a new program under the Department of Health which will assist small and underserved communities by supporting laboratory testing of municipal water samples for emerging contaminants and per- and polyfluoroalkyl substances (PFAS) chemicals, often referred to as “Forever Chemicals”.



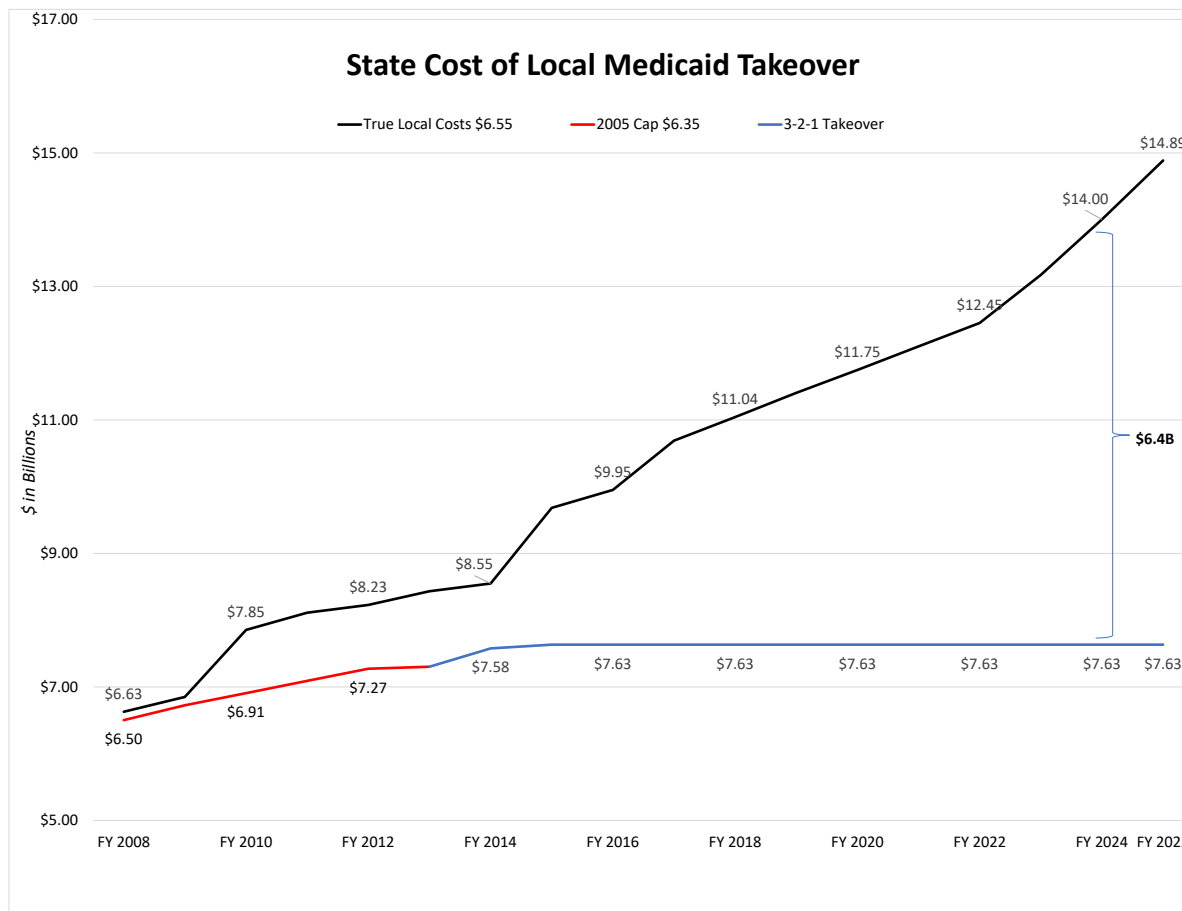
Ensuring Access to Aging Services and High-Quality Long-Term Care.

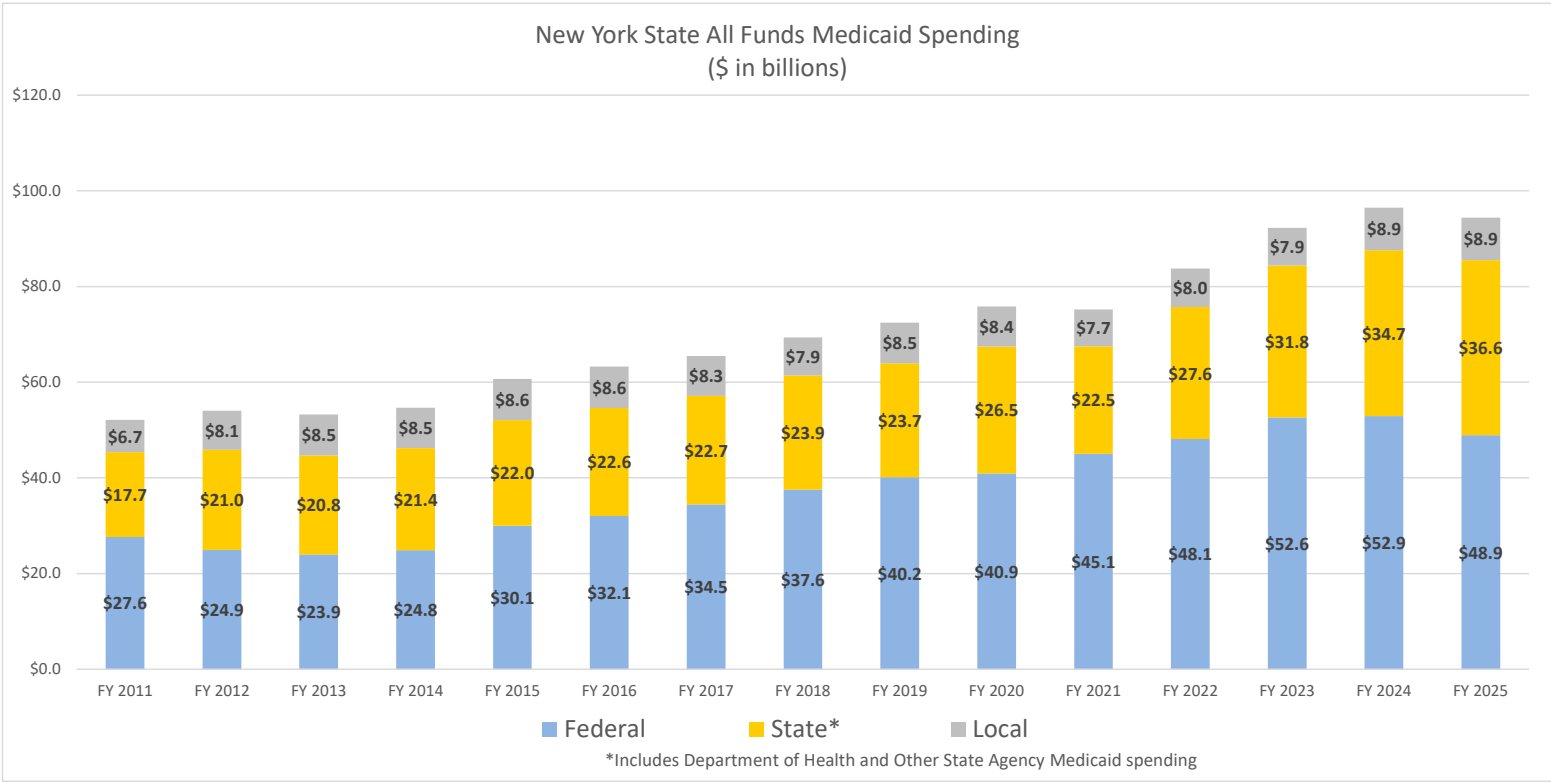
Last year, Governor Hochul directed the creation of the first-ever statewide Master Plan for Aging to ensure New Yorkers can age with dignity and independence wherever they choose. The Budget:

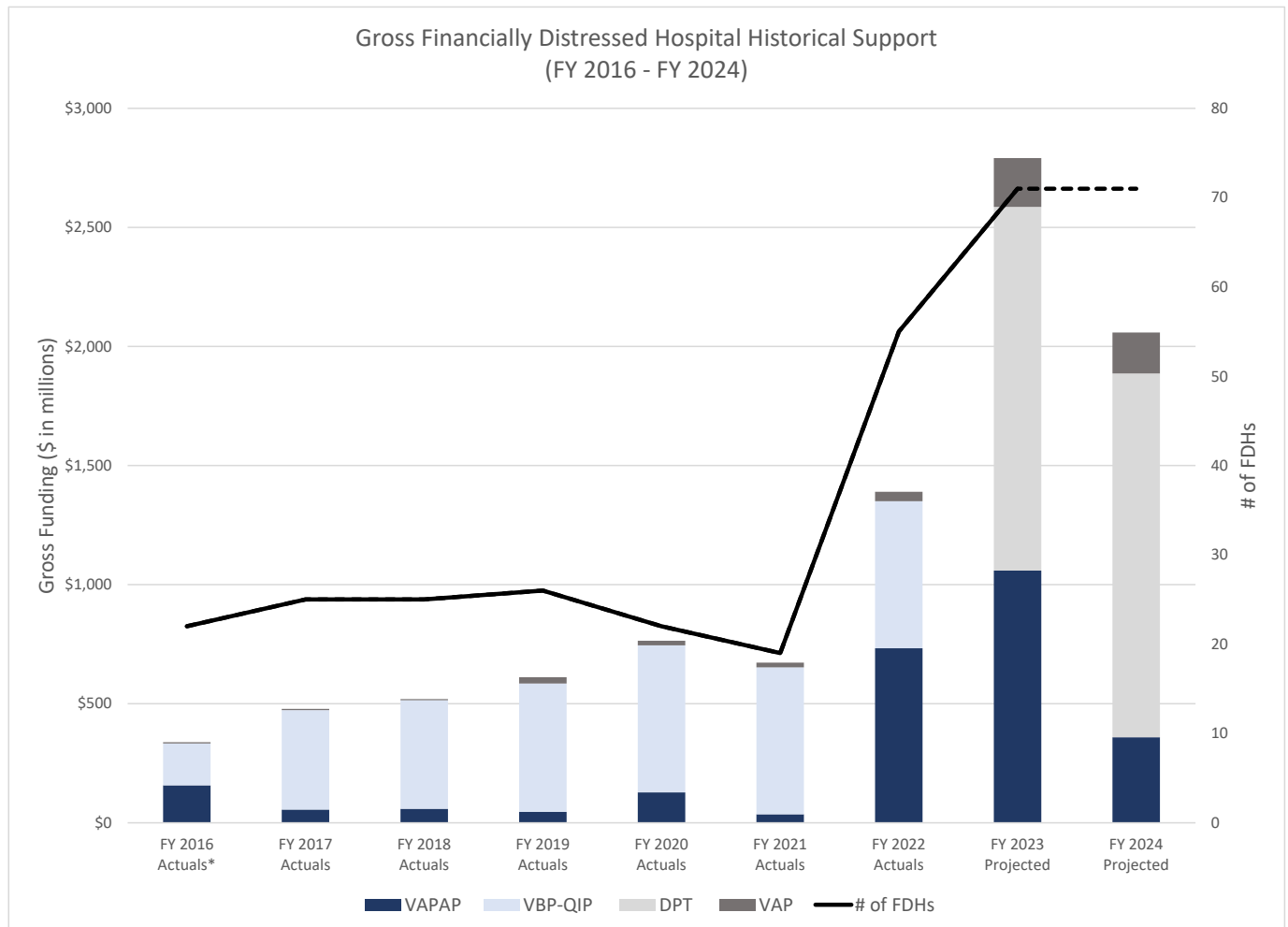
- Provides respite care for high-need family caregivers, granting relief for those who oversee care of their loved ones through the investment of \$7.2 million in respite services;
- Invests \$2.1 million in FY 2024 (\$6.3 million annually) in care teams to provide care for low-income adults in their home, helping to ensure New Yorkers can age in place;
- Establishes quality reporting and accreditation for assisted living residences (\$275,000) and implement quality improvement initiatives in nursing homes to promote transparency and make it easier for New Yorkers to make informed choices (\$250,000).
- Permits Area Agencies on Aging to serve more individuals by allowing individuals whose income is at or above 250 percent of the federal poverty level to pay for certain services, thereby

generating revenue that must be reinvested back into service provision, ultimately reducing waiting lists and meeting new and emerging needs.

- Invests \$2.5 million in additional funding, annually, for the Long-Term Care Ombudsman Program (LTCOP) to provide additional coverage of long-term care facilities across the state. LTCOP funding helps address complaints and advocate for improvements in the long-term care system.
- Provides for a 2.5% COLA for not-for-profits that provide services on behalf of the multiple health and human services agencies, including SOFA.
- Requires healthcare facilities to notify an individual, upon discharge, of the possibility of placement into a Veterans Nursing Home, rather than a traditional nursing home. This proposal will generate \$1.5 million in savings in FY 2024 and FY 2025.
- Provides \$500,000 (\$200,000 in FY24 and \$300,000 in FY25) for the development of a strategic and modernization plan for the five State Veterans' Homes. This plan will help the facilities recover from COVID-19 and aid in the creation of a sustainable operations model.











HIGHER EDUCATION



The Executive Budget continues to implement Governor Hochul's vision to transform the State's public higher education system to become the best and most equitable statewide system of higher education in the country with actions to expand enrollment and access to colleges across the State and build the strength of the four university centers of the State University of New York (SUNY), including the two flagship institutions.

OFFICES AND PROGRAMS

- New York State's higher education institutions educate over 1.1 million students, as reported for Fall 2021 enrollment. SUNY and the City University of New York (CUNY) administer 47 four-year colleges and graduate schools that provide 371,000 full- and part-time students with an array of undergraduate, graduate, and professional degrees. SUNY and CUNY also support 37 community colleges that serve 234,000 students. In addition, 534,000 students attend the nearly 200 private colleges and universities across the State.
- The State University Construction Fund, the City University Construction Fund, and the Dormitory Authority of the State of New York 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 across New York State.
- The Higher Education Services Corporation (HESC), New York State's student financial aid agency, is 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), and 26 other scholarship and loan forgiveness programs. Together, these programs provided financial aid to approximately 300,000 students during the 2021-22 academic year (AY 2022). HESC also partners with the Office of the State Comptroller in administering the College Choice Tuition Savings program.

- The State Education Department (SED) also contributes funding for higher education, including opportunity programs that help support the success of disadvantaged students.

TRANSFORMING OUR STATE'S HIGHER EDUCATION SYSTEM

In 2022, Governor Hochul outlined a vision to transform SUNY and secure its status as the best and most equitable statewide system of higher education in the country. Specifically, the Governor outlined goals related to increasing enrollment and completion rates, preparing students for in-demand jobs, ensuring a world-class student experience, recruiting top faculty, providing a wide range of degrees and credentials, and doubling sponsored research, startups, and patents.

Governor Hochul took initial steps toward implementing her plan to transform the State's higher education system in last year's budget, with significant increases in operating aid and capital funding for SUNY and CUNY, historic expansion of TAP to part-time students, increased support for opportunity programs, and the announcement that Stony Brook University and the University at Buffalo would become the flagship institutions of the SUNY system.

These substantial investments will secure and strengthen New York as a national leader in expanding access to a quality, affordable college education.

- With the \$836 million or 12.6 percent annual increase in the FY 2024 Executive Budget, funding for higher education will have increased by \$2.1 billion (38 percent) over 10 years, from \$5.4 billion to \$7.5 billion.
- State and local funding per student for public colleges in New York was \$12,428 in AY 2021 – \$3,101 (33 percent) more than the national average and higher than 44 other states.
- More than two-thirds (68 percent) of New York State's public colleges' total revenue comes from State and local support – 10 percentage points higher than the national average and more than 41 other states.

- The average tuition and fees at the State's four-year public institutions was \$8,556 in AY 2023 – \$2,384 (22 percent) less than the national average and lower than 42 other states.
- New York's generous investment in student financial aid, including TAP and Excelsior Scholarships, helped over 180,000 New York State residents -- 58 percent of full-time resident undergraduate students -- attend SUNY and CUNY tuition-free in AY 2022, including 53 percent at SUNY State-operated campuses and 66 percent at CUNY senior colleges.
- \$200 million for digital transformation and IT infrastructure across the SUNY system. These funds will be used in part to improve systems serving students in order to create a seamless and intuitive experience buoyed by world-class technology.
- \$75 million for transformational initiatives at campuses that support innovation, help meet the workforce needs of the future, and provide needed support to students.
- \$200 million in capital funding for new and renovated research buildings, laboratories, and state-of-the art instrumentation at SUNY's flagship institutions, Stony Brook University and the University at Buffalo.

PROPOSED FY 2024 BUDGET ACTIONS

As planning for full implementation of Governor Hochul's vision continues in 2023, the Governor will take additional action in the FY 2024 Executive Budget to strengthen and transform our State's higher education system:

- **Establish a State-Matching Fund for Endowment Contributions.** Endowments provide perpetual, stable, and long-term funding in support of campus operations, student scholarships for a diverse student body, endowed professorships to attract world-class faculty, innovative research, and the development of new academic fields. The nation's leading research institutions have large endowments, and so, too, should SUNY's university centers. The Executive Budget will create the first-ever New York State matching fund for contributions made to the endowments of SUNY's four university centers: Albany, Binghamton, Buffalo, and Stony Brook. The fund will provide \$1 of State funds for every \$2 of private contributions to the universities' endowments, up to \$500 million in total State funds.
- **Provide Funding for SUNY's Transformation.** The Executive Budget will make one-time strategic investments to expand enrollment and access to SUNY campuses across the state and build the strength of the four university centers, including the two flagship institutions. These investments include:
 - **Provide Tuition Flexibility Throughout CUNY and SUNY.** To ensure that institutions in the CUNY and SUNY systems can reliably invest in their long-term futures as costs rise, while prioritizing the evolving needs of students, ensuring academic excellence, and continuing to maintain low-cost and stable tuition rates for New York residents, the Executive Budget authorizes modest annual tuition increases for both CUNY senior colleges and SUNY State-operated campuses indexed to the lesser of the Higher Education Price Index or 3 percent. In addition, to allow them to realize their potential as leading research institutions, the Executive Budget proposes phasing in differential tuition for SUNY's university centers, allowing tuition at these campuses to rise an additional 6 percentage points above SUNY's base tuition rate each year for the next five years (capped at 30 percent above the base rate) for in-state students. The tuition plan, assuming comparable increases for non-resident and graduate students, is expected to provide \$97 million in new operating support to SUNY and \$31 million for CUNY in AY 2024.
 - **Provide \$270 Million in New State Support for SUNY and CUNY Campuses.** The Executive Budget provides \$270 million in new, recurring State support for SUNY State-operated campuses (\$176 million) and CUNY senior colleges (\$94 million). This funding is in addition to the \$75 million provided for SUNY transformation initiatives and includes:

- \$100 million in recurring general operating support (\$60 million SUNY, \$40 million CUNY);
 - \$120 million increase in funding for university employee fringe benefits (\$84 million SUNY, \$36 million CUNY); and
 - \$50 million increase to fund financial aid to help cover the tuition costs of New York residents (\$32 million SUNY, \$18 million CUNY).
- **Maintain the Community College Funding Floor.** The Executive Budget will maintain a funding floor for community colleges at 100 percent of prior year funding. Without a funding floor, community colleges would face a \$138 million (22 percent) loss in formula aid due to enrollment declines.



INVESTING IN TRANSFORMATION

- **Provide \$1.5 Billion for New Capital Projects at SUNY and CUNY Campuses.** The Executive Budget provides \$1.5 billion in new funding for capital projects to help maintain SUNY and CUNY campus facilities in a state of good repair and make strategic investments in new facilities. This funding is in addition to the \$400 million for SUNY transformation capital investments and includes: \$750 million for SUNY State-operated campuses, \$104 million for SUNY community colleges, \$484 million for CUNY senior colleges, and \$120 million for CUNY community colleges.

Higher Education General Fund Spending				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
SUNY State-Operated Campuses	3,221	3,313	92	2.9
SUNY Transformation	0	575	575	N/A
CUNY Senior Colleges	1,655	1,699	44	2.6
HESC Financial Aid Programs	923	1,061	138	14.9
Community Colleges	697	689	(8)	(1.6)
SED Programs	162	157	(5)	(3.0)
GENERAL FUND TOTAL	6,659	7,495	836	12.6

Data Notes:

- The \$92 million increase for SUNY State-operated campuses includes \$84 million for employee fringe benefits. The Executive Budget also provides \$60 million in new, recurring general operating support, which does not appear as an increase because the FY 2023 Enacted Budget included \$60 million for non-recurring strategic investments.
- The \$575 million increase for SUNY Transformation includes \$500 million for endowment matching contributions and \$75 million for transformational initiatives.
- The \$44 million increase for CUNY senior colleges includes \$36 million for employee fringe benefits. The Executive Budget also provides \$40 million in new, recurring general operating support, which does not appear as an increase because the FY 2023 Enacted Budget included \$40 million for non-recurring strategic investments.
- The decreases in funding for community colleges and SED-administered programs is attributable to non-recurring FY 2023 funding for legislative adds and other initiatives.
- In addition to the \$7.5 billion in State support cited in the chart, the State is estimated to pay \$975 million in FY 2024 for debt service on bond-financed capital projects at SUNY and CUNY.





HUMAN SERVICES



The Executive Budget supports a bold new approach to ensuring everyone has access to housing by empowering localities to achieve a goal of creating 800,000 new homes over the next 10 years. The Budget makes it easier for families to access child care, provides support to the child care workforce, and engages the business community in new ways to build child care supply. The Budget also supports New York City's efforts to provide support services and assistance to migrants and enhances programs that are a lifeline for vulnerable New Yorkers, bolstering social and economic justice and opening doors to opportunity.

NEW YORK'S HUMAN SERVICES

New York's human services provide holistic support across a variety of program areas designed to ensure the safety and well-being of the State's most vulnerable residents, advance housing stability, connect families to child care, provide Unemployment Insurance benefits, safeguard workers' rights, and support New York's veterans and their families.

OFFICES AND PROGRAMS

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 for 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 for at-risk youth in communities, local detention centers, and State operated facilities.

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

EXPANDING ACCESS TO HOUSING, CHILD CARE, AND OPPORTUNITY

HOUSING

New York State is currently facing a severe housing crisis, with more than half of New York renters paying more than 30 percent of their income on rent – the second-highest rate in the nation. In the New York City metro area, rents have risen 30 percent since 2015 and home prices have risen 50 percent over the same period. Outside of New York City, renting costs have risen 40 to 60 percent since 2015 while home prices have risen 50 to 80 percent.

At the most fundamental level, the housing crisis reflects that more people wish to live in New York than there are homes. New York's strong economy also contributes, as the State created more than 1.2 million jobs in the past decade. By contrast, in that same time frame, only 400,000 new homes were built. The single most important thing New York can do to alleviate the housing crisis is to create more homes.

The FY 2023 Enacted Budget set in motion Governor Hochul's \$25 billion, five-year Housing Plan to create and preserve 100,000 affordable homes, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes. Funding includes \$5.7 billion in capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies.

This investment represents the largest, broadest housing plan in New York State history, but it alone cannot solve the crisis. To ensure that all New Yorkers

have access to housing requires the partnership of the private and public sectors, and cooperation of all levels of government in every region and community across the State. The FY 2024 Executive Budget launches a framework to empower localities to achieve a bold goal of creating 800,000 new homes over the next 10 years.

800,000 NEW HOMES OVER THE NEXT 10 YEARS



CHILD CARE

Similar to the burdens brought by the high cost of housing, many New York families struggle to find affordable child care options. Worse, in many parts of the State, there is simply no child care available. When affordable child care is unavailable, women leave the workforce at a disproportionate rate while families, for whom not working is not an option, are left to navigate a fragile, patchwork system.

In FY 2023, the Budget enacted historic public investments to overhaul the child care system. This included a four-year, \$7 billion commitment to improving the Child Care Assistance Program (CCAP), expanding income eligibility to more than half of all young children in New York. The Budget also increased State reimbursement rates to providers to expand the number of programs from which families can choose and invested \$50 million to establish a child care capital program. To bolster and stabilize the industry, the Budget provided \$343 million to child care providers and to help support the child care workforce. The Budget also invested \$15.6 million to expand child care at SUNY and CUNY campuses.

The FY 2024 Executive Budget builds on these successes through a sweeping plan to make New York's child care system fairer, more affordable, and easier to access.

OPPORTUNITY

Finally, as the pandemic made plain the importance of always ensuring that residents' basic needs are met, ongoing efforts by the human services agencies to make lives less precarious were redoubled. Progress continues on a slate of critical programs and policies that are providing social and economic justice and opening doors to opportunity.

PROPOSED FY 2024 BUDGET ACTIONS

Build 800,000 New Homes: The New York Housing Compact. As a result of housing production failing to keep pace with demand, rents are at record highs, home prices are out of reach, homeless shelters are under strain, workers are moving to more affordable states, and young families are shut out of many communities. To address this imbalance, the Budget advances legislation to expand the State's housing supply, as follows.

- **Promote New Housing Statewide through Local Targets.** The Budget requires all cities, towns, and villages to achieve new home creation targets on a three-year cycle. Localities that do not meet targets can instead implement "Preferred Actions" that create zoning capacity to achieve the growth targets. The Housing Compact honors the diversity in size and character of different communities by empowering local officials to achieve housing goals in ways that work for them.
- **Facilitate Housing Approval When Localities Do Not Meet Goals.** As every community in New York has a role in solving the housing crisis, localities that do not meet growth targets or that fail to implement an action plan will be considered non-compliant and will be required to approve proposed housing developments that meet certain affordability criteria within a set time frame, or the developer can initiate a fast-track appeal to a new State Housing Approval Board or through the courts.
- **Collect Local Zoning and Housing Production Data.** Legislation submitted with the Budget will require localities to submit housing creation and zoning data to HCR, who will aggregate this information into a Statewide Data Collection

mapping system. This system will better inform future decision-making, leading to smart, sustainable growth in the statewide housing stock, linking more New Yorkers to their permanent home.

- **Support Housing Production through Planning and Infrastructure Grants.** The Budget makes available a \$250 million Infrastructure Support Fund and a \$20 million Planning Assistance Fund to support new housing production statewide. Municipalities may submit requests for planning funding to undertake required zoning actions, supported by a new Housing Planning Office within HCR. Infrastructure grants will aid projects triggered by plans for increased housing, such as sewer and water infrastructure, structured parking facilities that allow existing lots to be repurposed, potential school infrastructure needs, and improvements to accommodate neighborhood growth and livability.
- **Encourage Transit-Oriented Development.** Following unprecedented State investments in rail infrastructure, and to capture climate benefits

and promote dynamic, walkable neighborhoods, legislation submitted with the Budget will compel neighborhoods within half a mile of all rail stations run by the MTA to rezone for higher density multifamily development.

- **Remove Obstacles to Housing Approvals.** To expedite rezoning and development of new homes, and as a reflection of the clear environmental and community benefits associated with targeting smart growth around low-emissions transit systems and within existing communities, legislation submitted with the Budget provides specific relief from environmental review for housing built in alignment with the Housing Compact's new homes targets.
- **Provide New York City with Tools to Increase Housing.** The Budget puts forth several housing proposals specific to New York City to address the outsized impact of the housing crisis in the five boroughs. This includes legislation to reverse an antiquated state law that restricts maximum density of residential floor area, providing New



Governor Hochul breaks ground on 2,400 affordable homes in Brooklyn, NY.

York City with the ability to allow for denser residential development where officials deem appropriate. The Budget includes legislation to expand the universe of commercial buildings eligible for conversion to residential use and provide necessary regulatory relief, making an estimated additional 130 million square feet newly eligible for conversion. To encourage the creation of new affordable housing units in such conversions that would otherwise not be economically feasible, the Budget proposes a new tax incentive. Building on the Governor's \$25 billion housing plan, enacted in FY 2023, which set aside \$85 million to assist with basement conversions, legislation submitted with the Budget grants the City of New York the authority to legalize basement units that meet the City's health and safety standards.

- **Encourage Housing Construction and Rehabilitation.** In addition to the tax exemption described above for New York City to incentivize the inclusion of affordable housing in commercial buildings that are converted to residential use, the Budget includes legislation for additional tax incentives to encourage new housing construction and the rehabilitation of existing housing. These measures include:
 - Accessory Dwelling Units (ADUs): To support homeowners that build ADUs, an existing property tax exemption available at local option is expanded to explicitly cover ADUs and the time frame to incentivize their development is extended.
 - Multi-Family Affordable Housing: To encourage multi-family affordable housing development, a new local option property tax exemption is created.
 - Repairs: To assist New York City property owners who need support undertaking major capital repairs, a local tax exemption is updated and strengthened.
- **Strengthen New York's Existing Housing Supply.** The Budget also increases the State's supply of safe, stable, comfortable homes through improvements to existing stock. Legislation submitted with the Budget will

reduce lead exposure risk in rental housing. Local governments will also be empowered to declare certain vacant residential properties as abandoned if they constitute a serious public nuisance, enabling the ability to put such houses to good use.

- **Support Existing Renters and Homeowners.** In addition to proposals that will build new homes, the Budget includes two new proposals to address the impacts of the housing crisis on current New York renters and homeowners. Modeled on the current program supporting East Buffalo, the Homeowner Stabilization Fund will finance home repairs in communities, statewide, that have been identified as having high levels of low-income homeowners of color and homeowner distress. The Budget also supports the expansion of the State's Tenant Protection Unit, which provides guidance, advocacy, and legal assistance for tenants, enabling the Unit to expand outside of New York City.

Help Renters Transition to a Post-Pandemic World. The COVID-19 pandemic exposed the fragile connection many New Yorkers have to equitable housing, and the State administered programs that helped keep people in their homes and stave off financial ruin. The FY 2024 Executive Budget includes appropriation authority in case the Federal government reallocates additional Federal funds to New York's Emergency Rental Assistance Program (ERAP). Through 2022, ERAP has provided more than \$3 billion in housing and utility support for struggling New Yorkers. Additionally, OTDA continues to make payments through State-funded programs totaling \$250 million for renters who do not meet the income criteria of ERAP as well as landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Extend the Completion Deadline for Vested 421-a Projects. Legislation submitted with the budget seeks to encourage completion of affordable housing units in New York City that are vested in the 421-a program. Under current law, in order for a vested project to be eligible for a 421-a tax abatement, it must be completed by June 15, 2026. As the pandemic impacted construction schedules, this bill extends the completion deadline by four years.

Bolster a Strong, Equitable Child Care System. The FY 2024 Executive Budget builds on the historic investments enacted in FY 2023 with a bold plan to make New York’s child care system fairer, more affordable, and easier to access.

- **Expand Access to Child Care.** After the FY 2023 Budget dramatically increased the number of families with access to child care assistance, the FY 2024 Executive Budget expands eligibility further by raising the income limit to the maximum allowed by Federal law – which is 85 percent of New York’s median income, or approximately \$93,200 per year for a family of four. As a result, the families of an estimated 113,000 more children will become newly eligible for child care assistance.
- **Streamline and Centralize the Child Care Application Process.** The Budget improves child care accessibility through a statewide electronic solution allowing families to pre-screen for eligibility and apply for child care assistance, removing redundant processes and unnecessary reporting requirements placed on families. In addition, the Budget eliminates a redundancy requiring families that participate in programs, such as the Supplemental Nutrition Assistance Program, the Home Energy Assistance Program, Medicaid, and the Special Supplemental Nutrition Program for Women, Infants, and Children to prove that they are income-eligible for the Child Care Assistance Program. As a result of these changes, an estimated 83,400 children in already-eligible families will have easier access to the Child Care Assistance Program.
- **Standardize Eligibility.** Local districts who administer child care assistance each set their own eligibility criteria which creates an inconsistency in access across the State. The Budget allows OCFS to set standardized statewide eligibility criteria to eliminate these disparities. As part of this effort, the Budget standardizes the number of allowable absences at 80 for all districts, and caps co-payments at one percent of family income above the poverty level. Approximately half of the districts already cap co-payments at one percent of family income,

but in other districts, co-payments can be as high as ten percent of family income. By capping co-payments at one percent of family income, an estimated 10 percent of families in the Child Care Assistance Program will see a reduction in child care costs.

- **Encourage Space for Child Care.** Child care providers often struggle to afford high rent and compete for space in a market that is limited by strict but important safety rules. Building off an unprecedented investment of \$100 million to increase the capacity of programs in child care deserts, the State will take further action to ensure child care facilities are integrated into the fabric of our communities. HCR will expressly favor applications for its Low-Income Housing Tax Credit that incorporate child care facility space.
- **Support the Child Care Workforce.** The Budget directs unspent Federal funds to establish a new Workforce Retention Grant Program to provide payments to child care providers at 17,000 programs statewide. Grants will also be used to cover payroll tax assistance and support staff recruitment strategies and other expenses related to hiring new staff.
- **Create an Employer-Supported Child Care Pilot Program.** To better address affordability for families that are ineligible for CCAP, and to harness partnerships with employers looking to invest in their workforce, the Budget establishes the New York State Employer-Supported Child Care (ESCC) pilot program. In the ESCC pilot, employers will contribute a third of the cost of care for families between 85 percent and 100 percent of the State median income, and the State will match it, reducing out-of-pocket costs for these families and generating millions of dollars in new financial support for child care. The Budget provides \$4.8 million to launch this pilot program, which will operate in three regions of the State, with local facilitators working to coordinate businesses, families, and child care providers.
- **Incentivize Employer-Based Child Care Models.** The preexisting Federal and State employer-

provided child care credits have not been widely utilized by employers due to limitations on eligible expenses and other restrictions. The Budget creates a more flexible statewide, two-year business income tax credit for businesses that create or expand child care access for their employees. The proposal aligns with a similar New York City business income tax credit, allowing for city-level and state-level outcomes to be evaluated at the same time.

- **Create a Business Navigator Program.** The Budget establishes a Business Navigator program in each of the 10 Regional Economic Development Council regions to help interested businesses identify options to support employees' child care needs.

Provide Support for Migrant Services and Assistance. The FY 2024 Executive Budget recognizes the effort of governments at all levels to provide services and assist with the resettlement process by providing more than \$1 billion in extraordinary funding. The Budget creates a framework for the financial burden of such services to be evenly split between the levels of government: 1/3 New York City, 1/3 State, and 1/3 Federal. This includes the State reimbursing a share of shelter and Humanitarian Emergency Response and Relief Center costs, continuing the National Guard deployment, and funding health care needs.

Index the Minimum Wage to Inflation. The Executive Budget proposes automatically increasing the minimum wage, consistent with the year-over-year Consumer Price Index-W for the Northeast Region. To ensure that no single-year's increase would threaten employment, annual increases would be capped, and increases could be paused in the event of certain economic conditions.

Create the Office of Just Energy Transition. The Executive Budget creates and funds operations of an office which will support both conventional energy workers and communities burdened by fossil fuel infrastructure as they navigate the transition to a clean energy economy in the coming years.

Support Hate and Bias Prevention Activities. The Executive Budget adds \$3.5 million for staffing, trainings, conferences, toolkits, and other educational, public awareness, and outreach efforts to combat hate and bias incidents.

Support Investigations of Discrimination. Coverage under the Human Rights Law has expanded, and caseloads have increased in recent years. The Executive Budget invests an additional \$4.3 million to support DHR's efforts in protecting New Yorkers from unlawful discrimination based on their protected class status. Funding for DHR has more than doubled in just two years.

Provide a Human Services Cost of Living Adjustment. Funding is included to provide a 2.5 percent cost of living adjustment to applicable OCFS and OTDA programs, including Foster Care, Adoption, NY/NY III Supportive Housing Agreement, and the Nutrition Outreach and Education Program.

Invest in Preventive and Permanency Placement Services. The Budget invests \$7 million for both preventive and permanency placement services for foster families, adoptive families, and kinship families.

Support Foster Care Agencies. The Budget includes \$17 million in financial support to assist certain foster care providers with new Federal requirements as they relate to Institutions for Mental Disease (IMD). Funds will be used to hire necessary medical staff at foster care facilities, back-fill Medicaid reimbursement for voluntary agencies who provide medical care to Medicaid eligible youth, and assist voluntary agencies in transitioning to the Federal requirements.

Invest in State Youth Facilities. The Budget includes \$16 million in additional capital funding to renovate and maintain vital infrastructure at OCFS youth facilities. This investment is aimed at providing quality space and resources, while ensuring the safety and security of the youth living in the facility.

Consolidate Afterschool Program Funding in OCFS. The Executive Budget moves funding for the Empire State Afterschool and Advantage Afterschool programs to the Office of Children and Family Services, which already administers the programs.

This is the first step in developing a consolidated afterschool program in FY 2025 to replace two programs with different requirements and funding levels. This will result in a better program with a single set of parameters and eligibility making it easier and more straight forward for providers.

Increase Public Assistance Recipients' Access to Education and Training Opportunities. The Executive Budget proposes changes to Public Assistance (PA) to increase the economic stability and outlook of recipients by providing increased access to education and training opportunities by eliminating the requirement for education to be combined with other activities after 12 months of post-secondary education. Additionally, the Budget authorizes the disregard of all earned income of a PA recipient from participating in a qualified work activity or training program when calculating their PA benefit.

Provide Assistance to Victims of Public Assistance Fraud. The Budget provides assistance to PA recipients who have had benefits stolen as a result of card skimming, cloning, third party misrepresentation or other similar fraudulent activities.

Increase Support for Code Blue. The Executive Budget increases State funding for the Code Blue program by \$7 million to support local districts in their protection of homeless individuals from exposure-related conditions during inclement winter weather and will simplify the approval process for these critical investments.

Provide Year-Round Employment Opportunities for Youth. The Executive Budget builds upon the success of the existing Summer Youth Employment Program (SYEP), which provides work opportunities for low-income youth during the summer months, by creating a new Youth Opportunities Program to provide these employment opportunities during the remaining months of the year. The Budget includes \$18 million in new State funding in FY 2024, annualizing to \$37 million, to provide for year-round part-time employment opportunities for an estimated 2,500 youth in regions around New York. The Budget also increases funding for the Summer Youth Employment Program by \$1 million, to \$47.1 million.

Establish Mobile Veterans' Services Centers. The Budget includes \$300,000 for the first-ever fleet of Mobile Veterans' Services Centers, bringing accredited Veterans Benefits Advisors and their best-in-class technologies on the road to meet New York's veterans, service members, and military families where they live and work.

Invest in Homeless Veterans' Housing. The Budget includes \$1.1 million to support the Homeless Veterans' Housing program which will be used for veterans' emergency housing, to provide temporary shelter, repair homes damaged by disasters, and renovate homes to house veterans with disabilities, among other uses.

Create Veterans' Memorial Registry. Funding of \$500,000 is included to create a searchable database of all veteran memorials in the State that will include information on the location of a memorial and who or what veteran or battle the memorial is honoring.

Modernize and Streamline the State's Training and Employment Infrastructure. The Budget supports the transformation of DOL Career Centers into "Community Training and Career Centers," with additional professional skills trainers that provide unemployed and underemployed New Yorkers with no-cost training in high-need areas such as digital and financial literacy and entrepreneurship. This will be paired with a new, large-scale, on-the job training program administered by DOL to upskill 3,000 workers each year, focusing on high-demand industries and hard-to-fill job titles.

Direct Federal Resources to Child Welfare Services. New York State receives annual Federal Title XX funding that is allocated to counties, including \$26 million which counties can use at their discretion to fund certain services. The Budget directs this funding from the Social Services Block Grant towards expenses for child welfare services. This will help the State pay for vital protective and preventive services for children and families.

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 for one year in the FY 2021, FY 2022, and FY 2023 Enacted Budgets. 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.

Enhance Funding for the Office of New Americans, Liberty Defense Program, and Migrant Refugee

Response Legal Assistance. The Executive Budget includes \$43 million in funding, a \$23 million increase from FY 2023, to sustain and enhance programs administered by the Department of State that oversee a network of community providers that help immigrant New Yorkers navigate processes associated with citizenship applications, legal services, and workforce development, among other things. Additionally, the funds will help support retraining programs for immigrant engineers.

Protect New Yorkers from Predatory Banking

Fees. The Executive Budget includes nation-leading legislation that comprehensively addresses abusive bank fee practices, which tend to disproportionately harm low- and moderate-income New Yorkers, including stopping the opportunistic sequencing of transactions in a way designed to maximize fees charged to consumers, ending other unfair overdraft and non-sufficient funds fee practices, and ensuring clear disclosures and alerts of any permissible bank processing charges.

SUMMARY OF ALL FUNDS SPENDING				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	Dollar Change (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
OTDA	7,416	6,682	(734)	(9.9)
OCFS	4,681	3,643	(1,038)	(22.2)
DOL	777	656	(121)	(15.6)
HCR	2,058	1,846	(212)	(10.3)
DVS	19	25	5	28.8
NCS	18	18	0.3	1.8
DHR	18	25	8	43.5
TOTAL	14,986	12,894	(2,091)	-14.0%

Note: The significant decreases are attributable to the expiration of pandemic-related Federal funding.





LOCAL GOVERNMENT



SUPPORT FOR LOCAL GOVERNMENT

The Executive Budget continues to deliver core local government aid, including Aid and Incentives to Municipalities (AIM), and an array of shared service and efficiency-based funding amidst a backdrop of considerable local fiscal health.

The State provides support for local governments in several ways, including general purpose aid and a variety of local government restructuring and efficiency grants designed to help municipalities work together, capture efficiencies, save money, and protect programs and services.

The Aid and Incentives to Municipalities (AIM) program provides reliable general-purpose aid to New York State’s cities, towns, and villages. Other programs providing aid to local governments include Small Government Assistance, miscellaneous financial assistance and support for municipalities with video lottery gaming facilities.

Competitive Local Government Efficiency Grants help cover costs associated with consolidation, shared services, or other efficiency initiatives.

Citizens Reorganization Empowerment Grants are available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.

For cities, towns, or villages that consolidate or dissolve, Citizen Empowerment Tax Credits provide an annual aid bonus to bolster the newly combined local government and provide direct relief to property taxpayers.

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.

PROMOTING THE FISCAL HEALTH OF LOCAL GOVERNMENTS AND PROTECTING TAXPAYERS

Emerging resilient from the pandemic, most local governments in New York State stand on strong financial footing. Municipalities shouldered large public health efforts to protect, test, trace, treat, and vaccinate millions of New Yorkers, but at the encouragement of Governor Hochul and other officials at the State, Federal, and local levels, those efforts have been supported by much needed funding from the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act.

Also helping local budgets, local sales tax collections through November 2022 were over 15 percent higher than in 2021, on a statewide basis. New York City collections were 21 percent higher, and collections in the rest of the State ranged from 5.5 percent higher in Central New York to 9 percent higher in Mid-Hudson.

These strong sales tax results are also due, in large measure, to the State’s recent actions to increase enforcement and compliance with respect to internet sales taxes due within New York State. As a result of these efforts, from State Fiscal Year 2020 through the first half of the State’s 2023 Fiscal Year, counties and

AMERICAN RESCUE PLAN ACT (ARPA) FUNDING FOR LOCAL GOVERNMENTS (MILLIONS OF DOLLARS)		
ENTITY	SFY 2022 ALLOCATION	SFY 2023 ALLOCATION
New York City	2,939	2,939
Counties	1,140	1,140
Big Four Cities	372	372
Other Entitled Cities	342	342
Entitled Town and Villages	178	178
Non-Entitled Cities	25	25
Non-Entitled Towns and Villages	362	362
TOTAL	5,359	5,359

local governments have benefitted from an additional \$1.37 billion in local revenue, cumulatively, and New York City benefitted from an additional \$830 million.

The infusion of extraordinary Federal aid and increased sales tax revenues, combined with the State's persistent efforts to provide mandate relief, encourage shared services, and promote efficiencies has resulted in local governments being financially healthier than ever.

The number of local governments experiencing fiscal stress, as identified by the Office of the State Comptroller's Fiscal Stress Monitoring System, is at a new record low of 20 municipalities out of nearly 1,600. For the first time, the System did not identify any of the State's 57 counties as experiencing fiscal stress.

In the OSC 2021 data, only one municipality was designated as experiencing "significant fiscal stress," and only five municipalities were designated as experiencing "moderate stress." For comparison, the 2020 data designated nine municipalities as being in "significant fiscal stress" and five municipalities being in "moderate stress". The 2021 data represents a significant decrease from the high of 69 municipalities in 2014, with a consistent downward trend since.

Among the main beneficiaries of the strong financial position of local governments are taxpayers. Property taxes, the most important revenue for local governments, remained stable throughout the economic fallout of the pandemic and the boom of the recovery. Through the eleventh year of the Property Tax Cap, taxpayers have saved over \$91 billion. For the typical taxpayer, this equates to cumulative savings of \$12,000. Taxpayers have also enjoyed significant predictability, with average increases of just 1.89 percent per year -- less than half the average annual growth from 2000 to 2010.

Also benefiting from the fiscal health of local governments are the people who depend on local governments for everything from vital benefits to drivable roads. The pandemic necessitated new methods of delivering services, created new cooperation between governments, and provided many lessons learned. Now, the State and its local

governments are positioned to partner in addressing pressing needs, such as solving the housing crisis, promoting public safety, and identifying prudent investments in the infrastructure systems of tomorrow.

Impact of the FY 2024 Executive Budget

The overall impact of the 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 2024 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.

**\$52.5 BILLION
ON BEHALF
OF LOCAL
GOVERNMENTS**



Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total \$52.5 billion in FY 2024 under the Executive Budget. This represents an increase of \$4.2 billion over the prior year, predominantly due to increases in school aid.

The second way of measuring the impact of the FY 2024 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 these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of over \$2.9 billion for municipalities and school districts for their fiscal years ending in 2024.

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 nearly \$6.2 billion in FY 2024 under the Executive Budget. This includes over \$3 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net negative impact of \$218.4 million, most of which is due to State retention of benefits associated with the Affordable Care Act to offset health care spending growth financed by the State, resulting in a negative local impact of over \$281 million. Actions with a positive local fiscal impact include \$10 million for increased funding for Code Blue and \$37 million to expand youth employment programs year-round, as well as significant investments in aid to prosecution for district attorneys, anti-fentanyl grants, the Gun-Involved Violence Initiative (GIVE), pre-trial services, re-entry programs, threat management assessment teams, and Next Generation 911 upgrades. This increased funding is partially offset by increased assigned counsel (18-b) rates due to litigation.

Support for Cities, Towns and Villages. The Executive Budget provides over \$1.27 billion in support for towns, villages, and cities other than the City of New York. Traditional local impacts result in a net positive impact of \$15 million. In the City's 2024 fiscal year, the City of Albany will be provided \$15 million in Miscellaneous Financial Assistance.

Support for New York City. Total State spending on behalf of New York City through major local aid programs is expected to total over \$20.9 billion in FY 2024 under the Executive Budget. This includes \$3.3 billion attributable to the State takeover of local Medicaid growth and \$13.1 billion in school aid. Total support for New York City is higher than FY 2023 by \$1.35 billion in large measure due to a year-to-year Foundation Aid increase of \$569 million as well as a \$25 million increase in school expense-based aid and categorical aid programs.

Traditional local impacts presented in the Executive Budget show a net positive impact of \$466 million for the 2024 New York City Fiscal Year. This reflects almost \$1.34 billion in positive local impacts including \$696 million in State investment in migrant shelter and HERCC costs. Partially offsetting those are \$866.5 million in negative impacts, the largest piece

being \$343 million due to State retention of benefits associated with the Affordable Care Act to offset health care spending growth financed by the State and \$438 million in various additional supports to the MTA from New York City.

Support for School Districts. For the 2024 school year, the Executive Budget increases Foundation Aid for school districts outside New York City by over \$2.1 billion and expense-based and categorical aids by \$208 million. Additionally, the Executive Budget expands Universal Pre-K, which results in a \$100 million positive impact to school districts outside of New York City. Partially offsetting this impact, the Budget also maintains the school districts' current share of the residential cost for Committees on Special Education (CSE) placements, which results in a \$28 million negative impact.

PROPOSED FY 2024 BUDGET ACTIONS

Encourage Local Government Efficiency and Shared Services. By continuing to work together, local governments can build on their strong financial footing to capture efficiencies, save taxpayer dollars, and protect programs and services. The FY 2024 Executive Budget continues support for a variety of local government restructuring and efficiency grants, including the following:

- **County-Wide Shared Services Initiative.** The Executive 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 2022 are eligible to receive matching funds from the State beginning in calendar year 2023. In addition, recent legislation encourages 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. Through 2020, countywide plans have identified more than 1,000 projects with recurring local property tax savings. The Executive Budget includes over \$200 million in appropriations to support State matching grants for these collaborations.

- **Local Government Efficiency Grants.** The Budget continues to make competitive grants available to 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, the Budget supports tax credits that 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 as direct relief to property taxpayers.

Support Housing Production through Local Government Planning and Infrastructure Grants.

To support the New York Housing Compact, the Budget makes available to local governments a \$250 million Infrastructure Support Fund and a \$20 million Planning Assistance Fund. Municipalities may submit requests for planning funding to undertake required zoning actions, supported by a new Housing Planning Office within New York State Homes and Community Renewal. Infrastructure grants will aid projects triggered by plans for increased housing, such as sewer and water infrastructure, structured parking facilities that allow existing lots to be repurposed, potential school infrastructure needs, and improvements to accommodate neighborhood growth and livability.

Make Local Sales Tax Rate Authorizations Permanent.

In an effort to shore up local government finances and to ensure revenue stability and certainty for local governments going forward, the Executive Budget:

- Grants permanent local sales tax authority for all counties and cities at their existing rates or up to 4 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 4 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 3 percent threshold.

Provide a Market-Rate of Interest on Court

Judgments. For court judgments paid by public and private entities, the Executive Budget allows a variable market-based interest rate, providing mandate relief for local governments and lower State taxpayer costs. 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 nine percent, annually. 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.

Protect Local Governments Against Cyber Attacks.

The Executive Budget includes \$42.6 million to further strengthen State and local cyber defense and response efforts. Investments in hardware and software security tools and cyber personnel will enhance protection of State and local systems and reduce risk and vulnerabilities.

Continue the State Cap and Takeover of Local

Medicaid Costs. The FY 2024 Executive Budget shoulders \$6.4 billion in Medicaid cost increases on behalf of local governments as part of the State cap and takeover of local Medicaid growth. In FY 2024 alone, New York City will save \$3.4 billion and counties across the State will save an additional \$3.0 billion by the State's assumption of costs. From FY 2007 when the State cap of Medicaid growth began, through FY 2022, the State has assumed more than \$33.4 billion in Medicaid costs that counties and New York City would have otherwise had to bear.

SUMMARY OF ALL FUNDS LOCAL GOVERNMENT STATE SPENDING				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Aid and Incentives to Municipalities	714.7	714.7	0.0	0.0
County-Wide Shared Services Initiative	31.0	59.0	28.0	90.3
Citizens Empowerment Tax Credits and Grants	5.6	5.6	0.0	0.0
Local Government Efficiency Grants	3.1	3.9	0.8	26.9
Local Government Performance and Efficiency Program	8.8	10.0	1.2	14.1
VLT Impact Aid	28.9	28.9	0.0	0.0
Miscellaneous Financial Assistance	25.5	18.8	-6.7	-26.4
Small Government Assistance	0.2	0.2	0.0	0.0

	Local Medicaid Cost Takeover			
	Cumulative LTD (FYs 2007 - 2022)	SFY 2023 Estimated	SFY 2024 Proposed	Proposed Cumulative LTD
Statewide Total	33,414,035,175	5,540,397,733	6,370,364,196	45,324,797,103
New York City	15,352,299,901	2,874,131,626	3,394,017,325	21,620,448,852
ROS Total	18,061,735,274	2,666,266,107	2,976,346,871	23,704,348,252
Albany	346,011,947	55,775,061	63,393,559	465,180,566
Allegany	58,813,039	8,836,525	10,038,153	77,687,716
Broome	406,855,247	55,303,849	61,284,310	523,443,406
Cattaraugus	123,603,210	19,076,419	21,372,610	164,052,239
Cayuga	129,485,942	19,237,336	21,377,557	170,100,836
Chautauqua	251,458,972	38,166,088	42,608,173	332,233,233
Chemung	138,125,413	21,007,466	23,638,085	182,770,965
Chenango	75,947,082	10,934,558	12,267,214	99,148,853
Clinton	110,062,341	16,892,069	19,086,356	146,040,766
Columbia	114,352,529	15,783,188	17,496,942	147,632,659
Cortland	79,084,680	11,130,918	12,484,563	102,700,161
Delaware	74,285,723	11,063,243	12,323,798	97,672,764
Dutchess	504,703,044	68,568,960	75,645,085	648,917,089
Erie	1,398,184,268	225,224,716	253,006,663	1,876,415,648
Essex	46,830,437	7,149,099	8,036,542	62,016,077
Franklin	76,902,089	10,882,502	12,218,499	100,003,090
Fulton	91,683,714	13,691,523	15,448,335	120,823,572
Genesee	70,140,895	11,319,308	12,654,883	94,115,086
Greene	86,260,934	11,938,055	13,324,108	111,523,098
Hamilton	5,239,151	850,928	946,353	7,036,432
Herkimer	107,689,192	15,433,339	17,286,307	140,408,838
Jefferson	141,778,966	22,999,860	25,744,322	190,523,149
Lewis	30,566,584	5,389,952	6,057,355	42,013,891
Livingston	81,252,731	11,860,763	13,208,960	106,322,454
Madison	92,744,818	13,291,749	14,852,114	120,888,681
Monroe	1,181,016,432	204,413,691	228,936,496	1,614,366,618
Montgomery	118,389,746	16,388,204	18,196,006	152,973,956
Nassau	2,000,843,533	294,411,276	328,130,466	2,623,385,276
Niagara	326,941,714	49,978,146	56,079,731	432,999,591
Oneida	414,068,179	63,121,515	70,710,527	547,900,221
Onondaga	827,419,964	126,036,011	140,629,970	1,094,085,945
Ontario	136,914,243	20,287,132	22,619,608	179,820,983
Orange	830,091,696	110,295,950	121,891,325	1,062,278,971
Orleans	65,491,414	10,095,795	11,270,015	86,857,224
Oswego	217,664,073	31,725,118	35,337,486	284,726,677
Otsego	70,669,727	10,884,268	12,251,078	93,805,074
Putnam	93,638,823	13,992,728	15,498,345	123,129,895
Rensselaer	201,538,031	31,747,609	35,942,270	269,227,910
Rockland	800,519,972	102,306,779	113,068,656	1,015,895,407
St Lawrence	176,102,448	23,389,528	26,409,642	225,901,617
Saratoga	226,854,660	33,283,740	36,980,577	297,118,978
Schenectady	324,243,916	46,239,567	51,356,290	421,839,773
Schoharie	39,317,293	6,509,294	7,291,319	53,117,906
Schuyler	22,405,539	3,870,930	4,358,312	30,634,781
Seneca	44,243,988	7,048,077	7,879,726	59,171,791
Steuben	136,416,798	21,792,336	24,430,125	182,639,259
Suffolk	2,518,589,763	349,884,542	388,063,738	3,256,538,043
Sullivan	193,569,655	27,269,912	30,304,465	251,144,033
Tioga	52,934,166	8,084,271	9,120,470	70,138,908
Tompkins	97,008,045	13,944,396	15,597,662	126,550,103
Ulster	365,591,133	51,234,166	56,815,985	473,641,283
Warren	77,602,306	12,673,121	14,264,794	104,540,221
Washington	100,552,829	14,797,312	16,460,890	131,811,031
Wayne	168,682,858	22,890,778	25,248,589	216,822,224
Westchester	1,516,178,436	224,268,650	252,448,781	1,992,895,866
Wyoming	44,247,855	6,876,552	7,661,605	58,786,012
Yates	29,923,090	4,717,238	5,291,077	39,931,405





MENTAL HYGIENE



OVERVIEW

The Mental Hygiene agencies and associated community-based programs provide services to individuals living 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 approximately 900,000 people with mental illness, 731,000 individuals in substance use disorder or problem gambling programs, and nearly 131,000 people with developmental disabilities.

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 services include prevention, harm reduction, residential, outpatient, clinic, habilitative, treatment and recovery programs, and institutional and research facilities.

The Executive Budget reflects the Governor's priority to fundamentally improve the quality of care, services, and protection of vulnerable individuals. Proposed actions for the Mental Hygiene agencies include investments across the continuum of care for mental health, targeted efforts to combat the opioid crisis, continued support for community-based services -including residential programs, and a 2.5 percent Cost of Living Adjustment for voluntary operated providers. 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 \$10.5 billion in FY 2024, reflecting annual spending growth of \$709 million (7.2 percent).

Summary of All Funds Mental Hygiene State Spending				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
OPWDD	4,774.03	4,791.65	17.62	0.4
OMH	3,970.20	4,650.41	680.21	17.1
OASAS	1,020.65	1,031.82	11.18	1.1
Justice Center	48.68	48.76	0.08	0.2
DDPC	4.20	4.20	0.00	0
SUBTOTAL	9,817.75	10,526.84	709.09	7.2
Adjustments - OPWDD	(460.13)	513.90	974.03	N/A
TOTAL	9,357.62	11,040.74	1,683.12	18

*OPWDD Adjustments reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources. This shift has no impact on OPWDD service delivery or operations.

PROPOSED FY 2024 BUDGET ACTIONS

The Executive Budget continues to support agencies' responses to the pandemic, combat the opioid epidemic through harm reduction and innovations in treatment and recovery programs, and fund initiatives to ensure access to care and supportive services. The Executive Budget expands community-based care and continues investments in the direct care workforce to ensure that individuals receiving mental hygiene services are in the most integrated, appropriate, and cost-effective setting possible.

SUPPORTING PEOPLE WITH DEVELOPMENTAL DISABILITIES AND THEIR FAMILIES

Governor Hochul's commitment to improving the overall quality, availability, and cost-effectiveness of community-based, person-centered services for individuals with developmental disabilities is demonstrated by targeted investments in OPWDD to address critical needs and support important policy reforms.

The Executive Budget honors the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings. Specifically, the Executive Budget will:

Establish a Statewide Ombudsman Program. The Executive Budget includes \$2 million to establish an ombudsman program, which will provide client advocate services for individuals eligible for OPWDD services. The program will provide an independent advocate for individuals who are not able to speak for themselves and provide training and support to those who can make their own decisions to help them achieve greater independence. This program will be available across the entire OPWDD service system.

Expand Intensive Treatment Opportunity (ITO) Capacity. The Executive Budget includes \$11.7 million in capital funding to develop additional ITO units at the former Finger Lakes Developmental Center campus. Once operational, these units will have the capacity to serve 39 individuals who require this level of support. ITOs are inpatient treatment settings that are certified as Intermediate Care Facilities (ICFs).

Currently, there are ITO units operated at Sunmount in Tupper Lake and Valley Ridge in Norwich.

Conduct an Independent Study on the Institute for Basic Research in Developmental Disabilities (IBR). The Executive Budget includes funding for a two-year independent study focused on how IBR's functions align with OPWDD's strategic goals and the feasibility of revitalizing the facility.

Continue Investments in New Service Opportunities. The Executive Budget continues to invest State resources to support OPWDD priority program reforms that ensure individuals receive the support 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.

Commit an Additional \$15 Million to Develop Housing. The FY 2024 Executive Budget continues to expand independent living opportunities for individuals with intellectual and developmental disabilities. Since FY 2016, the State has invested \$110 million in capital resources to develop safe and accessible residential opportunities, and the Executive Budget raises this investment to a total of \$125 million. These funds are distinct from, and in addition to, resources that are available from the five-year, \$25 billion affordable and supportive housing plan, which is also helping support the development of residential opportunities for people with intellectual and developmental disabilities.

Evaluate an 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. The State is evaluating how managed care could assist OPWDD in improving services and supports for people with intellectual and developmental disabilities. Work is being done to analyze existing research, data and implementation trends, and stakeholder feedback to assess whether other service delivery models, including managed care, should be pursued to advance the stated goals and objectives of the OPWDD Strategic Plan.

Provide Flexibilities for Delegated Nursing Tasks.

The Executive Budget includes legislation that would allow greater flexibility for the performance of certain nursing tasks by unlicensed employees of providers certified by OPWDD in non-certified community-based settings. This would allow more individuals to remain in or transition to more independent settings, decreasing the reliance on certified residential settings.

PROMOTING MENTAL HEALTH

The Executive Budget demonstrates Governor Hochul's commitment to enhancing and expanding access to mental health services to ensure people receive the support they need in the most appropriate and effective setting. OMH has continued to strengthen 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 more than 125,000 previously unserved individuals receiving services. The Budget advances efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

Expand Residential Programs. Governor Hochul is investing \$890 million in capital to build 2,150 new residential beds for people with mental illness who need varying levels of supports. This includes 500 new Community Residence – Single Room Occupancy (CR-SRO) beds, 900 Transitional Step-Down Beds, and 750 permanent Supportive Housing beds. The Governor's plan also calls for 600 licensed Apartment Treatment beds and 750 scattered site Supportive Housing beds, for a total of 3,500 new units throughout the State. In addition, the Budget also provides \$25 million in capital resources to develop 60 community step-down units designed to serve formerly unhoused individuals who are transitioning from inpatient care.



State landmarks illuminated to raise awareness for suicide prevention month

Expand Outpatient Services. The Executive Budget supports the Governor's proposal to significantly expand outpatient mental health services throughout the State by funding 12 new Comprehensive Psychiatric Emergency Programs, including \$60 million in capital; 42 new Assertive Community Treatment teams; eight new Safe Options Support teams, to expand the Critical Time Intervention (CTI) initiative started in 2022; 42 new Health Home Plus Care Managers; and start-up funding and operating costs for expanded clinic capacity at 20 sites.

Expand Inpatient Bed Capacity. The FY 2024 Executive Budget includes funding for the opening of 1,000 inpatient psychiatric beds which is part of a multi-year plan to increase operational capacity at mental health facilities. These beds will help to meet the increased need for mental health services across the State. Added beds include 850 currently offline, inpatient psychiatric beds at public hospitals licensed under Article 28; and 150 new State-operated inpatient psychiatric beds.

Support the Development of the 988 Crisis Hotline. Building on an initial investment of \$35 million in FY 2023, the Executive Budget provides \$60 million in FY 2024, to fund the expanded crisis center network to support people contacting the 988 Crisis Hotline in New York State through call, chat, and text.

These centers will connect individuals to a variety of community-based crisis intervention programs including mobile crisis services, crisis stabilization centers, crisis residences, and other community-based supports.

Strengthen Suicide Prevention and Emotional Supports. The Executive Budget will enhance mental health and suicide prevention programs available for individuals and families. This includes an investment of \$10 million in grants to suicide prevention programs targeting high-risk youth and \$400,000 to fund FarmNet, which works with Cornell University to support farmers and their family members.

Increase Support for Existing Residential Programs. The FY 2023 Enacted Budget made a two-year commitment of an additional \$104 million – \$65 million in FY 2023 and another \$39 million in FY 2024 – for existing community-based residential programs and included legislation to extend property pass-through provisions to include OMH’s supported housing. This continued investment helps preserve access to housing, a critical component of recovery.

Enhance Children’s Mental Health Programs. The Executive Budget will expand mental health services for children and families by investing an additional \$12 million in the HealthySteps program and Home-Based Crisis Intervention (HBCI) teams, \$5 million for High Fidelity wrap around supports, and \$10 million to develop school-based clinics, building on the Governor’s State of the State initiative from 2022.

Expand INSET Program. The Executive Budget includes \$2.8 million to expand the Intensive and Sustained Engagement Treatment (INSET) program. Funding supports the creation of three new teams which will offer peer-based outreach and engagement for adults with serious mental illness. INSET helps to support recovery, reduce emergency room visits and hospitalizations, and ensures the appropriate utilization of Assisted Outpatient Treatment (AOT) orders, where possible.

Enhance Eating Disorder Program. The Executive Budget includes \$3.1 million to bolster treatment of individuals with eating disorders. Investments will support three existing Comprehensive Care Center

for Eating Disorders (CCCED) and OMH will pursue Medicaid coverage for licensed residential eating disorder programs.

Individual Placement and Supports (IPS). The Executive Budget includes an investment of \$3.3 million for the implementation of the Individual Placement and Support (IPS) program, which is an evidence-based model of supported employment for adults with mental illness and behavioral health issues.

Create a Qualified Mental Health Associate Title. The establishment of this title will provide a career ladder and additional training for paraprofessionals to provide services more independently and improve the quality and access to care in OMH funded and licensed settings.

ADDRESSING ADDICTION AND THE OPIOID CRISIS

Under Governor Hochul’s leadership, OASAS is taking 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 incorporating life-saving harm reduction principles throughout New York State’s network of community-based addiction treatment providers.

The Executive Budget continues the historic investments made in FY 2023, which included significant increases in operating and capital support for addiction prevention, treatment, harm reduction, and recovery programs which serve people with addiction throughout the State, their families, and their communities.

The Executive Budget sustains New York State’s commitment to critical initiatives, including:

Strengthen Supportive Housing Programs. The Executive Budget includes \$6.5 million to maintain over 1,500 OASAS residential recovery units. This investment will fully fund current rental and supportive services costs for existing units.

Address the Opioid Epidemic Using a Public Health Approach. OASAS will continue to oversee one of the nation's largest substance use disorder systems of care with approximately 1,700 prevention, treatment, harm reduction and recovery programs serving over 731,000 individuals per year. As the State's opioid treatment authority, OASAS will continue to coordinate State-federal relations in addiction services and implement a statewide harm reduction strategy, in collaboration with the Department of Health (DOH), which is designed to meet people where they are and prevent overdoses. At Governor Hochul's direction, OASAS established a new Division of Harm Reduction to coordinate the implementation of low-threshold, patient-centered approaches in communities around the State.

Community Health Access to Addiction and Mental Healthcare Project (CHAMP) Ombudsman Program. CHAMP is the New York State independent health insurance ombudsman program for substance use disorder and mental health care that, through a joint program with OASAS and OMH, partners with community-based organizations to educate and assist New Yorkers in maximizing insurance coverage for substance use and mental health. The Executive Budget continues funding for CHAMP to be available statewide, and increases funding for OASAS and OMH parity enforcement activities by \$3.5 million.

Opioid Settlement Fund Investments. Since 2021, the State of New York has reached settlement agreements with several of the pharmaceutical companies responsible for the opioid epidemic which are expected to provide more than \$2 billion to the State and to municipal governments through 2040. Through the end of FY 2024, over \$320 million in payments related to those settlement agreements will be deposited in the State's Opioid Settlement Fund, which will be used to support addiction services throughout the State. OASAS is working with other State agencies including DOH and OMH to implement a range of initiatives to address the opioid crisis guided by recommendations issued by the Opioid Settlement Fund Advisory Board, in a manner consistent with the terms of the opioid settlement agreements. Board members issued their first

recommendations on November 1, 2022, identifying the expansion of harm reduction services, treatment, and investments across the service continuum as top priorities.

Opioid Stewardship Investments. The FY 2023 Enacted Budget appropriated \$200 million to invest monies owed to the State retroactive to 2017 and 2018, after the Opioid Stewardship Act was upheld by the U.S. Supreme Court. The Executive Budget reappropriates these funds to support a variety of initiatives overseen by both OASAS and DOH. During FY 2024, OASAS will utilize Opioid Stewardship Funds to pursue a number of harm reduction initiatives, including equipping street outreach teams with cutting-edge equipment which will allow individuals to test their drugs for fentanyl, a grant program to establish 15 community-based harm reduction programs throughout the State, and the development of a training program designed to help police departments, jails, and other elements of the criminal justice system implement harm reduction strategies designed to save lives.

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, OCFS, and the 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 FY 2024 Executive Budget continues to support investments made in IT, which has helped to streamline their processes. The ability to investigate incidents in a timely fashion improves the care and safety of all those in their purview.

MULTI-AGENCY BUDGET ACTIONS

Cost Of Living Adjustment (COLA). The Executive Budget includes a 2.5 percent COLA to human services providers in FY 2024. The COLA applies to voluntary operated providers of services for OPWDD, OMH, OASAS, Office of Children and Family Services (OCFS), Office of Temporary and Disability Assistance (OTDA), and the State Office for the Aging (SOFA). For the Mental Hygiene agencies, this amounts to \$188.6 million (\$314.1 million including federal matching funds) for OPWDD, OMH, and OASAS voluntary operated programs, and will provide fiscal relief to providers, enabling them to offer more competitive wages to their staff to address workforce recruitment and retention issues and better support the individuals they serve.

Minimum Wage. The Executive Budget leverages an additional \$38 million in State funds to support minimum wage increases, including indexing minimum wage to inflation, for staff at programs licensed, certified, or otherwise authorized by OPWDD, OMH, and OASAS.

Interagency Coordinating Council for Services to Persons who are Deaf, Deafblind, or Hard of Hearing. The FY 2024 Budget includes \$250,000 to restore the Interagency Coordinating Council for Services to Persons who are Deaf, Deafblind, or Hard of Hearing, within the Office of the Chief Disability Officer (CDO). The CDO will help coordinate council operations, engage with stakeholders across the State, gather data, and formulate policies to serve the community.

Certified Community Behavioral Health Clinic (CCBHC) Expansion. CCBHCs are an effective model for delivering integrated physical and behavioral healthcare for people with mental illness and/or substance use disorder and are an important part of the Governor's plan to ensure access to care. The Budget will establish joint licensure by OMH and OASAS for these programs, and create an Indigent Care Program to protect providers from uncompensated care. The Budget also includes resources to create 26 new Certified Community Behavioral Health Clinics (CCBHCs), tripling capacity to 39 programs statewide.

Commercial and Medicaid Coverage Expansion.

Legislation will require New York State-regulated insurers to cover and reimburse for behavioral health services, including medications for substance use disorder and telehealth payments for behavioral health and developmental disability services.





PUBLIC SAFETY



The Executive Budget includes major investments in public safety to reduce gun violence and protect our State from other violent crimes. This comprehensive plan includes expanding proven gun violence prevention programs, improving the effectiveness of the criminal justice system, enhancing methods to deter violent crimes, and addressing the flow of fentanyl in our communities.

NEW YORK STATE PUBLIC SAFETY AGENCIES

New York State's 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 incarcerated individuals need in safe and secure facilities, preparing incarcerated individuals 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 (DSP) 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 legal representation for residents who are unable to afford an attorney.

The Division of Military and Naval Affairs (DMNA) encompasses all of New York's reserve forces including the Army National Guard, Air National Guard, Naval Militia and New York Guard; providing fully capable land, air, and naval military forces and facilities capable of executing global missions across unified air and land operations in support of our communities, State, and Nation.

PUBLIC SAFETY SPENDING

Spending for New York State's public safety agencies is projected at \$8.1 billion for FY 2024.

Keeping New Yorkers Safe

The Executive Budget makes a major investment in initiatives that will strengthen efforts to keep New Yorkers safe and return to pre-pandemic levels of public safety.

Actions to Reduce and Prevent Gun Violence

The Executive Budget invests \$337 million, an increase of \$110 million in programs designed to prevent and reduce gun violence in our communities:

- **Double the State's Gun Involved Violence Elimination (GIVE).** The Executive Budget includes \$18.2 million in additional State funding, for a total of \$36.4 million, to support 20 police departments in 17 counties that account for more than 80 percent of the violent crime that occurs in New York State outside of New York City. GIVE supports local grant awards that advance New York State's shooting and homicide reduction strategic efforts.
- **New York City Crime Analysis Unit.** The Executive Budget includes \$1 million in additional State funding to support the establishment of a dedicated Crime Analysis Center (CAC) in New York City. This new partnership will be integrated with the existing regional crime analysis capability located within New York's High Intensity Drug Trafficking Area (HIDTA), focused on disrupting the illegal narcotics trade and cycle of gun violence.

- **Expand Enhanced Parole Supervision Program.** The Executive Budget includes \$7.4 million in additional funding to establish a Supervision Against Violent Engagement (SAVE) program and expand the State's response to gun violence among the parolee population in Gun Involved Violence Elimination (GIVE) jurisdictions.
- **Investment in Communities to Combat Gun Violence.** The Executive Budget continues \$70 million in funding designed to meet the unique needs of communities most impacted by gun violence, including capital investments and innovative crime-reduction strategies. These programs empower local stakeholders in each community to develop comprehensive plans addressing the needs of their own neighborhoods.
- **Youth Employment Program.** The Executive Budget includes \$37 million in additional State funding for youth employment programs operating in Gun Involved Violence Elimination (GIVE) jurisdictions. These programs introduce youth to the workforce to acquire skills that can be used to improve school performance and future career outcomes.
- **Triple Investment in Reentry Services.** The Executive Budget includes \$7.7 million in additional State funding, for a total of \$11.5 million, to reduce repeat or further offenses by meeting the behavioral, health, employment and educational needs of individuals returning to their communities after incarceration.
- **Funding for Discovery Reform.** The Executive Budget includes \$40 million to support discovery reform. This funding will continue to bring to scale the staffing, services, and technologies needed to ensure that criminal cases are processed effectively and efficiently.
- **Pretrial Services.** The Executive Budget includes \$20 million in support for pretrial services. This funding supports probation and community-based providers that divert unnecessary detention while simultaneously keeping communities safe.
- **Hire Hundreds of New Prosecutors.** The Executive Budget includes \$40 million in additional funding to hire hundreds of new prosecutors, across the State, to support District Attorneys develop crime strategy plans and reduce case backlogs.
- **Bail Reform.** The Executive Budget restores judicial discretion in securing order determinations by removing the least restrictive means standard.

Improve the Effectiveness of the Criminal Justice System

The Executive Budget makes critical investments to restore the effectiveness of the continuum of the criminal justice system, including community investment, crime prevention, law enforcement, prosecution, and reentry services.

- **Doubling Investment in Alternatives to Incarceration.** The Executive Budget includes \$15.7 million in additional State funding, for a total of \$31.4 million, to support the alternatives to incarceration (ATI) program. This program provides pretrial release services, community service programs, employment focused services, defendant screenings, and probation violation residential centers. Investments will be targeted to divert individuals with mental health needs and substance use disorders from incarceration.

Enhance State Police Efforts to Address Violent Crimes

- **Additional State Police Academy Classes.** The Executive Budget includes additional funding for the Division of State Police (DSP) to conduct four academy classes, two more than previously planned. These classes will allow DSP to make up for academy classes that were postponed during the COVID-19 pandemic as well as increase the number of troopers dedicated to addressing serious crime.
- **Expand Community Stabilization Units.** The Executive Budget includes \$12.8 million in additional funding to support Community

Stabilization Units (CSUs), which have proven to be an effective tool in combating community-specific crime problems across the State. This measure will provide increased funding to support CSUs in as many as 25 communities.

- **Expand Computer Crimes and Internet Crimes Against Children (ICAC) Units.** The Executive Budget increases funding by \$7.4 million to allow DSP to keep pace with technology in criminal investigations, including digital forensic services and investigating cybercrimes. This funding will also provide critical support to the ICAC Unit to ensure that crimes against children are fully investigated.

Increase Participation on Federal Task Forces. The Executive Budget includes \$1.6 million to broaden State participation on Federal task forces aimed at curbing violent crime, as well as the Joint Terrorism Task Force (JTTF).

- **Investment in State Police Fleet.** The Executive Budget includes an annual increased investment of \$11.6 million to accelerate the replacement of vehicles in the State Police fleet that have exceeded their useful life.

Combat the Flow of Fentanyl into Our Communities.

- **Crime and Data Analysts.** The Executive Budget includes \$2 million to support hiring additional crime and data analysts focused on fentanyl distribution and deaths in New York State communities.
- **Anti-Fentanyl Innovation Grant.** The Executive Budget includes \$7 million to establish an Anti-Fentanyl Innovation Grant. This funding will create units tasked with shutting down fentanyl supply chains flowing into our communities and prosecute in cases of overdose deaths.

SUMMARY OF ALL FUNDS SPENDING				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Department of Corrections and Community Supervision	3,195	3,164	(31)	(1)
Division of State Police	973	1,113	140	14
Division of Criminal Justice Services	413	506	93	23
Division of Homeland Security and Emergency Services	2,699	2,544	(155)	(6)
All Other	542	778	236	43
TOTAL PUBLIC SAFETY	7,823	8,106	283	4

Improve Statewide Emergency Response Services.

- **Allow for Compensation Volunteer Firefighters.** The Executive Budget proposes legislation to allow municipalities and fire companies to pay volunteer firefighters a modest compensation based on call response.
- **Volunteer Firefighter Training Stipend.** The Executive Budget includes \$10 million to provide a State-funded stipend to volunteer firefighters who complete foundational training as well as funds for DHSES to administer the program and enhance their training capacity.
- **Create NY Emergency Services IP Network.** The Executive Budget includes \$20 million to assist counties in transitioning to Next Generation 911 via a fiberoptic cable network that would connect to a single Public Service Answering Point in each county.





STATE WORKFORCE



REBUILDING THE PUBLIC SECTOR WORKFORCE

The Executive Budget provides \$18.8 million to rebuild New York State's government workforce through critical initiatives to be administered by the Department of Civil Service and the Office of General Services. This necessary investment is being made as the state workforce is facing a shortage of more than 12,500 workers, with more than 26 percent of the state workforce eligible to retire within the next five years.

Essential measures to rebuild the State's workforce will include:

- **Continuous Recruitment.** This initiative will allow agencies to continuously recruit for a variety of titles, add to the pool of qualified candidates at more regular intervals, and create a more efficient and modernized exam process. Continuous recruitment exams offered on an ongoing basis will be held via a hybrid of online training and experience exams, multiple choice exams via remote proctoring (online), and computer-based testing centers.
- **Modernizing the Civil Service Pay Structure.** This initiative will modernize the Civil Service pay structure through the development of a new job evaluation system for all job titles in civil service that will better meet the needs of employers and the current job market. The new, modernized system will take into consideration pay equity requirements when analyzing jobs to ensure fairness across all titles and put the State's employees on a level playing field with the private sector.
- **Centers for Careers in Government.** This initiative will establish strategically located Centers for Careers in Government across New York State where on-site civil service specialists will serve as direct liaisons between the Department of Civil Service, New York State agencies, regional educational institutions, community-based organizations, and jobseekers. The centers will be responsible for communicating all available New York State government employment opportunities to stakeholders, as well as working closely with Executive Branch State Agencies to facilitate ongoing outreach and recruitment activities to promote these regional opportunities.
- **Public Service Matters Campaign.** The Public Service Matters campaign will be coordinated across state agencies to spotlight New York's tradition of excellence in public service, while highlighting the diverse opportunities available across state government — and the benefits of employment with New York State. Using enhanced marketing materials, efforts will include both digital and print multilingual ads to reach a young and diverse audience.
- **Expand Nurses For Our Future.** The Nurses For Our Future Scholarship Program will be expanded in FY 2024, strengthening the commitment to continuously grow the New York State Health Care Workforce by addressing the critical nursing shortage facing our health care sector and state agencies. The expanded scholarship program will require recipients to commit to work in a nursing position within New York State for a set period after graduating to encourage the next generation of nurses to begin a rewarding career in either New York State government or the private sector. The scholarship program will support tuition costs for nursing students at either a public or private college or university.
- **Modernizing State office buildings owned and leased by the Office of General Services.** This initiative will establish a study and pilot projects to modernize and update state office buildings to facilitate hybrid work schedules, while increasing collaboration and productivity. The reconfiguration of spaces to compliment a hybrid workforce promotes the culture of the tenant agency and the health and satisfaction of New York State employees.

STATE WORKFORCE INVESTMENTS

While acting to rebuild the State's workforce, the Executive Budget will provide staffing investments to reinforce careers and public services in several agencies, including, but not limited to:

- **Division of State Police.** In support of increased State Police member strength by holding two additional academy classes. Also includes additional Community Stabilization Units (CSUs), cyber security analysts focused on internet crimes against children, and an expanded presence on federal task forces on violent crime.
- **Office of Mental Health.** Develop staff to support the opening of 150 new state-operated inpatient beds as well as growing the mental hygiene workforce.
- **Office of Parks, Recreation and Historic Preservation.** In support of a new Park Police Academy class, the Bond Act, the Empire State Trail, park administration and site operations.
- **Department of Environmental Conservation.** Workforce investment in the Department of Environmental Conservation will support numerous efforts to protect our beautiful state and the health of residents, including, the Bond Act, the Climate Change and Community Protection Act, the Cap-and-Invest Program, the Waste Reduction and Recycling Infrastructure Act, the administration of municipal grant program to investigate and remediate polyfluoroalkyl substances (PFAS), and the management of federal funding.
- **Department of Motor Vehicles.** Reinforcing Department of Motor Vehicles staff will support the Transformation initiative; the Governor's Traffic Safety Committee; and Commercial Driver's License, Clean Air, and Cannabis Management programs.
- **Department of Corrections and Community Supervision.** In support of major public health and safety initiatives and investments to drive down gun violence and violent crime.
- **Board of Elections.** In support of the implementation of the Public Finance Campaign program, which went into effect on November 9, 2022, as well as Election Law enforcement and overall agency operations.

STATE WORKFORCE FIVE-YEAR FTE TREND

REBUILDING THE STATE WORKFORCE						
STATE WORKFORCE CATEGORY	YEAR-END ACTUAL 3/31/2020	YEAR-END ACTUAL 3/31/21	YEAR-END ACTUAL 3/31/2022	YEAR-END ESTIMATE 3/31/2023	YEAR-END ESTIMATE 3/31/2024	YEAR-TO-YEAR CHANGE
Subject to Direct Executive Control	118,193	111,230	106,690	119,079	120,734	1,655
University Systems	61,023	59,853	58,256	59,536	59,536	0
Independently Elected Agencies	4,499	4,476	4,394	4,634	4,790	156
GRAND TOTAL	183,715	175,559	169,340	183,249	185,060	1,811

COLLECTIVE BARGAINING

In FY 2023, the State reached a collective bargaining agreement with the Civil Service Employees Association through FY 2026 and commenced negotiations with several state unions for successor agreements. The State's contract with United University Professions expired at the end of AY 2022 and the contracts with all other unions will expire at the end of FY 2023.

The CSEA agreement provides annual 3% salary increases from FY 2024 to FY 2026, a one-time bonus payment of \$3,000, and changes in longevity. It also includes changes in the health insurance program that will encourage in network employee utilization to help control health insurance costs.

HEALTH CARE AND MENTAL HYGIENE WORKER BONUS FOR STATE EMPLOYEES

The Health Care and Mental Hygiene Worker Bonus Program continues to incentivize and reward direct-care, frontline state employees through FY 2024. Bonus amounts are commensurate with the number of hours worked by employees covered by the program during two designated vesting periods. A qualifying employee may receive \$1,500 per vesting period, not to exceed \$3,000 per covered worker. Approximately 37,000 state employees received a bonus payment in FY 2023.

EXPANDING ACCESS TO PAID PARENTAL LEAVE

Despite the well-documented positive benefits of paid parental leave to maternal and infant health, as well as family economic security and workforce retention, the United States is the only developed country in the world without a national paid parental leave policy. New parents and caregivers depend on a patchwork of various federal, state, and local leave policies, in addition to any employer-sponsored benefits.

Parents should never have to choose between a paycheck and caring for their child. As a result, the State will build on the progress of New York's Paid Family Leave law by taking steps to offer State employees 12 weeks of fully paid parental leave to use for bonding with a newborn, fostered, or adopted child. The Governor will direct the Office of Employee Relations to institute this policy for all unrepresented employees as soon as possible and will engage state unions to make progress toward this goal through collective bargaining.

INDEXING THE MINIMUM WAGE

The Executive Budget proposes to automatically increase the minimum wage to keep pace with inflation for hundreds of thousands of New York's State workers, including state employees by administrative extension.

Indexing the State's minimum wage to inflation will ensure that the purchasing power of workers' wages are not eroded year over year. After reaching \$15 per hour, each region's minimum wage will increase

consistent with the year-over-year Consumer Price Index-W for the Northeast Region, the best measure of inflation in our region. To ensure that no single-year increase would threaten employment, annual increases would be capped, and an “off-ramp” would be available in the event of certain economic conditions.

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 Officers Law and in the Court of Claims.

All Governmental Funds spending is projected to remain flat due to an additional \$600 million deposit in the Retiree Health Benefit Trust Fund (RHBTF) in FY 2023, illustrated in the following table.

- **NYSHIP.** The decline in spending a result of a \$600 million deposit to the Retiree Health Trust Fund that was scheduled in later years. This one-time increase in FY 2023 was in excess to the year over year increases in anticipated medical inflation and increased utilization in non-essential procedures that were postponed during the pandemic.
- **Pensions.** Higher costs are reflective of the increase in the employer contribution rates due to the State Comptroller’s actuarial adjustments within the New York State and Local Retirement System, higher salaries, and the annual cost of living adjustment.
- **Social Security Payroll Tax.** The increase reflects general salary increases pursuant to the recent collective bargaining agreements and current spending trends.
- **All Other.** Workers’ Compensation, other fringe benefits and fixed costs reflect wage and property tax increases, and current spending trends.

SUMMARY OF ALL FUNDS FRINGE BENEFIT AND FIXED COST SPENDING				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT (%)
NYSHIP	5,922	5,550	(372)	(6.3)
Pensions	2,087	2,287	200	9.6
Social Security	1,136	1,177	41	3.6
Workers’ Compensation	560	628	68	12.1
Other Fringe Benefits / Fixed Cost	731	770	39	5.3
TOTAL	10,436	10,412	(24)	(0.2)

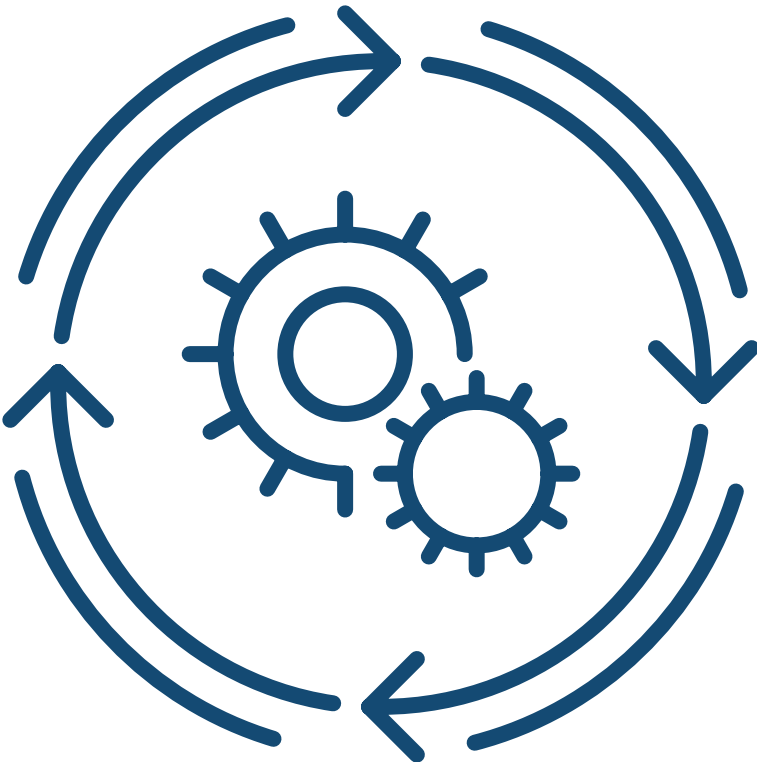
PROPOSED EXECUTIVE BUDGET ACTIONS

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 relief for local governments and lower state taxpayer costs. 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. 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.

Waive the Income Cap for Retired Teachers and School Workers

The Executive Budget will continue to incentivize retired teachers and other school workers to rejoin the workforce by extending the waiver of the income limit for retirees for one year. As part of last year's Enacted Budget, the income waiver, which is set to expire this year, was intended to temporarily alleviate the workforce challenges facing many school districts.





STRATEGIC OPERATIONS



ENSURING EFFICIENT AND EFFECTIVE STATE GOVERNMENT

In the State of the State, Governor Kathy Hochul expressed her vision of making significant improvements to State government in the years to come. A core tenant of the Division of the Budget's responsibility is to ensure that every dollar invested in programs and operations is used efficiently and effectively. To this end, the Division has and will continue to engage in a vast portfolio of strategic initiatives to lead multiple agencies towards the central goal of improving how state government delivers for New Yorkers. This focus will ensure New York State residents are effectively served for generations.

CUSTOMER AND DIGITAL EXPERIENCE

New York State strives to be a leader in customer experience for its residents. By providing strategic direction and policy guidance on how New York services are delivered, all New York State agencies can exemplify the fundamental principles of excellent customer experience: keeping the “human” at the center of design decisions; offering mobile and digital solutions first; and taking an empathetic approach to customer service.

To accomplish this, the Division will monitor progress and ensure success of key customer experience initiatives. Additionally, New York State will develop a Customer Experience guidebook highlighting key values, objectives, and a framework on how agencies should interact with and better serve New Yorkers. Progress and updates to the guidebook, will be publicly released, including acknowledgement of digital experience improvements.

This transformative strategic initiative builds on the success of New York State's groundbreaking digital proof of vaccination, Excelsior Pass and Excelsior Pass Plus, furthering the adoption and impact of digital services like the NYS Wallet, the State's first secure standard platform for adding multiple State-issued digital passes, licenses and records.

DATA STRATEGY

Data plays an integral role in the State's ability to effectively and efficiently deliver services to New Yorkers—it provides the State new capabilities in understanding the people of New York, the State workforce, the State's operations, and opportunities to learn and improve. Recognizing the evolving role of data in State operations and decision-making, New York is developing a cohesive approach to the management and use of data across all areas of government. The Division has led the effort to develop a statewide Data Strategy over the last year, with the support of representatives and data leaders from across the State's agencies and authorities. The Data Strategy will support the State's vision of using data to build a more reliable, responsive, and transparent New York, and marks an important step in New York's efforts to better coordinate and mature the State's data management and usage capabilities. The Strategy will set the direction for the State to strengthen data-driven decision-making, grow the State's data capabilities, enable a data-skilled workforce and support transparency and service delivery needs. In addition to setting the direction for the State, the Strategy also provides the near-term guidance and approaches for building foundational and enduring capabilities to improve the value and impact of New York data.

Further supporting this effort, the Division will soon launch a Data Strategy Community of Practice, bringing data practitioners together across agencies to discuss priority topics in data management, share information on data-related Executive Orders, Budget Bulletins, best practices, and other pertinent initiatives. As an integral part of implementing the State's Data Strategy, this forum will provide the opportunity for data professionals across State government to collaborate and collectively improve the State's stewardship of data.

SYSTEMS GOVERNANCE & IT STRATEGY

Part of the Division's role in ensuring the responsible use of State resources includes effective governance of some of the largest IT systems supporting State operations. The Division is responsible for

representing the Executive in the governance of specific individual systems as well as meeting the objectives of coordinating and consolidating systems where appropriate to make the most effective use of Enterprise systems. DOB is responsible for governing the Grants Gateway system and jointly governing the Statewide Financial System (SFS) with the Office of the State Comptroller (OSC). The Grants Gateway is the State's enterprise system for grants management, allowing agencies and grantees to manage grant contracts in an online system. The SFS is the State's financial management system and DOB represents the Executive in the overall governance structure, ensuring that SFS is serving the State efficiently and effectively, aligning stakeholder needs with statewide policies and objectives. There is a current project underway to transition Grants Gateway functionality in support of grant-making to SFS, better utilizing our integrated financial management system and improving the experience of our not-for-profit partners. DOB will continue to drive toward the objective of reducing the number of redundant systems across State agencies by identifying opportunities to consolidate and either utilize an existing Enterprise system or develop a new system to provide standardization and gain efficiencies.

PERFORMANCE MANAGEMENT

Vital to the success and efficiency of State expenditures is appropriate management and oversight – ensuring the State delivers on its promise. The Division of the Budget continues to lead efforts in monitoring performance and this year will establish a performance management discipline. This discipline will include performance standards, strategies, and policies that can be used to monitor the performance and progress of key initiatives.

A strong performance management discipline that can be applied to a variety of projects and programs will help the Division ensure investments made in the State budget are tied to the achievement of measurable performance goals.

COMMUNITIES OF PRACTICE

The Division of the Budget is using Communities of Practice to bring together subject matter experts from across the State in key operational areas. Communities of Practice create forums where professionals can share best practices, collectively solve problems and improve government performance. This past year, the Division launched the Procurement and Contracting Community of Practice (PCCP) and will soon kick-off a data-focused Community of Practice to support implementation of the State's Data Strategy.

PROCUREMENT

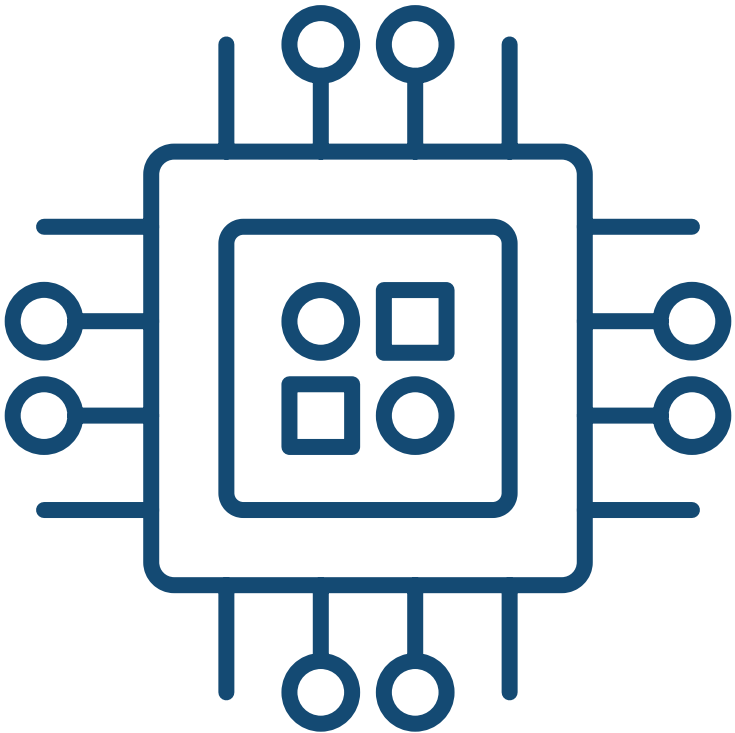
The Division supports a state procurement process that respects and instills proper safeguards while also empowering agencies to efficiently procure the goods and services they need to achieve their mission. In furtherance of this effort, the Division launched the Procurement and Contracting Community of Practice (PCCP), convening regular meetings of procurement professionals from almost 70 New York State government entities. Serving as a collaborative community to improve procurement and contracting processes, including grant contracting, across the State, the PCCP has conducted in-depth research, developed hypotheses, and crafted policy recommendations and solutions for various procurement and budget related topics and issues. To date, the PCCP has addressed topics including standardizing required procurement forms, effective contract management, updates to the Master Contract for Grants, use of eSignature in contracting, and negotiating strategies, among others.

In the coming year, the PCCP will further its focus on standardizing procurement practices across the State, particularly in the area of forms, solicitations and contract terms and conditions. The Division will support the PCCP's output through issuance of Budget Bulletins that establish clear guidelines and standards.

GRANTS MANAGEMENT

The Division of the Budget Grants Management Team is responsible for providing support to both State agencies and grantees, primarily not-for-profit organizations, as they navigate the State's grant process to support delivery of vital programs and services. A primary focus of the Grants Management Team is working with agencies to facilitate compliance with State Finance Law Article XI-B (The Prompt Contracting Law). The Grants Management team also participates in the PCCP to discuss grant procurement and contract related priorities. In addition to providing support, the Grants Management Team is also responsible for identifying and implementing improvements to the State's grant business process, making it easier and more efficient for not-for-profit organizations to conduct business with the State. Partnering closely with the Executive Chamber's Interagency Coordinator for Nonprofit Organizations, the team support the needs of the not-for-profit community and is a regular participant at the Not-For-Profit Contracting Advisory Committee.

In the coming year, the Grants Management team will complete the transition of the Grants Gateway to SFS, modernize the State's Master Contract for Grants, streamline the prequalification process, and develop standard grant application templates for use across the State.





TECHNOLOGY



OVERVIEW

The Executive Budget will continue to fund New York State's investment in technology, designed to expand online services available to residents, modernize systems, and identify opportunities to improve automation. The FY 2024 Executive Budget provides funding for additional investments in cybersecurity tools and resources, which will improve the State's security posture and keep public data secure.

The State's primary technology service provider, the Office of Information Technology Services (ITS), provides statewide strategic direction, directs policy, and delivers centralized products and services related to information technology (IT). ITS operates the statewide data center to support mission-critical applications for 53 agencies: including over 16 million resident accounts, 130,000 employee accounts, 100,000 telecommunications devices, 100,000 workstations/laptops, and 33 petabytes of data storage.

The Executive Budget includes a \$130.7 million ITS Capital Innovation Fund appropriation to fund enterprise technology projects and infrastructure upgrades, designed to increase efficiencies, improve automation, and expand the number of online services and transactions available to residents.

CYBERSECURITY

The volume and severity of cyber threats and attacks on State and Local governments has increased in the past few years. Several State agencies have a specific role in cybersecurity oversight, including ITS, DHSES, NYSP and several others. The Executive Budget will include \$42.6 million in increased funding appropriations to further strengthen State and Local cyber defense and response efforts, including an expansion of Cyber Analysis Unit funding for the State Police and the establishment of a specialized Industrial Control System Assessment Team to enhance resiliency of critical infrastructure facilities across the State. Further investment in hardware and software security tools as well as cyber personnel will be included to enhance protection of State and Local systems and reduce risk and vulnerabilities.

TECHNOLOGY AND DIGITAL SERVICES

The State will continue to invest in opportunities to increase the availability of ways for New Yorkers to interact with agencies and perform transactions online – adding to convenience and safety for the public and making government more efficient and transparent. The Executive Budget continues support for the digitization of government services, including, but not limited to, expanded use of digital credentials, and streamlined access to digitized government services.

The State will focus on improving resident experience through:

- Increased efficiencies to facilitate faster processing times, limit in-person interactions, and reduce the effort required to fill out and submit paper forms.
- Establishment of "One ID," a single, verified login that can be used across State agencies to speed up access to benefits and services, and make it easier for people to verify and secure their identity.
- Adoption of "omnichannel" communication platforms that will enable residents to interact with state workers through their preferred method of communication, including voice, live chat, text, or email.
- Expansion of New York State's capacity to improve and expand digital services by growing the team of user experience researchers and designers within the Office of Information Technology Services and the Office of General Services Digital Team.





TRANSPORTATION



The Executive Budget will continue to make historic investments in the State's transportation system, to improve our transit systems, increase mobility, and grow our economy. These investments are improving roads, bridges, airports, rail facilities, transit systems, and ports, as well as enhancing and expanding the Metropolitan Transportation Authority (MTA) network.

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

DOT also provides coordination and funding for more than 130 public transportation operators including the MTA and the four major Upstate regional transportation authorities, among other local transit systems. These systems provide bus, subway, and commuter/light rail services, as well as paratransit services to meet the needs of those with disabilities.

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, and facilitates nearly 330 million annual bridge and tunnel crossings. This includes the Metro North Railroad (MNR) and Long Island Rail Road (LIRR) commuter lines.

The New York State 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 State's transportation programs also include the Department of Motor Vehicles (DMV), which operates 30 district and branch offices and provides services via county clerk offices acting as DMV agents at 97 locations throughout the State. DMV issues licenses, nondriver identification cards, and vehicle registrations, conducts road tests, monitors driver training, and performs various enforcement activities.

In a typical year, DMV conducts more than 35 million customer transactions and collects over \$2 billion in revenue for the State and localities. New Yorkers rely on credentialing and identification documents issued by DMV to, among other things, conduct financial transactions, obtain employment, and board aircraft.

INVESTING IN SAFE, RELIABLE TRANSPORTATION SYSTEMS

Addressing the MTA's Financial Crisis

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. Despite the challenges brought about by the coronavirus, the MTA has continued to provide reliable service while ensuring a safe public transportation system for all riders and fulfilling its essential role in supporting the region's recovery.

To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to COVID-19, the MTA received significant Federal operating aid from the CARES Act (\$4 billion), the CRRSA Act (\$4.1 billion) and the ARP (\$7 billion). Despite this additional federal funding, the MTA's Financial Plan shows a long-term structural imbalance.

The Executive Budget recognizes the MTA's fiscal challenges and proposes a substantial package of additional funding dedicated to help solve the MTA's fiscal crisis. In addition to the new funding, the package includes significant proposals focused on increased public safety.

- Over \$400 million in MTA operating efficiencies to reduce expenses and improve service to customers.
- Over \$800 million in annual increased funding from the Payroll Mobility Tax (PMT).
- Nearly \$500 million of increased annual contributions from New York City for MTA's paratransit costs and student MetroCard expenses and the PMT offset for eligible exempt organizations.
- \$300 million in one-time State aid to address the

extraordinary impact on MTA operating revenues.

- A share of \$1.5 billion in licensing fees for up to 3 downstate casino licenses and between \$462-\$826 million in annual tax revenue, according to scenarios outlined in the Spectrum Gaming Market Study, will be directed to the MTA for operating purposes. Specific amounts and timing are dependent on the license award process, but are not anticipated until 2026 or later.
- Significant investments in public safety, including \$150 million annually for additional MTA safety personnel.
- Proposed changes designed to provide safety and additional protections for MTA workers in certain titles.

MTA's Capital Program

The MTA remains committed to its Capital Program. The MTA's \$52.1 billion Capital Program, executed from 2020-2024, represents the largest investment in MTA infrastructure in state history, almost 70 percent larger than the previous program. The program will revitalize the subway system and prioritize improving

signal technology, increasing accessibility, ensuring investment in the Metro North (MNR) and Long Island Rail Roads (LIRR), upgrading bus service and advancing quality of life for those served.

The Capital Program will advance several major initiatives including:

Central Business District Tolling Program. The Central Business District (CBD) congestion pricing plan is the first of its kind in the nation. It will combat gridlock and deliver \$15 billion in financing to support the Capital Plan.

Accessibility. The final phase of this initiative will make an additional 70 subway stations ADA-accessible, making over 60 percent of passenger stations accessible.

Second Avenue Subway Phase 2. The project will provide three new fully accessible stations, extending service from 96th street to 125th street, and a connection with Metro-North.



New Hyde Park Station, Long Island Rail Road

Penn Station Access. The project will carry the New Haven line and East Bronx residents directly into Penn Station, and create four new, ADA-accessible Metro-North commuter railroad stations at Co-op City, Morris Park, Parkchester/Van Nest, and Hunts Point.

East Side Access. The project will provide Long Island Rail Road riders with 40 miles of new tracks and a new terminal, called Grand Central Madison. This new service from Long Island to Grand Central Madison will save commuters up to 40 minutes of travel time per day.

LIRR Third Track. The project will add 10 miles of mainline between Floral Park and Hicksville and provide capacity and shorten service disruptions for 41 percent of LIRR ridership.

Interborough Express. To further efforts to expand transit networks, the MTA will work to complete the environmental review for the Interborough Express in order to ensure its inclusion in the MTA's next five-year capital plan. The Interborough Express project will connect neighborhoods along a 14-mile existing freight right-of-way from Bay Ridge, Brooklyn, to Jackson Heights, Queens. The Interborough Express planning and environmental linkages study recommends light rail as the preferred option for providing fast, frequent service, connecting the Interborough with up to 17 different subway lines and the Long Island Railroad.

STRENGTHENING NEW YORK STATE 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. During FY 2022, the DOT replaced or rehabilitated more than 60 State bridges and completed over 5,000 corrective and preventive bridge treatments to slow deterioration. In addition, approximately 2,600 lane miles of State highway were resurfaced or reconstructed.

Building on unprecedented DOT investments, the Executive Budget reflects the second year of a record \$32.8 billion, five-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 five-year Capital Plan is aligned with Federal funding commitments made in the Infrastructure Investment and Jobs Act (IIJA). New York will receive an estimated \$13.5 billion in highway and bridge formula aid over five years from the IIJA (an increase of \$4.6 billion compared to the five-year Fixing America's Surface Transportation (FAST) Act). The total includes a projected \$1.9 billion of formula funding for bridges.
- Major projects funded in this plan include phases of the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The plan also advances priorities across the State including modernizing the Livingston Avenue Bridge in Albany, reconnecting neighborhoods across the Kensington Expressway in Buffalo, converting Route 17 to I-86 in Orange and Sullivan Counties, and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County.

IMPROVING NYS ROADS & BRIDGES



- The DOT Capital Plan includes a \$1 billion program, Pave Our Potholes (POP), designed to improve state and local road conditions and prevent deterioration. The statewide "Bridge NY" program has also been increased by \$1 billion over five years, which will serve to rehabilitate or replace structures that are susceptible to recurring flooding or foundation scour.

In order to reduce traffic congestion and improve the customer experience, the Thruway Authority has fully implemented cashless tolling system wide. The Authority made a total of \$328 million in infrastructure investments on the Thruway's 570-mile system in 2022. Investments continued the Authority's commitment to modernizing the nearly 70-year-old system and focused on providing a high level of maintenance, safety, and reliability. In 2022, the Thruway also continued their multi-year initiative to redevelop 27 service areas. Three new Thruway service areas reopened in 2022, at the Indian Castle, Chittenango, and Junius Ponds locations.

PROPOSED FY 2024 TRANSPORTATION BUDGET ACTIONS

Improving Roads, Bridges, and Safety

DOT Capital Plan. The Executive Budget provides almost \$7 billion for the second year of a record \$32.8 billion, five-year DOT Capital Plan that will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the last five-year DOT Capital Plan, this is an increase of \$9.4 billion, or 40 percent.

Local Highways and Bridges. The Executive Budget continues the State's record commitments 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 \$577.8 million. The budget provides the second year of an annual \$100 million for the local Pave Our Potholes program, \$150 million in highway aid through the PAVE NY program and \$200 million to fund local projects from the BRIDGE NY program. These programs are further improving conditions on State and local roads and bridges.

Connecting Communities with Complete Streets. The Executive Budget provides \$5 million of new funding to advance planning for projects that utilize a complete street design approach to transportation infrastructure. DOT will implement a pilot program that will help address the safety and mobility needs of roadway users of all ages and abilities, including pedestrians, bicyclists, and other non-motorized users.

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.

Empower DOT to Seize Dangerous Vehicles. The Executive Budget includes legislation that would allow DOT to impound certain large passenger carrying vehicles that fail inspections and are placed out-of-service, such as vans, ambulettes, motor coaches, buses, and party buses. This bill would give DOT the same authority over these vehicles that it currently has over stretch limousines.

Stop Secondary Crashes. The Executive Budget also includes legislation that would clarify motorists' responsibility to move vehicles out of the flow of traffic in the event of a minor vehicle accident involving no personal injury or death. This would reduce the likelihood of secondary crashes that can cause greater risk to the public and emergency responders, and also help to reduce traffic congestion.

Investing in Transit

New York State provides transit operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Transit systems provide an estimated 3.9 billion rides annually (2019). State transit aid typically accounts for approximately one-third of MTA operating resources and over 40 percent of non-MTA operating resources.

The Executive Budget provides \$9.1 billion in mass transit operating support:

MTA. The MTA will receive \$8.3 billion in State operating aid in FY 2024, including resources collected by the State and sent directly to the MTA without appropriation. Traditional on-budget MTA assistance will increase 7 percent, from \$3.8 billion to \$4.1 billion. The MTA will also receive \$300 million of one-time assistance to address extraordinary revenue impacts caused by the pandemic.

Upstate. Upstate transit systems are slated to receive \$287 million, representing an overall 7 percent regional increase.

Downstate. Downstate systems will receive \$522 million, representing an overall 8 percent regional increase.

The FY 2024 Executive Budget also proposes a new five-year, \$10 million pilot program to fund innovative mobility initiatives, including services for riders facing barriers to traditional public transit and creating new options in locations currently without transit. This proposal would allocate up to \$1 million to each of the seven largest Upstate, Westchester, and Long Island systems, while smaller systems throughout the state would jointly be eligible for a competitive \$3 million.

The Executive Budget also invests in transit capital needs:

MTA Capital. The \$52.1 billion 2020-24 MTA Capital Program remains the largest and most expansive plan in its history. In addition to the \$25 billion secured in

the FY 2020 Budget, the State will reappropriate \$3 billion which will be matched by the City of New York.

Non-MTA Capital. Non-MTA transit capital will receive \$160 million. The State will again appropriate \$20 million for bus electrification and \$20 million to rehabilitate NFTA’s light rail.

Transforming DMV Customer Service. Accounting for the steady increase in the volume and complexity of its transactions and complications of the pandemic, 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, over 6 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.

STATE OPERATING FUNDS SPENDING				
CATEGORY	FY 2023 (MILLIONS OF DOLLARS)	FY 2024 (MILLIONS OF DOLLARS)	Dollar Change (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Department of Transportation	\$1,109	\$1,198	\$89	8%
Metropolitan Transportation Authority	\$7,329	\$8,032	\$703	10%
Department of Motor Vehicles	\$94	\$97	\$3	3%
TRANSPORTATION SPENDING TOTAL	\$8,532	\$9,327	\$795	9%

MTA includes certain revenues that are directed to MTA without appropriation: Payroll Mobility Tax, Mortgage Recording Tax, For-Hire Vehicle surcharges, Mansion Tax, and former MTA Aid Trust revenues. The MTA amounts above do not reflect the one-time \$300 million State aid in FY 2024 for extraordinary impacts resulting from the pandemic.

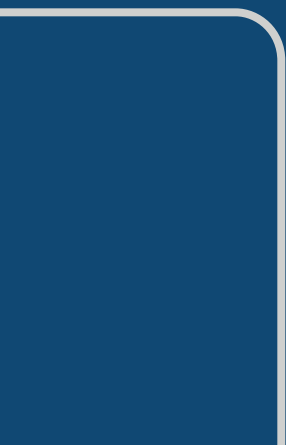
Building on the success of previous customer service initiatives, DMV continues to use an enhanced call center, expansion of online transaction capabilities, and the implementation of a reservation system to reduce customer foot traffic in district and online offices. DMV's website is continuously improving to provide a more responsive design for its customers. Additional DMV-related Budget actions include the following:

Close the DWI Loophole. The Executive Budget proposes to amend the law to ensure that all persons twice convicted of a DWI where personal injury has occurred cannot be relicensed, thereby removing some of the state's most dangerous drivers from the road.

Allow NYC to Lower Its Speed Limit. The Executive Budget also includes legislation to give NYC the authority to adjust its speed limits to account for the dangers of fast driving in urban environments. This will allow NYC to designate speed limits of no less than 20 MPH, and as low as 10 MPH in school zones and areas where traffic calming measures exist.

County Clerk Retention. The Executive Budget proposes to increase the retention rate for county clerk offices that perform DMV transactions, from the current 12.7% for in-office transactions and 3.25% for online transactions, to a flat 10.75% for all transactions. As more transactions are shifting to online based, the proposed rate change is projected to increase revenue that is retained by counties by \$13 million annually.



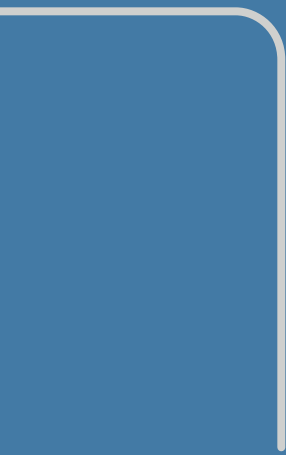


SECTION IV

SUPPLEMENTAL REFERENCE INFORMATION







THE EXECUTIVE BUDGET CITIZEN'S GUIDE



SUBMISSION OF THE EXECUTIVE BUDGET

New York State's budget process uses an Executive Budget model, in which the Governor is responsible for developing and preparing a comprehensive, balanced budget proposal. The Governor is required by the State Constitution to seek and coordinate requests from agencies of State government, develop a "complete" plan of proposed expenditures and the revenues available to support them (a "balanced budget"), and submit a budget to the Legislature along with the appropriation bills and other legislation required to carry out budgetary recommendations.

What is a state agency? Any department, agency, or other instrumentality of the government of any State or of any political subdivision of any State.

What is a Budget bill? Defined by Section 3 of Article VII (7) of the NYS Constitution: At the time of submitting the budget to the legislature the governor shall submit a bill or bills containing all the proposed appropriations and reappropriations included in the budget and the proposed legislation, if any, recommended therein.

What is an appropriation? A sum of money or total of assets devoted to a special purpose. From Section 7 of Article VII of the NYS Constitution: No money shall ever be paid out of the state treasury or any of its funds, or any of the funds under its management, except in pursuance of an appropriation by law...

When is the Executive Budget due? The Executive Budget must be submitted on or before the second Tuesday following the first day of the annual meeting of the legislature or by February 1 in an election year.

EXECUTIVE AMENDMENTS

Following the submission of the Executive Budget, the Constitution authorizes the Governor to submit technical corrections and revisions based on the latest information within 30 days. 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.

LEGISLATIVE REVIEW AND RECOMMENDATIONS

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 called 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 directly from the legislative document rooms and online.

BUDGET ENACTMENT

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 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 the 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.

When is the budget due? The budget must be enacted by the start of the April 1, the start of the fiscal year.

POST ENACTMENT

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.

LEARN MORE

Readers are encouraged to visit the New York State Budget Division online, budget.ny.gov, and the Open Budget website, openbudget.ny.gov, to access the latest information and documents related to the Executive Budget proposal and the Enacted Budget. All materials are made available on the website within 24 hours.





GLOSSARY OF ACRONYMS



A

- **AAA** - Area Agencies on Aging
- **ACA** - Affordable Care Act
- **AFP** - American Families Plan
- **AG** - Attorney General
- **AGM** - Department of Agriculture and Markets
- **AIG** - American International Group, Inc.
- **AIM** - Aid and Incentives for Municipalities
- **AJP** - American Jobs Plan
- **ALICO** - American Life Insurance Company
- **AMI** - Area Median Income
- **AML** - Anti-Money Laundering
- **AMTAP** - Additional Mass Transportation Assistance Program
- **APCD** - All-Payer Claims Database
- **APTC** - Advance Premium Tax Credit
- **ARP** - American Rescue Plan Act of 2021
- **ATB** – Across the Board
- **ATI** - alternatives to incarceration
- **AXA** - AXA Equitable Life Insurance Company
- **AY** - Academic Year (July 1 through June 30) – SUNY/CUNY

B

- **BAFO** – Best and Final Offers
- **BANs** - Bond Anticipation Notes
- **BBA 19** - Bipartisan Budget Act of 2019
- **BEA** - Bureau of Economic Analysis
- **BIL** - Bipartisan Infrastructure Law (see also - Infrastructure Investment and Jobs Act (IIJA))
- **BLS** - Bureau of Labor Statistics
- **BNPP** - BNP Paribas, S.A., New York Branch
- **BOCES** - Boards of Cooperative Educational Services
- **BofA** - Bank of America
- **BofAML** - Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated
- **BSA** - Bank Security Act
- **BTMU** - Bank of Tokyo-Mitsubishi UFJ, Ltd.

C

- **CAC** - Crime Analysis Center
- **CANS** - Child and Adolescent Needs & Strengths
- **CARES Act** - Coronavirus Aid, Relief, and Economic Security Act

- **CBD** - Central Business District (CBD) Tolling Program
- **CBPP** - Center for Budget and Policy Priorities
- **CCB** – Cannabis Control Board
- **CES** - Current Employment Statistics
- **CDPAP** – Consumer Directed Personal Assistance Program
- **CFT** - Corporate Franchise Tax
- **CFY** - City Fiscal Year
- **CGT** - Cell and Gene Therapy
- **CHP** - Child Health Plus
- **CHUBB** - Chubb Group Holdings Inc. and Illinois Union Insurance Company
- **CIGNA** - Cigna Health and Life Insurance Company
- **CISO** - Chief Information Security Office
- **CLCPA** - Climate Leadership and Community Protection Act of 2019
- **CMS** - Centers for Medicare & Medicaid Services
- **COLA** - Cost-of-Living Adjustment
- **CON** - Certificate of Need
- **CoP** - Community of Practice
- **COVID-19** - Coronavirus Disease 2019
- **CPI** - Consumer Price Index
- **CPRSA** - Coronavirus Preparedness and Response Supplemental Appropriations Act
- **CRF** - Coronavirus Relief Fund
- **CRRSA** - Coronavirus Response and Relief Supplemental Appropriations Act
- **CSEA** - Civil Service Employees Association
- **CSU** - Community Stabilization Units
- **CSX** - CSX Transportation, Inc.
- **CUNY** - City University of New York
- **CUT** - Corporation and Utilities Tax
- **CW/CA** - Clean Water/Clean Air
- **CY** - County Year

D

- **DANY** - New York County District Attorney
- **DASNY** - Dormitory Authority of the State of New York
- **DCS** – Department of Civil Service
- **DDPC** - Developmental Disabilities Planning Council
- **DEC** - Department of Environmental Conservation
- **DelAm** - Delaware American Life Insurance Company
- **DFS** - Department of Financial Services

- **DHBT** - Dedicated Highway and Bridge Trust Fund
- **DHCR** - Division of Housing and Community Renewal
- **DHSES** - Division of Homeland Security & Emergency Services
- **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
- **DOS** - Department of State
- **DOT** - Department of Transportation
- **DPS** - Department of Public Service
- **DRI** - Downtown Revitalization Initiative
- **DS** - Debt Service
- **DSH** - Disproportionate Share Hospital
- **DSP** - Division of State Police
- **DTF** - Department of Taxation and Finance

E

- **EANS** - Emergency Assistance for Nonpublic Schools
- **ECEP** - Employer Compensation Expense Program
- **ECHS** – Early College High School
- **EDF** - Economic Development Fund
- **eFMAP** - Enhanced Federal Medical Assistance Percentage
- **EI** - Early Intervention
- **EMS** - Emergency Medical Services
- **EP** - Essential Plan
- **EPIC** - Elderly Pharmaceutical Insurance Coverage/Extended Prosperity and Innovation Campuses
- **ERS** - Employees' Retirement System
- **ESEA** - Elementary and Secondary Education Act
- **ESD/ESDC** - Empire State Development Corporation
- **ESG** - Environmental, Social and Governance
- **ESInet** -
- **ESPRI** - Empire State Poverty Reduction Initiative
- **ESSER** - Elementary and Secondary School Emergency Relief Fund
- **ESSHI** - Empire State Supportive Housing Initiative

F

- **FAST** - Fixing America's Surface Transportation
- **FEMA** - Federal Emergency Management Agency
- **FFCRA** - Families First Coronavirus Response Act
- **FFY** - Federal Fiscal Year (October 1 Through September 30)
- **FHWA** - Federal Highway Administration
- **FMAP** - Federal Medical Assistance Percentage
- **FMR** - Fair Market Rent
- **FOMC** - Federal Open Market Committee's
- **FPG** - Fortis Property Group
- **FPL** - Federal Poverty Level
- **FRB** - Financial Restructuring Board
- **FTE** - Full-Time Equivalent
- **FY** - Fiscal Year

G

- **GAAP** - Generally Accepted Accounting Principles
- **GASB** – Governmental Accounting Standards Board
- **GASBS** – Governmental Accounting Standards Board Statement
- **GDP** - Gross Domestic Product
- **GEER** - Governor's Emergency Education Relief
- **GFOA** - Government Finance Officers Association
- **GIVE** - Gun Involved Violence Elimination
- **GLIP** - Group Life Insurance Plan
- **GO-SEMI** - Governor's Office of Semiconductor Expansion, Management, and Integration
- **GPHW** - General Public Health Work
- **GSA** - US General Services Administration
- **GSCs** - General State Charges
- **GSEU** - Graduate Student Employees Union

H

- **HALT** - Humane Alternatives to Long Term Solitary Confinement Act
- **HBITS** - Hourly Based Information Technology Services
- **HCBS** - Home and Community-Based Services
- **HCR** - Homes and Community Renewal
- **HCRA** - Health Care Reform Act
- **HCTF** - Health Care Transformation Fund
- **HEAP** - Home Energy Assistance Program

- **HERDS** - Hospital Electronic Response Data System
- **HESC** - Higher Education Services Corporation
- **HFNY** - Healthy Families New York
- **HIDTA** - High Intensity Drug Trafficking Area
- **HMO** - Health Maintenance Organization
- **HRI** - Health Research, Inc.
- **HUT** - Highway Use Tax

I

- **ICP** - Indigent Care Payments/Indigent Care Pool
- **ICR** - Institutional Cost Reports
- **IDEA** - Individuals with Disabilities Education Act
- **IIJA** - Infrastructure Investment and Jobs Act
- **IMF** - International Monetary Fund
- **IPCC** - Intergovernmental Panel on Climate Change of the United Nations
- **IRS** - Internal Revenue Service
- **IT** - Information Technology
- **ITS** - Information Technology Services

J

- **J&J** - Johnson & Johnson
- **JFK** - John F. Kennedy International Airport

L

- **LFY** - Local Fiscal Year
- **LGAC** - Local Government Assistance Corporation
- **LICH** - Long Island College Hospital
- **LIRR** - Long Island Railroad
- **LLC** - Limited Liability Company
- **LTCOP** - Long-Term Care Ombudsman Program
- **LWA** - Lost Wages Assistance

M

- **MAGI** - Modified Adjusted Gross Income
- **MAT** - Medication-Assisted Treatment
- **MC** - Management Confidential
- **MLF** - Municipal Liquidity Facility
- **MLR** - Medical Loss Ratio
- **MLTC** - Managed Care/Managed Long Term Care
- **MOE** - Maintenance of Effort
- **MRT** - Medicaid Redesign Team
- **MRT II** - Medicaid Redesign Team II
- **MSA** - Master Settlement Agreement
- **MTA** - Metropolitan Transportation Authority

N

- **NMS** - New Medical Site
- **NPS** - Non-Personal Service
- **NYC** - New York City
- **NYPA** - New York Power Authority
- **NYS** - New York State
- **NYSCA** - New York State Council on the Arts
- **NYSCOPBA** - New York State Correctional Officers and Police Benevolent Association
- **NYSERDA** - New York State Energy Research and Development Authority
- **NYSHIP** - New York State Health Insurance Program
- **NYSLRS** - New York State and Local Retirement System
- **NYSOH** - New York State of Health
- **NYSPIA** - New York State Police Investigators Association
- **NYSTA** - New York State Thruway Authority
- **NYSTPBA** - Police Benevolent Association of the New York State Troopers
- **NYU** - New York University

O

- **OAG** - Office of the Attorney General
- **OASAS** - Office of Addiction Services and Supports
- **OCFS** - Office of Children and Family Services
- **OCM** - Office of Cannabis Management
- **OFAC** - Office of Foreign Assets Control
- **OHEHR** - Office of Health Equity and Human Rights
- **OMB** - United States Office of Management and Budget
- **OMH** - Office of Mental Health
- **OMIG** - Office of the Medicaid Inspector General
- **OPEB** - Other Post-Employment Benefits
- **OPRHP** - Office of Parks, Recreation and Historic Preservation
- **OPWDD** - Office for People with Developmental Disabilities
- **ORDA** - Olympic Regional Development Authority
- **ORP** - Optional Retirement Program
- **OSC** - Office of the State Comptroller
- **OTDA** - Office of Temporary and Disability Assistance

P

- **PAYGO** - Pay-As-You-Go
- **PBA** - Police Benevolent Association
- **PBANYS** - Police Benevolent Association of New York State
- **PBT** - Petroleum Business Tax
- **PCCP** - Procurement and Contracting Community of Practice
- **PCF** – Public Campaign Finance
- **PEF** - Public Employees Federation
- **PFRS** - Police and Fire Retirement System
- **PHE** - Public Health Emergency
- **PIA** - Police Investigators Association
- **PIGI** - Personal Income Growth Index
- **PILOT** - Payments in Lieu of Taxes
- **PIT** - Personal Income Tax
- **PMT** - Payroll Mobility Tax
- **PPE** - Personal Protective Equipment
- **PPO** - Preferred Provider Organization
- **PPP** - Paycheck Protection Program
- **PS** - Personal Service
- **PSC** - Public Service Commission
- **P-TECH** - Pathways in Technology Early College High School
- **PTET** - Pass-Through Entity Tax
- **PwC** - PricewaterhouseCoopers LLP

Q

- **QCEW** - Quarterly Census of Employment and Wages

R

- **RBS** - RBS Financial Products Inc. (formally Greenwich Capital Financial Products, Inc.)
- **RBTF** - Revenue Bond Tax Fund
- **REDC** - Regional Economic Development Council
- **RFP** - Request for Proposals
- **RGGI** - Regional Greenhouse Gas Initiative
- **RHY** - Runaway Homeless Youth
- **RSSL** - Retirement and Social Security Law

S

- **SALT** - State and Local Tax
- **SAVE** - Supervision Against Violent Engagement
- **SBIR** - Small Business Innovation Research

- **SBTT** - Small Business Technology Transfer
- **SCB** - Standard Chartered Bank
- **SCB NY** - Standard Chartered Bank, New York Branch
- **SED** - State Education Department
- **SFY** - State Fiscal Year (April 1 Through March 31)
- **SHIN-NY** - Statewide Health Information Network for New York
- **SLRF** - State and Local Fiscal Recovery Fund
- **SNAP** - Supplemental Nutrition Assistance Program
- **SOFA** - State Office for the Aging
- **SSI** - Supplemental Security Income
- **STAR** - School Tax Relief
- **STEM** - Science, Technology, Engineering, and Math
- **STIP** - Short-Term Investment Pool
- **SUNY** - State University of New York
- **SY** - School Year (July 1 through June 30)

T

- **TANF** - Temporary Assistance for Needy Families
- **TAP** - Tuition Assistance Program
- **TCJA** - Tax Cuts and Jobs Act of 2017
- **TRS** - Teachers' Retirement System
- **TY** - Tax Year (January 1 Through December 31)

U

- **UBS** - UBS Securities LLC and UBS Real Estate Securities Inc.
- **UCS** - Unified Court System
- **UI** - Unemployment Insurance
- **URI** - Upstate Revitalization Initiative
- **U.S.** - United States
- **UUP** - United University Professions

V

- **VDC** - Voluntary Defined Contribution
- **VLT** - Video Lottery Terminal



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