Preliminary Report on the State Fiscal Year 2014-15 Enacted Budget

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Executive Summary

The State ended SFY 2013-14 in its most favorable financial position in years. The General Fund's end-of-year balance, more than $2.2 billion, was $432 million over February projections. The State deposited $175 million in the Rainy Day Reserve Fund, the first such deposit since 2008, and prepaid more than $700 million in debt service and Personal Income Tax refunds.

The adoption of the SFY 2014-15 Budget before the start of the new fiscal year was a positive sign. The State Fiscal Year (SFY) 2014-15 Enacted Budget continues efforts to limit spending growth, as the State has done in annual budgets enacted since 2009.

While New York State's financial condition has improved, the challenge of achieving structural budgetary balance remains. The Enacted Budget relies on an estimated $4.9 billion in temporary resources and $2.7 billion in extraordinary federal aid. Such resources include $2.1 billion in revenues from temporarily higher tax rates on upper income individuals and $1 billion from the State Insurance Fund. The Division of the Budget (DOB) is expected to release the Enacted Budget Financial Plan, including updated estimates of receipts and disbursements, in the coming weeks. A more detailed analysis of spending and revenue growth will be possible when the Financial Plan is made available.

Several actions in the new Budget have the effect of clouding the spending growth picture. For instance, some $589 million in resources from a civil settlement is directed to be deposited into a Fiduciary Fund, spending from which will not be counted in the State's All Funds totals. Appropriations of $393.9 million from this Fund are provided in the Enacted Budget. In addition, approximately $115 million in spending for housing and homelessness programs, as well as grants to the cities of Yonkers and Rochester is accomplished with resources from the Mortgage Insurance Fund, which is off-budget and also not counted in the State's spending totals. Up to $90 million from a transfer of funds from the New York Power Authority (NYPA) could also be spent off-budget to support State energy-related or economic development purposes. This is accomplished with language that provides the Director of the Budget with the discretion to designate where the transfer of NYPA funds should be directed.

The prepayments of debt service and tax refunds mentioned above are indicators of an improved cash position, but also obscure the picture of overall spending and revenue growth in each year. For example, the State made $380 million in debt service prepayments in SFY 2013-14 that were initially planned for SFY 2014-15. This has the effect of reducing the appearance of spending growth between the two years. If this timing-related payment were adjusted out, projected spending from State

Operating Funds for SFY 2014-15 would increase 2.8 percent instead of the 2 percent currently presented. The Executive's aspirational goal of presenting State Operating Funds spending growth below 2 percent relies on both spending restraint and mechanisms such as these.

The Enacted Budget authorizes approximately $7.6 billion in new debt. Most of this will be "backdoor borrowing," where public authorities issue debt on behalf of the State. In such cases, unlike issuance of the State's General Obligation debt, voter approval is not required. The authorized new debt includes the proposed $2 billion Smart Schools Bond Act, which will require voter approval. Engaging the public in borrowing decisions is a positive step. The Budget also increases funding for the State and Municipal Facilities Program to $770 million, a doubling of the program over the SFY 2013-14 level, and expands it to include a broad range of economic development, education, environmental and other purposes, all of which can be financed with new debt.

Several elements of the Enacted Budget raise concerns regarding transparency and accountability. Following budget reform legislation enacted in 2007, the State largely discontinued what had been a longstanding and often criticized practice of allocating significant lumps of money each year through Memoranda of Understanding (MOU) or similar agreements among the Executive and legislative leaders. This year's Enacted Budget returns to that practice. For example, $439.5 million from a settlement with JP Morgan will be allocated by MOU among the Director of the Budget, the Speaker of the Assembly and the Temporary President of the Senate, or their designees, in consultation with the Commissioner of the Division of Housing and Community Renewal. Also, $116 million in SUNY and CUNY capital funds will be spent pursuant to a plan approved by the Division of the Budget and one house of the Legislature, the Senate. This method of budgeting makes it hard for taxpayers to know how their money is being spent, while precluding a full dialogue among stakeholders that ensures the public interest is identified and pursued.

Other elements of the Enacted Budget that raise transparency concerns include hundreds of millions of dollars in authorized fund sweeps, which allow resources to be directed solely at the discretion of the Executive. The Budget includes general (or "blanket") authorization of up to $500 million in such sweeps and up to $100 million in sweeps specifically for consolidation of information technology services. The Enacted Budget adds an additional $125 million in sweeps.

The Enacted Budget provides for more than $265 million in transfers and miscellaneous receipts from public authorities. These include $115 million from the State of New York Mortgage Agency and use of $30 million in funds from the Metropolitan Mass Transit Operating Assistance (MMTOA) fund to pay Metropolitan Transportation Authority debt service that previously had been paid from the General Fund. Such sweeps diminish transparency and clarity with respect to use of public resources, and in cases such as the MMTOA sweep, redirect moneys from their original, intended purposes, to other uses.

Other key points of this report include:

- The Enacted Budget includes tax reduction measures valued at an estimated $511 million this year, with provisions for residential property tax relief representing more than half that total. Other tax changes, some of which are phased-in, include: merging the Bank Tax into the Corporation Franchise Tax and reducing the top corporate tax rate from 7.1 to 6.5 percent; increasing the threshold at which New York State's estate tax applies from $1 million, so that estates of less than $5.25 million will be exempt; and providing a 20 percent property tax credit for manufacturing companies.

- The Enacted Budget increases school aid by 5.4 percent, or $1.1 billion, on a school-year basis. It also provides $340 million for a statewide, full-day prekindergarten program, of which $300 million is targeted to New York City.

- The Smart Schools Bond Act, the subject of a referendum on the statewide ballot this November, will be the first borrowing proposal submitted to voters since a $2.9 billion Bond Act for transportation purposes that was approved in 2005. The proposal authorizes up to $2 billion in borrowing for purposes that include a wide range of school technology purchases, certain school facilities, and broadband access projects that may be located in schools or elsewhere within the community.

- The Enacted Budget provides no increase in general revenue sharing assistance for local governments, but includes a $2 million overall increase in per capita aid for villages. It includes modified versions of property tax relief proposals made in the Executive Budget, but excludes an enhanced property tax circuit breaker credit that had been proposed by the Executive.

- The Enacted Budget amends Education Law to authorize the State Comptroller to audit the financial operations of charter schools located outside of New York City, addressing a recent court decision that challenged the Office's authority to audit charters. (The New York City Comptroller is authorized to perform audits of the financial operations of charter schools within the City.) Such audits extend to charter schools an important accountability mechanism that has been in place for other schools for many decades.

- The Enacted Budget gives the Department of Health control over federal Medicaid waiver funds anticipated to come to New York, including $4 billion in the next two years. Budget language governing distribution of the waiver funding removes certain contract reviews by the Office of the State Comptroller, as well as certain competitive bidding provisions. This diminishes oversight, transparency, and accountability in the State's procurement process. The Budget also provides for $1.2 billion in bond proceeds for closures, mergers and restructuring of hospitals, nursing homes and other health care facilities.

- The Budget provides $5.6 billion in increased bonding authorizations for 20 State-supported programs in which bonds are issued by State public authorities. This reflects an increase of 11 percent over the prior year for those that have changed and 6 percent for all current bond authorizations. The enacted increase is 56 percent larger than the change enacted in SFY 2013-14. In addition, the Enacted Budget amends statutory language for several existing caps, expanding the authorized projects eligible for funding.

- Legislation enacted with the Budget creates a limited, one-year program of voluntary public financing for candidates for State Comptroller, provides new penalties for certain crimes by public servants and other individuals that violate the public trust or corrupt the government, and creates a Division of Election Law Enforcement within the Board of Elections to investigate violations of the Elections Law. While the Executive Budget included broader, permanent reforms to the State's campaign finance laws, such provisions were not included in the Enacted Budget.

- Enacted Budget appropriations are increased a net $2.1 billion over Executive Budget, to a total of $277 billion in new appropriations. The largest overall increase is in the area of education, labor, and family assistance, where new appropriations were increased by a net $1.6 billion above the Executive Budget, representing 77 percent of the total new appropriations added in the Enacted Budget. In contrast to the $143 billion in All Funds planned spending, appropriations reflect the maximum legal authority to spend. Appropriations are often significantly higher than expected actual disbursements, in part because certain programs, including education and Medicaid, are provided two-year appropriations in some instances.

Note: The Financial Plan figures in this report are taken from the estimates provided by DOB in the Financial Plan Update that accompanied the SFY 2014-15 Executive Budget proposal, or, where information is available, from the SFY 2014-15 Enacted Budget, or from estimates provided by the New York State Senate and the New York State Assembly. The SFY 2014-15 Enacted Budget Financial Plan is expected to be released by DOB within the next several weeks.

Financial Plan Overview

The Division of the Budget (DOB) projected that the proposed SFY 2014-15 Executive Budget would increase State Operating Funds spending by 1.7 percent, before adjustments for timing-related actions. This is in line with other proposed budgets of recent years that have presented State Operating Funds spending growth below 2 percent.

The Executive illustrated that if spending growth were held to 2 percent in future budgets, by the third year of the Financial Plan, the State could realize a surplus of approximately $2 billion before any use of such resources for new policy actions. However, the Executive Budget did not propose specific steps to achieve such spending limitations after SFY 2014-15.[1] Based on DOB's spending and receipt estimates included in the Financial Plan Update that accompanied the SFY 2014-15 Executive Budget, without adherence to the State Operating Funds 2 percent spending growth target, the Office of the State Comptroller estimated that projected budget gaps would total $1.5 billion in SFY 2015-16 and rise to just under $3.5 billion in SFY 2017-18. Gap projections could increase further in the years beyond SFY 2017-18, as certain temporary resources currently supporting ongoing spending come to an end. Such estimates will be revised after the Executive releases the SFY 2014-15 Enacted Budget Financial Plan, expected within the next few weeks.

According to preliminary legislative estimates, unadjusted disbursements from State Operating Funds are projected to increase slightly less than 2 percent in the SFY 2014-15 Enacted Budget.[2] Legislative estimates indicate that out-year current services budget gaps would be smaller with the Enacted Budget than with the Executive's proposal. This primarily reflects a smaller tax reduction package than originally proposed by the Executive.

DOB has executed several timing-related adjustments and taken other steps that have the effect of altering projected rates of spending growth. These actions include prepayment of $380 million in debt service and $328 million in Personal Income Tax (PIT) refunds in SFY 2013-14 rather than in SFY 2014-15 as previously planned, and shifting certain spending off-budget (the latter includes certain assistance for the cities of Rochester and Yonkers, funding for housing and homelessness programs, and debt service associated with SUNY dormitories). Adjusting to eliminate the effect of these actions would result in a State Operating Funds spending growth figure in excess of 2 percent, as shown in the Financial Plan Adjustments section of this report.

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[1] For more detailed analysis of the Executive Budget proposal, see *Report on the State Fiscal Year 2014-15 Executive Budget*, February 2014, available at www.osc.state.ny.us/reports/budget/2014/executivebudget2014.pdf.

[2] See www.assembly.state.ny.us/Reports/WAM/20140331/2014_budget_summary.pdf and www.nysenate.gov/files/Adopted%20Budget%202014-15%20Fact%20Sheet.pdf for legislative overviews of the SFY 2014-15 Enacted Budget.

SFY 2013-14 – Preliminary Year-End Results

New York State ended SFY 2013-14 with a General Fund balance of over $2.2 billion, approximately $526 million more than projected when the fiscal year began and $432.2 million higher than anticipated in the last Financial Plan Update released in February 2014. General Fund spending totaled $61.2 billion in SFY 2013-14, representing an increase of $2.3 billion or 3.9 percent. Spending was $226 million under the latest projections and $77 million above initial projections. These figures for General Fund spending include $380 million in debt service transfers that were initially anticipated to occur in SFY 2014-15.[3]

For the first time in seven years, year-end tax collections exceeded initial projections. All Funds tax collections totaled $69.7 billion, $3.4 billion or 5.1 percent over final collections for SFY 2012-13 and $282.5 million over the latest projections and $345.5 million over initial projections. Personal Income Tax (PIT) collections provided most of the growth in All Funds collections throughout the fiscal year. Figures for year-end collections also reflect the prepayment of $328 million in PIT refunds that were initially planned for SFY 2014-15.

In addition to stronger-than-expected growth in tax revenues, the State realized over $700 million in unanticipated revenues, of which $540 million benefited the General Fund. Figure 1 illustrates the progression of DOB's receipt and disbursement projections with each Financial Plan update throughout the year.

Figure 1

Overall Projections for Receipts and Disbursements – SFY 2013-14
(in millions of dollars)

	SFY 2012-13 Actual	SFY 2013-14 Enacted April	SFY 2013-14 1st Quarter June	SFY 2013-14 Mid-Year November	SFY 2013-14 3rd Quarter Update February
General Fund					
Receipts	58,783	61,256	61,690	61,643	61,653
Disbursements	58,960	61,157	61,497	61,450	61,460
State Operating Funds					
Receipts	85,074	87,250	87,824	87,777	87,567
Disbursements	88,844	90,225	90,716	90,669	90,498
All Funds					
Receipts	133,177	140,405	140,979	140,932	140,770
Disbursements	133,097	140,539	141,021	140,974	140,865

Source: Division of the Budget

[3] This represents a transfer from the General Fund to debt service funds. Prepaid debt service totaling $318 million was initially anticipated in the First Quarter Update to the SFY 2013-14 Enacted Budget Financial Plan.

SFY 2013-14 – Closing Balance and Reserves

The SFY 2013-14 Enacted Budget projected a net increase of $99 million in the General Fund closing balance, from $1.610 billion in SFY 2012-13 to $1.709 billion. No deposits to restricted reserves were planned. While most of the State's formal reserve funds are restricted in how they can be used, the "Refund Reserve" has no restrictions, although DOB often identifies an intended use. The SFY 2013-14 Enacted Budget Financial Plan projected a net increase of $124 million in such unrestricted reserves, including a decrease of $126 million identified to support costs associated with labor contract agreements and other resources to support unidentified General Fund spending, offset by a $250 million increase for debt management.

The actual unaudited closing balance in the General Fund on March 31, 2014 was $2.235 billion, or 39 percent higher than last year. Figure 2 illustrates actual reserves for SFY 2012-13 and reserves for SFY 2013-14 as projected in the SFY 2013-14 Enacted Budget Financial Plan and the February Financial Plan Update, as well as actual results. A previously unanticipated deposit of $175 million to the Rainy Day Reserve Fund was made in March 2014, reflecting the first deposit to that Fund since it was enacted in the Budget Reform Act of 2007. An additional $456 million was set aside in unrestricted reserves over SFY 2012-13 levels, more than 58 percent higher than expected in the most recent Financial Plan Update.

Figure 2

General Fund Reserves – SFY 2013-14 Plan and Actual Year-End Results
(in millions of dollars)

	2012-13 Actual	2013-14 Enacted Projection	2013-14 February Projection	2013-14 Actual (unaudited)
Statutory Reserves				
Tax Stabilization Reserve Fund	1,131	1,131	1,131	1,131
Rainy Day Reserve	175	175	175	350
Contingency Reserve Fund	21	21	21	21
Community Projects Fund	93	68	68	87
Refund Reserve (Unrestricted)	190	314	408	646
Total	**1,610**	**1,709**	**1,803**	**2,235**

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

SFY 2014-15 – Preliminary Enacted Budget Analysis

To date, DOB has not released an updated Financial Plan to account for all actions included in the SFY 2014-15 Enacted Budget. The Assembly and Senate have separately released summaries of the Enacted Budget, including Financial Plan-related projections. These projections are summarized in Figure 3, along with DOB's Executive Budget proposal estimates.

On March 1, as part of the revenue consensus process, the Legislature and the Executive agreed that an additional $175 million in resources would be available for the remainder of SFY 2013-14 and all of SFY 2014-15.[4] These revised estimates, along with certain other offsetting actions, are reflected in the legislative projections shown in Figure 3. Additional details are presented in Appendix A.

Figure 3

Receipts and Disbursements – DOB Projections of Executive Proposal and Legislative Projections of Enacted Budget
(in millions of dollars)

	SFY 2013-14 Estimate *	SFY 2014-15 Enacted	Dollar Growth	Percentage Growth
General Fund Receipts				
Division of the Budget (proposed)	61,653	63,515	1,862	3.02%
Assembly	61,653	63,726	2,073	3.36%
Senate	61,653	63,290	1,637	2.66%
General Fund Disbursements				
Division of the Budget (proposed)	61,460	63,575	2,115	3.44%
Assembly	61,460	63,780	2,320	3.77%
Senate	61,460	63,876	2,416	3.93%
State Operating Funds Receipts				
Division of the Budget (proposed)	87,567	89,829	2,262	2.58%
Assembly	87,567	89,915	2,348	2.68%
Senate	87,567	89,628	2,061	2.35%
State Operating Funds Disbursements				
Division of the Budget (proposed)	90,498	92,040	1,542	1.70%
Assembly	90,498	92,270	1,772	1.96%
Senate	90,498	92,251	1,753	1.94%
All Funds Receipts				
Division of the Budget (proposed)	140,770	141,896	1,126	0.80%
Assembly	140,770	142,435	1,665	1.18%
Senate	140,770	141,654	884	0.63%
All Funds Disbursements				
Division of the Budget (proposed)	140,865	142,161	1,296	0.92%
Assembly	140,865	142,800	1,935	1.37%
Senate	140,865	142,975	2,110	1.50%

* SFY 2013-14 Estimate is from SFY 2014-15 Proposed Budget Financial Plan updated for 30-Day Amendments.
Sources: Division of the Budget, New York State Senate, New York State Assembly

Updated DOB projections, which will be used to monitor revenue and spending results throughout the year, will be included in the upcoming SFY 2014-15 Enacted Budget Financial Plan. The Plan is required to be released no later than thirty days after the Legislature has completed action on the budget bills submitted by the Executive, and the period for the Executive's review has elapsed.

[4] State Finance Law requires the Executive and the Legislature to agree on All Funds tax receipts, General Fund miscellaneous receipts and Lottery receipts by March 1 of each year.

All Funds

The SFY 2014-15 Executive Budget projected that All Funds receipts would increase by $1.1 billion, or 0.8 percent, to $141.9 billion. This small increase partly reflected a $1.7 billion decline in federal receipts, primarily due to lower projected spending associated with Superstorm Sandy. Tax collections were projected to rise 2.0 percent, or $1.4 billion, primarily in PIT collections, which were expected to increase 3.0 percent or $1.3 billion.

According to legislative estimates, All Funds revenue is projected to increase 1.2 percent, or $1.7 billion, from year-end SFY 2013-14 estimates in the Enacted Budget, compared to the Executive's SFY 2014-15 projection of $1.1 billion.[5] The difference is primarily in federal receipts. The Enacted Budget omitted several revenue proposals made in the Executive Budget, reducing the impact of tax reduction actions primarily in the out-years. According to legislative estimates, tax revenues are projected to increase slightly less than 2 percent compared to last year, or $14 million below Executive projections. Federal receipts are projected to decline $1.3 billion, compared to the Executive's projected decline of more than $1.7 billion, with the difference being due to the anticipated timing of federally funded payments.

The Enacted Budget includes just over $510 million in actions projected to lower revenues in SFY 2014-15, compared to approximately $316 million as proposed by the Executive, primarily due to the elimination of business income tax for manufacturers statewide, rather than just upstate as proposed by the Executive. Through SFY 2017-18, enacted tax actions including property tax relief provisions are projected to reduce revenue from levels otherwise expected by approximately $4 billion, compared to $5.8 billion in the Executive proposal.

The SFY 2014-15 Executive Budget Financial Plan projected All Funds spending would increase $1.3 billion, or 0.9 percent, to $142.2 billion, from estimated SFY 2013-14 totals. This includes federally funded spending related to Superstorm Sandy and increased funds associated with the federal Affordable Care Act (ACA). DOB adjusted both of these items out of the All Funds spending total to present a more normalized growth pattern of 1.4 percent, and an All Funds spending level of $137.2 billion. Spending associated with Superstorm Sandy is temporary, although storm-hardening efforts are expected to continue for years. Spending related to the ACA is expected to be ongoing.

All Funds spending in the Enacted Budget, according to legislative estimates, is projected to increase to $142.8 billion (Assembly) or $143.0 billion (Senate), representing an increase of between $1.9 billion and $2.1 billion, or 1.4 and 1.5 percent, over SFY 2013-14 estimates. The increase includes spending from federal funds associated with Superstorm Sandy and the Affordable Care Act. The majority of this increase is projected to occur in Aid to Localities.

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[5] See Appendix A for more comparisons of Executive and legislative preliminary spending and revenue estimates.

State Operating Funds

The Executive Budget Financial Plan projected that receipts collected in State Operating Funds would increase 2.6 percent, or $2.3 billion, with the majority of growth occurring in PIT collections. Disbursements were projected to increase 1.7 percent, or $1.5 billion, with the majority of the increase occurring in school aid and State-funded Medicaid. State Operations spending was projected to increase 1.2 percent, or $213 million, and General State Charges was projected to increase 5.6 percent or $391 million.

Legislative estimates indicate that receipts collected in State Operating Funds will increase between 2.4 and 2.7 percent and spending will increase by just less than 2.0 percent. The majority of the increase is projected to occur in school aid, while General State Charges are projected to increase 4.5 percent.

General Fund

In the Executive Budget Financial Plan, DOB projected a current services General Fund gap of $1.7 billion for SFY 2014-15, before proposed actions. The proposed gap-closing plan included a mix of spending reductions from baseline levels, non-recurring actions and re-estimates. These were intended not only to close the $1.7 billion gap, but also to pay for an additional $500 million in proposed initiatives, primarily tax reductions, included in the Executive Budget proposal.

DOB projected that receipts collected in the General Fund (including transfers from other funds) would increase 3.0 percent, or almost $1.9 billion, with the majority of the growth expected in PIT collections, which were projected to increase $1.3 billion (including transfers from the Revenue Bond Tax Fund). In addition, primarily due to a $750 million increase in the transfer of funds from the State Insurance Fund (enacted in SFY 2013-14), miscellaneous receipts were projected to increase 18.6 percent or $606 million.

Legislative projections indicate that under the Enacted Budget receipts collected in the General Fund (including transfers from other funds) will increase between 2.7 and 3.4 percent, or $1.6 billion to $2.1 billion, primarily because of transfers from other funds. The latter include an additional $125 million in revenue from sweeps, as well as additional funds to be transferred from the Revenue Bond Tax Fund. The Assembly projects that tax collections in the General Fund will be approximately $70 million below DOB projections, primarily in business taxes.

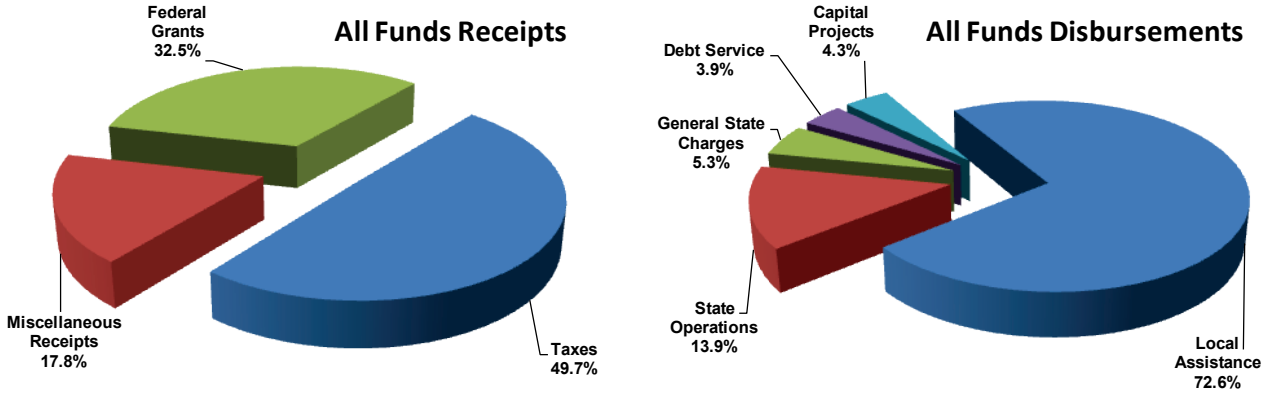
DOB projected that General Fund disbursements (including transfers to other funds) would increase 3.4 percent, or $2.1 billion, from SFY 2013-14 estimates. The majority of the growth was anticipated in local assistance, primarily school aid. According to legislative projections, General Fund disbursements (including transfers to other funds) are anticipated to increase between 3.8 and 3.9 percent, or $2.3 billion to $2.4 billion, in the Enacted Budget, again with the majority of the increase projected to occur in school aid.

Sources and Uses of Funds

In SFY 2004-05, taxes made up 47.6 percent of receipts collected in All Funds, and federal receipts made up just under 36 percent. Ten years later, as shown in Figure 4, it is projected that in the SFY 2014-15 Enacted Budget, taxes will make up 49.7 percent of receipt collections in All Funds and federal receipts will decline to 32.5 percent of the total. However, federal receipts include non-recurring disaster assistance totaling over $2.7 billion. If that non-recurring funding is removed, the percentage of the Budget attributable to federal receipts declines to 31.1 percent and the share derived from taxes increases to more than 50 percent.

Figure 4

SFY 2014-15 All Funds Receipts and Disbursements



Source: Office of the State Comptroller and New York State Assembly

State spending mostly comprises payments to school districts, local governments, hospitals and other service providers in the form of Local Assistance Payments. (Much of this category represents Medicaid and other expenditures that are not direct financial assistance to localities.) In SFY 2004-05, such payments made up 72.5 percent of the total. In SFY 2014-15, local assistance grants are projected to account for approximately 72.6 percent of the All Funds budget, in line with the historical average.

Non-Recurring and Temporary Resources

The SFY 2014-15 Executive Budget included approximately $7.3 billion in non-recurring ("one-shot") and temporary resources. These include $876 million in new proposed actions, $3.7 billion in actions carried forward from previous budgets, and $2.7 billion in resources associated with Superstorm Sandy.

Based on preliminary estimates, the SFY 2014-15 Enacted Budget appears to increase this figure to $7.6 billion, primarily because of additional sweeps from other

funds. Figure 5 shows temporary and non-recurring resources of $1.1 billion added in the Enacted Budget (largely reflecting Executive proposals, with modifications in certain cases), $3.6 billion in existing temporary resources, and $2.7 billion in disaster assistance. Excluding extraordinary federal aid related to Superstorm Sandy, non-recurring and temporary resources total $4.9 billion.

Figure 5

SFY 2014-15 Temporary and Non-Recurring Resources
(in millions of dollars)

Enacted	
Debt Service Prepayment	380
Tax Refund Prepayments	328
Fund Sweeps	305
Reserves	60
Subtotal	*1,073*
Currently in Law But Temporary	
Temporary Utility Assessment	232
State Insurance Fund	1,000
Abandoned Property	155
Dormitory Authority of the State of New York	22
New York Power Authority (1)	90
MMTOA for Debt Service (2)	10
PIT Surcharge Extension (3)	2,149
Job Growth Package	(65)
Extension of High Income Charitable Contribution Limit	140
Mortgage Settlement (4)	23
Tax Modernization	22
Subtotal	*3,778*
Total State	**4,851**
Extraordinary Temporary Funding	
Temporary Federal Disaster Assistance	*2,740*
Total Temporary and Non-Recurring Resources	**7,591**

(1) The total amount enacted in S.6355-D/A.8555-D Public Protection and General Government, Part I, Section 19(i) is $90 million, however, the language directs that the funds be credited to the General Fund, or as otherwise directed, in writing, by the Director of the Division of Budget to be utilized for energy-related initiatives or economic development purposes.
(2) Metropolitan Mass Transportation Operating Assistance Account with the Mass Transportation Operating Assistance Fund.
(3) Projections for the existing temporary PIT surcharge were not updated in the Proposed Financial Plan. This projection is based on actual collections relative to plan.
(4) Represents the SFY 2014-15 General Fund share of the JP Morgan civil settlement dated November 19, 2013. From a total settlement deposit of $589.5 million, $393.9 million is appropriated in the Enacted Budget. The State also received $81.5 million in SFY 2013-14 from this settlement, of which $58 million will be returned to the Mortgage Settlement Proceeds Trust Fund, and is included in the total settlement deposit referenced above.

Sources: Division of the Budget, New York Senate, New York Assembly, Office of the State Comptroller

Out-Year General Fund Gaps

The SFY 2014-15 Executive Budget included actions intended to eliminate a projected $1.7 billion current services deficit in SFY 2014-15, while reducing cumulative out-year gaps through SFY 2017-18 from $11.5 billion to $7.2 billion. Legislative estimates based on the Enacted Budget show more favorable cumulative projections for the out-years than the most recent Executive projections.

Figure 6 shows projections of out-year gaps or surpluses under several different scenarios. The "2014-15 Executive Budget" column shows DOB's February estimates of surpluses, reflecting the impact of a contemplated 2 percent annual limit on growth in future State Operating Funds expenditures. The "Adherence to 2 Percent Spending Benchmark" column shows savings DOB projected from unspecified actions to hold spending within the 2 percent limit, while the "Executive Budget Without 2 Percent Offset" column provides the Office of the State Comptroller's calculation of projected gaps based on DOB's figures for out-year expenditures and receipts. The remaining two columns present Senate and Assembly estimates of out-year gaps or surpluses based on the Enacted Budget. Such figures indicate that, while the State has made progress in reducing projected out-year gaps, further progress is needed to achieve structural balance.

Figure 6

Out-Year General Fund Balance Surplus / (Gap) Estimates
(in millions of dollars)

	2013-14 Mid-Year Update	2014-15 Executive Budget	Adherence to 2 Percent Spending Benchmark	Executive Budget Without 2 Percent Offset	SFY 2014-15 Enacted Budget Senate Estimate	SFY 2014-15 Enacted Budget Assembly Estimate
2013-14	-	310	-	310	310	310
2014-15	(1,742)	-	-	-	-	-
2015-16	(2,889)	154	1,699	(1,545)	(262)	(599)
2016-17	(2,948)	164	2,375	(2,211)	237	(1,400)
2017-18	NA	174	3,622	(3,448)	823	(1,900)

Note: Senate estimates are as reported in the *Staff Report on the SFY 2014-15 Adopted Budget*. Assembly estimates are as provided during Assembly floor debate on the SFY 2014-15 budget bills.
Sources: Division of the Budget, New York State Senate, New York State Assembly, Office of the State Comptroller

Risks to the Financial Plan

Anticipated revenue and spending targets for several actions included in the SFY 2014-15 Enacted Budget may be challenging to meet. Any shortfalls that occur could create a potential deficit for SFY 2014-15 and increase out-year gap projections. The larger risks and assumptions in the Executive Budget identified by the Office of the State Comptroller include the following:

- **The Pace of Economic Recovery –** While the economy is improving, certain weaknesses remain. For example, unemployment rates are expected to remain high by historical standards, and although consumer spending is continuing to strengthen, consumer confidence is expected to remain comparatively low over the next two years.

- **Other Uncertain Revenues -** The Enacted Budget contains a number of projections that should be considered uncertain because of a vulnerable economy or other variables. These include the following:

    - *Public Authority Transfers* – The Enacted Budget relies on nearly $265 million in revenue from various public authorities to support the spending plan. In addition to issues of accountability and transparency raised by such transfers, it is unclear whether public authority resources will be available for State purposes as planned. In some cases, public authority approval for such transfers is required.

    - *Unspecified Fund Sweeps* – The Enacted Budget proposes an authorization for $500 million in unspecified transfers from dedicated funds to the General Fund for budget relief, as has been provided since SFY 2007-08, although the Financial Plan Update that accompanied the SFY 2014-15 Executive Budget did not indicate that DOB planned to use this authorization.

      This Budget language authorizes DOB to transfer or "sweep," at its discretion, available, unencumbered resources from other State funds to the General Fund. Since SFY 2007-08, budget provisions have authorized $2.5 billion in such sweeps (not including blanket sweeps for Community Projects Funds or the information technology consolidation initiative) and approximately $1.5 billion in sweeps has occurred under this authority. It is unclear whether such resources will continue to be available for budget relief.

      There is additional blanket sweep language that allows DOB to transfer up to $100 million from any available special revenue fund for information technology services. In addition, the Enacted Budget again includes "blanket" language that would authorize sweeps from other funds to support spending from the Community Projects Fund.

    - *Abandoned Property Transfer* – Pursuant to the State Finance Law, all moneys in the Abandoned Property Fund in excess of $750,000 are transferred to the General Fund by the end of each fiscal year. In SFY 2013-14, the Enacted Budget Financial Plan included the expectation for $650 million from the Abandoned Property Fund. This expectation was reduced to $525 million later in the year.

Annually for SFY 2014-15 through SFY 2017-18, the Executive has identified an expected transfer of $655 million, which is approximately $155 million more than historical patterns suggest would be available for transfer. The number and value of abandoned property claims paid to owners continue to rise, potentially affecting the level of funds available for the General Fund.

In addition, the Enacted Budget redirects certain Abandoned Property revenue to a new, temporary Campaign Finance Fund. It is unclear what impact this proposal will have on the availability of these resources for the General Fund.

- **Broadly Defined Savings Actions**. The Enacted Budget depends on flexibility provided to the Executive to preserve budget balance and to achieve savings. A lack of specificity regarding potential savings actions makes it difficult to determine whether the proposed savings can be achieved. The proposed actions include savings in the following areas:

  - *State Operations* – The Executive Budget reduced projected agency costs by $358 million from baseline levels, with this reduction rising to $1.3 billion in SFY 2017-18, in order to maintain balance in the General Fund. These changes would follow $1.5 billion in agency and workforce savings (relative to previous baseline projections) in SFY 2011-12, $1.3 billion in SFY 2012-13 and $325 million in SFY 2013-14. The Enacted Budget does not detail how future savings will be achieved, and the potential impact of these reductions on programs and services is unclear.

  - The Enacted Budget includes language first provided in SFY 2012-13 authorizing the transfer of funds between State agencies to continue the movement of agency information technology services and business services to the Office of Information Technology Services and the Office of General Services to achieve efficiency savings. While some efficiencies may be achieved, this approach diminishes transparency related to the expenditure of these funds, and makes identifying where actual savings are being achieved difficult.

Financial Plan Adjustments

Spending restraint in recent years has significantly changed the projected growth curve for annual budgets, especially in the State's largest spending areas – education aid, State-funded Medicaid and agency operations. Statutory caps on the growth in education aid and State-funded DOH Medicaid expenditures were established in the SFY 2011-12 Enacted Budget. These caps and other policy choices by the Executive and the Legislature have served to constrain spending growth (though such caps have been notwithstood or otherwise circumvented, in certain instances, in both the SFY 2013-14 and the SFY 2014-15 enacted budgets).

However, the level of spending growth can be portrayed in differing ways. Actions by the State to change the timing of certain payments have changed the levels of year-over-year growth reported by DOB from levels that otherwise would have been reported.

For example, in SFY 2012-13, the State prepaid $107 million in school aid and $204 million in debt service. This action had the effect of increasing spending in SFY 2012-13 and decreasing spending in SFY 2013-14, thus reducing the identified growth in spending (on a cash basis) between the two years. (This action does not affect spending reported in accordance with Generally Accepted Accounting Principles, or GAAP.)

Without those two timing maneuvers, State Operating Funds spending growth reported in the SFY 2013-14 Enacted Budget would have been 2.3 percent, instead of the 1.6 percent reported in the SFY 2013-14 Enacted Budget Financial Plan. On-budget debt service spending in SFY 2013-14 was also made lower because debt service related to State University of New York dormitories was removed from the State Budget. If that spending had been included in the State Operating Funds total, growth in the SFY 2013-14 Enacted Budget would have been 2.5 percent.

The reported growth in State Operating Funds spending from SFY 2013-14 to SFY 2014-15 can be similarly adjusted to illustrate more clearly the impact of actions that change the growth picture. The State made approximately $380 million in debt service payments in SFY 2013-14 that were initially planned for SFY 2014-15, which has the effect of reducing the appearance of growth between the two years. If this timing-related payment were adjusted out, spending from State Operating Funds would increase 2.8 percent instead of the 2 percent presented in preliminary legislative projections.[6]

Similarly, the State made an additional $328 million in PIT refunds in SFY 2013-14 that were initially planned for SFY 2014-15. This mechanism moves some of the surplus funds available at the close of SFY 2013-14 into SFY 2014-15, thus artificially reducing receipts in SFY 2013-14 and increasing them the same amount in SFY 2014-15. Adjusted for this change, projected receipt growth in State Operating Funds in SFY 2014-15 would decline to 1.9 percent instead of the 2.7 percent presented in preliminary legislative projections.[7]

These represent just two timing-related adjustments made that obscure the fiscal picture for SFY 2014-15. The Enacted Budget includes several other actions, including fund shifts, movement of spending, and fund structuring, that have the effect of changing the spending growth picture. An overall measure of such changes is difficult, in part because several of these actions are not clearly delineated, and leave sole discretion to DOB to determine the final outcome.

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[6] These Enacted Budget estimates are from the Assembly's Enacted Budget Summary.
[7] These Enacted Budget estimates are from the Assembly's Enacted Budget Summary.

Transparency and Accountability

The SFY 2014-15 Enacted Budget retains certain positive elements from the Executive Budget proposal with respect to improving government transparency and accountability. These include bringing the local highway funding programs back "on-budget" and a new Bond Act proposal to give voters a voice in the State's decisions regarding its use of debt.

However, the Enacted Budget also includes various provisions that reduce oversight, transparency and accountability. Some of these provisions were included in the Executive Budget proposal and retained in the Enacted Budget, while other new provisions were added to the Budget. Checks and balances exist in the law to help ensure that taxpayer dollars are protected from waste and abuse. When provisions are enacted that weaken these protections, public resources are left vulnerable to misuse and inefficiency.

Examples of provisions that raise potential concerns regarding oversight, transparency and accountability, and that could change DOB's presented figures of spending and revenue growth, include:

- **Timing-related adjustments**. As detailed in the Financial Plan Adjustments section of this report, the State made approximately $708 million in debt service prepayments and PIT refunds in SFY 2013-14 that were initially planned for SFY 2014-15. The timing-related adjustments allow for a presentation that suggests a lower rate of growth in spending in the case of the debt service prepayments, and higher rate of growth in revenues in the case of the PIT refund prepayments, than would otherwise be the case.

- **Continued use of off-budget actions for important programs and purposes.** The Enacted Budget continues the practice of keeping "off-budget" certain spending that had traditionally been part of the annual budget process and subject to appropriation. In many cases, moving spending off-budget reduces the growth that otherwise would be reported in the General Fund, State Operating Funds and All Governmental Funds. Off-budget spending is not reported in the State's Financial Plan and is not subject to important oversight, transparency and accountability measures for the spending of public resources.

  For example, in SFY 2013-14, SUNY dormitory debt service costs were restructured so that they would no longer be paid through a State appropriation. This took debt service spending for SUNY dormitories off-budget and allowed new debt to be excluded from the State's statutory debt caps. This action increased the State's capacity under its debt cap by placing this new borrowing outside the legal limit. Debt service in SUNY's Fiscal Year (SUNY FY) 2014-15 (which ends June 30) for bonds outstanding under the old SUNY dormitory bonding program is estimated to be $109.9 million. This debt service counts against the debt service cap but not in spending totals. Debt service in SUNY FY 2014-15 for SUNY dormitory debt under the SUNY dormitory bond program that was established in

the SFY 2013-14 Enacted Budget is $28.6 million.[8] This does not count against either the cap or in the spending totals.

The Executive Budget included a provision whereby several affordable housing programs were continued off-budget, and were proposed to be paid for in SFY 2014-15 using a fund sweep of $75.4 million in mortgage insurance funds held in the State of New York Mortgage Agency (SONYMA) Insurance Pool. These funds were proposed to be swept to the Housing Trust Fund Corporation (HTFC) and the Housing Finance Agency (HFA).

The Enacted Budget retains this provision and also provides for an additional $40 million in off-budget spending to be paid through the same funding source, for a total sweep of $115.4 million in mortgage insurance funds for off-budget spending. That figure includes: $34 million to the Municipal Bond Bank Agency (MBBA) for grants to the City of Yonkers for municipal relief to the City to support public schools ($28 million) and to the City of Rochester for municipal relief ($6 million); and $6 million to the Homeless Housing and Assistance Corporation for the New York State Supportive Housing program, Solutions to End Homelessness program and the AIDS Housing program. The payment of the additional $40 million from SONYMA to MBBA is subject to the approval of the Director of the Budget.

- **Discretion to move funding for State Operations between agencies and public authorities.** The Executive Budget included a provision which was retained in the Enacted Budget to authorize and direct the New York Power Authority (NYPA), as deemed feasible and advisable by its trustees, to make a contribution in SFY 2014-15 in an amount of up to $90 million to the General Fund, "or as otherwise directed in writing by the director of the budget," to be used to support energy-related or economic development purposes. The language is drafted in such a way that it is unclear whether any of these moneys will be transferred to the State's General Fund to be spent "on-budget," or whether all or a portion of these funds will be transferred directly to another entity, such as the Empire State Development Corporation, to be spent off-budget.

While the Enacted Budget brought more than $400 million in Consolidated Local Street and Highway Improvement Program (CHIPS) spending back on-budget, which reflects a positive step towards improved transparency, such spending occurs in Capital Projects Funds and thus does not count against the 2 percent State Operating Funds spending growth target. Instead, it appears in the larger, All Funds spending figure.

Additional provisions which could reduce or impair oversight, transparency and accountability include:

[8] Debt service amounts represent debt service due for the fiscal years ending June 30, 2014 and June 30, 2015 as provided in the Official Statement for the Dormitory Authority of the State of New York, State University of New York Dormitory Facilities Revenue Bonds, Series 2013A dated August 22, 2013. Debt service figures are not provided on a State Fiscal Year basis.

- **Reduced procurement oversight and transparency.** The Executive Budget included several proposals that would bypass traditional provisions that exist to ensure procurement integrity. In certain instances, the Office of the State Comptroller's contract review authority was proposed to be eliminated, as well as the competitive bidding process and notice provisions.

  Under Section 112 of the State Finance Law, the Office of the State Comptroller conducts an independent review of most State agency contracts. This review reduces the risk that the State will encounter waste, fraud or abuse. Pre-audit review has an important deterrent effect. Although the Comptroller's constitutional authority allows withholding or recovery of moneys arising from fraud or illegality, the Comptroller's review and approval before contract execution is a critical step in preventing flawed agreements which could waste taxpayer money, and diminish the quality of essential services for residents of the State.

  The 30-day amendments to the Executive Budget restored the Comptroller's oversight for very few of these proposals. And, while the Enacted Budget goes further in restoring the Office of the State Comptroller's review authority, there remain several program areas in the Health and Mental Hygiene Article VII legislation where the Comptroller's oversight and/or the notice and competitive bidding requirements are eliminated, further diminishing transparency and openness in the State's procurement process. Additionally, several appropriations and reappropriations in the State Operations and Aid to Localities budget bills eliminate the Comptroller's oversight and competitive bidding/notice procedures, particularly in the areas of health and mental hygiene.

- **Increased use of lump sum appropriations for Executive and legislative initiatives.** There appears to be an increase in both the amount and scope for which lump sum appropriations are used to fund yet-to-be-determined projects – a practice that had been curtailed in recent years due in part to changes made in the Budget Reform Act of 2007.

  The Budget Reform Act, in an effort to improve transparency in the Budget, prohibited the use of lump sum appropriations.[9] It provided that any appropriation that did not designate a grantee could only be allocated pursuant to a plan approved by the Director of the Budget, the Chairs of the Senate Finance and Assembly Ways and Means Committee, and a concurrent resolution calling for the expenditure of such moneys approved by roll call in each house of the Legislature.

[9] The Act defines a lump sum appropriation as "an item of appropriation with a single related object or purpose, the purpose of which is to fund more than one grantee by a means other than a statutorily prescribed formula, a competitive process, or an allocation pursuant to subdivision five of section 24 of this chapter." Subdivision five relates to any appropriation added without designating a grantee. Such provision requires that such funds shall be allocated "only pursuant to a plan setting forth an itemized list of grantees with the amount to be received by each, or the methodology for allocating such appropriation. Such plan shall be subject to the approval of the chair of the senate finance committee, the chair of the assembly ways and means committee, and the director of the budget, and thereafter shall be included in a concurrent resolution calling for the expenditure of such moneys, which resolution must be approved by a majority vote of all members elected to each house upon a roll call vote."

In recent years, Enacted Budgets have notwithstood existing law, including this one, and included lump sum appropriations for allocation in accordance with a plan approved by the Director of the Budget and one legislative leader, approved by roll call of one house of the Legislature. For example, the SFY 2013-14 Enacted Aid to Localities Budget Bill included an appropriation of $15.1 million for grants to certain school districts, public libraries, and not-for-profit institutions, to be allocated by the Director of the Budget and the Senate.

In addition to a new $19.1 million appropriation for such grants to be allocated by the Director of the Budget and the Senate, the SFY 2014-15 Enacted Budget adds $116 million in Capital spending for SUNY and CUNY in unidentified projects. The appropriation makes the allocation of these projects subject to a plan that requires approval by the President of the Senate and the Director of the Budget, and thereafter the approval by the Senate of a resolution calling for the expenditure of such moneys. These amounts are significantly larger than the lump sum appropriations approved in recent years, and appear to be for broader State purposes. Aside from any other issues, this method of budgeting public resources reduces accountability and transparency.

Another example of new spending with minimal information regarding how it will be allocated is the expansion of the bond-financed State and Municipal Facilities Program enacted in SFY 2013-14. The Enacted Budget adds $385 million in appropriation and bonding authorization, thereby doubling the size of the program. The uses of such moneys are expanded to include a broad range of economic development, education, environmental and other purposes. However, it is unclear how these funds will be allocated. The Enacted Budget does not include specific language that provides for the distribution of these moneys among the various purposes or between the various entities authorized to receive funding.

In addition, the Enacted Budget includes language to designate up to $439.5 million of the moneys in the new Mortgage Settlement Proceeds Trust Fund derived from the JP Morgan settlement with the State to be spent via Memorandum of Understanding between the Director of the Budget, the Speaker of the Assembly and the Temporary President of the Senate, or their designee, in consultation with the Commissioner of the Division of Housing and Community Renewal. The language also provides that up to $81.5 million of the moneys in the Fund will be distributed in accordance with a plan developed by the Attorney General.

Aside from any other issues, outside of a delineation of broad purposes for which the money can be spent, there is no additional detail regarding how the funds will be allocated. Spending from the new Fund will not be counted in the State's All Funds spending total.

- **Discretion to move funding among agencies.** The Enacted Budget contains language – first authorized in the SFY 2012-13 Enacted Budget – in appropriation bills that gives DOB significant power to reallocate (through transfers, suballocations, or interchanges) spending among agencies. These transfers are

related to the Executive's consolidation of procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human resources functions, contract management, and grants management, to the Office of General Services (OGS), as well as changes to the State's provision of information technology services.

Article VII language authorizes the sweep of $100 million across all agencies related to the information technology initiative and $300 million in sweeps related to the business services initiative at OGS. These reallocations can be made at the discretion of DOB without regard to the appropriated amounts approved by the Legislature in the Enacted Budget.

The reallocation language is included by reference in proposed State Operations appropriations for most agencies. While the stated purpose of the language involves the Executive's shared services and agency redesign initiative, the breadth of such legislative language may be greater than required. Additional reporting by DOB regarding the impact, by agency, of these fund shifts would clarify the effects of this authorization and improve transparency.

Appropriation Growth

Appropriations reflect the legal authority to spend during any given State Fiscal Year. They provide an upper limit, or maximum, for spending on a designated program or purpose. Anticipated actual spending from the appropriations is included in the Financial Plan, which provides a comprehensive estimate of the State's revenue and spending expectations for the current State Fiscal Year and three subsequent fiscal years. Such Financial Plan estimates reflect the most important measure of the State's spending plan in any given year.

For Local Assistance appropriations, spending typically is close to the amount of appropriations. For other categories of spending, including State Operations, Capital Projects and Debt Service, spending may be significantly below the amounts appropriated. In addition, Enacted Budgets include two-year appropriations for certain programs, most notably in education and health. This partially explains why appropriation totals are so much higher than projected spending for the year in the Financial Plan. In addition, some appropriations have no current-year spending expectations associated with them, including those for certain disaster-related spending, capital or other purposes.

The Enacted Budget includes $277 billion in total new All Funds appropriations, a decrease of a net $1 billion from last year, largely reflecting declines in new federal appropriations related to disaster assistance. New State Operations appropriations decline by a net $6.4 billion, or 13 percent, over last year. New Local Assistance appropriations decline by a net $1.7 billion, or almost 1 percent, compared to last year, while new Capital Projects appropriations increase by a net $7.2 billion, or 91 percent over last year. If federal appropriations are subtracted from the totals for each year,

new State funds appropriations in the SFY 2014-15 Enacted Budget total $180.5 billion, up a net $14.8 billion or 8.9 percent from SFY 2013-14.

The Enacted Budget increases new All Funds appropriations by a net $8.7 billion, or 6.7 percent, in the area of health and mental hygiene above SFY 2013-14, and by a net $8.3 billion, or 9.9 percent in the area of education, labor and family assistance. New appropriations increase 13 percent, or a net $2.1 billion in transportation, economic development and the environment. New appropriations declined a net $20 billion, or 54 percent, in public protection and general government, largely reflecting the reduction in new federal appropriations related to disaster assistance.

The Enacted Budget increases All Funds appropriations a net $2.1 billion above the Executive Budget proposal, including net increases of $1.5 billion in Local Assistance, $542 million in Capital Projects, and $47 million in State Operations. While not all of this money will be spent in SFY 2014-15, these figures provide an accurate depiction of how much is legally authorized. Figure 7 shows how these appropriation increases were allocated by subject area.

Figure 7

Summary of New Appropriations by Appropriation Subject Area – SFY 2014-15 Enacted Budget Compared to SFY 2014-15 Executive Proposed Budget
(in millions of dollars)

	Executive Proposed (30 Day) SFY 2014-15	Enacted SFY 2014-15	Dollar Change From Executive	Percent Change From Executive
Public Protection & General Government	17,320	17,388	68	0.4%
Health and Mental Hygiene	137,740	137,781	41	0.0%
Education, Labor & Family Assistance	90,112	91,725	1,613	1.8%
Transportation, Economic Development and Environment	17,611	17,996	385	2.2%
Legislature	220	220	-	-0.9%
Judiciary	2,726	2,726	-	0.0%
Debt Service	9,421	9,421	-	0.0%
Total	**275,150**	**277,257**	**2,107**	**0.8%**

Note: Totals may not add due to rounding. The Judiciary total includes Interest on Lawyers Account appropriations of $15 million. The totals do not include contingency appropriations, reappropriations, or member item appropriations.
Sources: Office of the State Comptroller; Division of the Budget.

The Enacted Budget adds a net $1.6 billion in new All Funds appropriations in the area of education, labor and family assistance, representing 77 percent of the total of net new appropriations added above the Executive Budget. The area of transportation, economic development and environment receives the next largest increase in new appropriations above the Executive, reflecting 18 percent of the total, with the

remainder provided in the areas of public protection and general government, and health and mental hygiene.[10]

Since SFY 2011-12 (the year the Enacted Budget began including two-year appropriations for certain education- and health-related spending), new All Funds appropriations have increased a net $36 billion, or nearly 15 percent. This overall increase reflects net reductions in new State Operations appropriations and net increases in others, as follows:

- 8.8 percent decrease in State Operations, or $4.1 billion lower;
- 17.6 percent increase in Local Assistance, or $31.6 billion higher;
- 100 percent increase in Capital Projects, or $7.6 billion higher; and
- 6.1 percent increase in Debt Service, or $541 million higher.

Figure 8 shows how these appropriation changes were allocated among the major subject areas.

Figure 8

Summary of New Appropriations by Appropriation Subject Area – SFY 2014-15 Enacted Budget Compared to SFY 2011-12 Enacted Budget
(in millions of dollars)

	Enacted SFY 2011-12	Enacted SFY 2014-15	Dollar Change From SFY 2011-12	Percent Change From SFY 2011-12
Public Protection & General Government	14,953	17,388	2,435	16.3%
Health and Mental Hygiene	116,750	137,781	21,032	18.0%
Education, Labor & Family Assistance	83,496	91,725	8,228	9.9%
Transportation, Economic Development and Environment	14,807	17,996	3,189	21.5%
Legislature	220	220	(0)	-0.9%
Judiciary	2,551	2,726	175	5.7%
Debt Service	8,880	9,421	541	6.1%
Total	**241,656**	**277,257**	**35,600**	**14.7%**

Note: Totals may not add due to rounding. The Judiciary total includes Interest on Lawyers Account appropriations of $15 million. The totals do not include contingency appropriations, reappropriations, or member item appropriations.
Sources: Office of the State Comptroller; Division of the Budget.

If federal appropriations are subtracted from the totals for each year, new State funds appropriations in the SFY 2014-15 Enacted Budget are up $26.6 billion, or 17.3 percent, from SFY 2011-12.

[10] Appendix C provides a comparison of new appropriations contained in the Enacted Budget compared to last year's Enacted Budget by subject area, as well as new appropriations compared to last year's Enacted Budget and the Executive proposal by appropriation type.

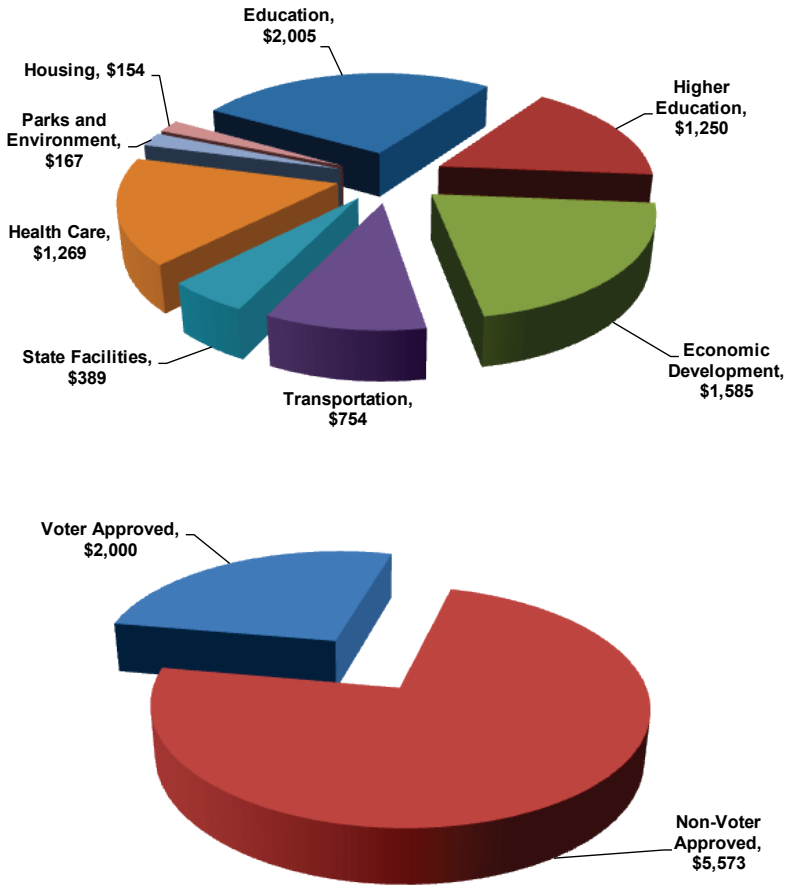
Debt and Capital

SFY 2014-15 Overview

The SFY 2014-15 Enacted Budget includes nearly $7.6 billion in new debt authorizations, a net increase of $641 million or 9.2 percent over the Executive's proposal and an increase of 7 percent over previously authorized amounts. The Enacted Budget includes the $2 billion Smart Schools Bond Act, to be placed before voters in November 2014. This is the first bond act to be put before the voters since the $2.9 billion Rebuild and Renew Transportation Bond Act of 2005. Although the Bond Act provides voters with the opportunity to influence borrowing decisions that will affect them financially, the Enacted Budget continues to rely on "backdoor borrowing," using public authorities as the primary financing vehicles for the State. Figure 9 illustrates the composition of the newly authorized debt.

Figure 9

New Debt Authorizations – SFY 2014-15
(in millions of dollars)



Sources: Division of the Budget, New York State Senate, New York State Assembly, Office of State Comptroller

Executive Proposals Accepted or Modified

The following new bond authorizations, totaling approximately $6.8 billion, were proposed in the Executive Budget and are included in the Enacted Budget:

- $2 billion – Smart Schools Bond Act
- $1.2 billion – Health care – Capital Restructuring Financing Program
- $1.2 billion – Economic development
- $940 million – Higher education
- $714 million – Transportation
- $396 million – State facilities
- $168 million – Parks and environment
- $154 million – Housing
- $60 million – Other.

The Enacted Budget includes a version of the $2 billion Smart Schools Bond Act that is amended from the Executive's proposal. The new funding would be used to finance a variety of enhanced technologies in schools. The Act also authorizes funding for "community connectivity projects," defined as capital projects which have a primary purpose of expanding "high-speed broadband or wireless internet connectivity in the local community, including school buildings and campuses, for enhanced educational opportunity in the state." Funds could also be used to finance additional classroom space necessary for the planned universal prekindergarten initiative.

The Enacted Budget expands the allowable purposes for financing to include classroom replacement for temporary facilities as well as security technology. In addition, language is added that would allow technology financed through this Act to be loaned to non-public schools and students of non-public schools within the school district. The Budget also includes a provision to require work performed on Bond Act projects to be subject to Article 8 of the Labor Law and prevailing wage requirements.

The Enacted Budget retains language proposed by the Executive to require the use of "blended" periods of useful life for eligible Smart Schools Bond Act projects when calculating debt service payments on bonds to be issued. The current legal framework provides flexibility to the Comptroller, as the issuer of the State's General Obligation bonds, to make the determination regarding which method to use when calculating debt service schedules and the final maturity for a given bond issuance. Depending on the mix of assets, the amount of bonds being financed in each asset class, and the range between short- and long- term interest rates at the time of issuance, mandating the use of the weighted average method could result in higher overall borrowing costs for the State's taxpayers even though annual debt service payments in the early years may be less.

The Enacted Budget includes the $1.2 billion bond authorization proposed by the Executive for the Capital Restructuring Financing Program, but revises the types of facilities that may be eligible and requires that all projects be approved by the Public Authorities Control Board. In addition to hospitals, nursing homes and clinics, the

Enacted Budget authorizes assisted living programs, primary care providers and home care providers to participate in the program. The Enacted Budget deletes Executive Budget provisions to authorize capital grants without a competitive bid or request for proposal process.

The Enacted Budget also modifies the Executive proposal by requiring facilities that qualify for incentive payments under the State's Medicaid waiver initiative to include requests for capital restructuring funds in their applications for Medicaid waiver funds. In addition, the Enacted Budget authorizes facilities that do not qualify for, or participate in, the State's Medicaid waiver initiative to apply for capital restructuring grants. The Enacted Budget requires the State Health Commissioner to provide the Legislature with quarterly reports on the capital restructuring financing program.

Executive Proposals Omitted

The Enacted Budget omits these Executive Budget proposals:

- The design-build-finance authorization proposed by the Executive for consolidated laboratories for the Department of Health and the Department of Environmental Conservation.

- The Executive Budget proposal to extend provisions of the Infrastructure Investment Act enacted in December 2011, which authorized design-build contracts and several other alternative methods of procurement for certain projects and certain specified State agencies and authorities. The current statute is set to expire in December 2014.

- The $100 million in bonding authorization for hazardous waste remediation projects (State Superfund).

- The $7 million in bonding authorization for training facilities for Homeland Security.

Proposals Added in the Enacted Budget

The Enacted Budget includes approximately $750 million in new bonding authorizations not included in the Executive Budget proposal, including the following:

- $385 million – Additional authorization for the State and Municipal Facilities Program.
- $310 million – Higher education.
- $40 million – Local transportation initiatives (the Consolidated Local Street and Highway Improvement Program, or CHIPs).
- $8 million – Economic development.
- $5 million – Special Act school districts, approved private schools and schools for the blind and the deaf.

The Enacted Budget expands the State and Municipal Facilities Program enacted in SFY 2013-14 by adding another $385 million in appropriation and bonding authorization. This doubles the size of the program, bringing the total authorization to $770 million. The Enacted Budget revises the purposes of the Program. The original authorization was for the payment of capital costs of construction, improvement rehabilitation, or reconstruction of facilities owned by:

- the State;
- municipal corporations (counties, cities, towns and villages);
- water and sewer districts;
- the Metropolitan Transportation Authority; and
- SUNY senior colleges and related facilities and research centers, SUNY hospitals, CUNY senior colleges and SUNY and CUNY community college facilities and the statutory or contract colleges at Alfred and Cornell Universities.

The language is revised to include facilities owned by eligible entities, including those listed above and:

- independent not-for-profit institutions of higher education that meet statutory requirements for State aid;
- public school districts;
- public housing authorities; and
- public libraries and library systems chartered by the Regents or established by an act of the Legislature, and, fire districts.

The revised language broadens the purposes for which the funds can be used to include:

- the acquisition of capital facilities and assets with a useful life of not less than ten years purchased for the sole purpose of preserving and protecting the infrastructure that is owned, controlled or appurtenant to an eligible entity;
- economic development projects sponsored by the State or municipal corporations that will create or retain jobs; and
- environmental projects sponsored by the State or municipal corporations

It is unclear how these funds will be allocated. The Enacted Budget does not include specific language that provides for the distribution of these moneys among the various purposes or between the various entities authorized to receive funding.

The Enacted Budget includes an additional $280 million for SUNY and CUNY capital needs, including senior colleges and community colleges, and includes an additional $30 million in new bonding authority for the Higher Education Capital Matching Grant Program (initially enacted in the SFY 2005-06 Budget for $150 million).

Debt Management and New Initiatives

The Executive Budget included certain debt management actions that are retained in the Enacted Budget as follows:

- **Move the CHIPs and Marchiselli programs back on-budget.** Spending for these programs has occurred directly from bond proceeds in recent years and has totaled more than $400 million annually. This change moves the capital spending back on-budget, and requires that the proceeds of bonds issued for the program be deposited in the State Treasury. As a result, capital spending is appropriated in the State Budget and the bond proceeds and capital spending will be reported as part of All Funds receipts and disbursements, respectively.

- **Deposits to the Debt Reduction Reserve Fund.** The SFY 2014-15 Enacted Budget includes an authorization to transfer $500 million into the Debt Reduction Reserve Fund. Although the Executive Budget proposal included language to transfer these funds, the proposed Financial Plan and the Capital Plan did not provide for an actual transfer of moneys. Also, there was no spending anticipated in the Executive's proposed Financial Plan or Capital Plan from the Debt Reduction Reserve Fund.

- **Prepay debt service.** The Enacted Budget extends for two years the authorization for DOB to set aside funding for future debt service costs.

Revenue and the Economy

Economic Overview

National Economy

The national economy has recovered slowly during the last three years. Growth now appears to be strengthening, although soft patches remain. In addition, the labor market continues to improve, and consumption continues to be lifted by increasing household wealth and improving credit conditions. As a result, the Federal Reserve began shifting its monetary strategy in December 2013 as it started to gradually withdraw from its bond-buying programs, which have held down long-term interest rates in an effort to strengthen the economy. According to the March 2014 forecast from IHS Global Insight, annual growth in U.S. gross domestic product (GDP) will improve to 2.4 percent and 3.0 percent in 2014 and 2015, respectively (up from 1.9 percent in 2013).

Consumers have increased their spending on home remodeling and automobile replacement, which had been delayed during the recession (for example, light vehicle sales in 2013 were the highest since 2007). IHS Global Insight projects that total consumption spending will grow to 2.4 percent in 2014 from 2 percent in 2013.

Since the end of the recent recession, the nation has created 8.9 million private sector jobs, which represents more jobs than were lost during the recession. Although the unemployment rate had fallen to 6.7 percent in March 2014 from a recessionary peak of 10 percent in October 2009, it still remains higher than it was before the recession. In addition, the drop in the unemployment rate is partially due to the fact that increasing numbers of job seekers are discouraged from returning to the market.

New York

According to IHS Global Insight estimates, New York's inflation-adjusted Gross State Product (GSP) grew by 2.0 percent in 2013, and will rise 1.9 percent in 2014.

The State's job growth averaged 1.1 percent in 2013 and is projected to increase by 0.9 percent in 2014. Job growth is expected to be led by the service-centered sectors of leisure and hospitality, professional and business services, and education and health services, but to remain weak in manufacturing and financial activities.

While the numbers of jobs created in lower-paying industries have more than offset job losses in the financial industry, these gains will continue to constrain increases in total wages and tax revenues. Major risks to the forecast include the pace of the Federal Reserve's unwinding of its accommodative monetary policy and the pace of overseas economic growth.

Revenue Overview

Preliminary estimates for the impact of the SFY 2014-15 Enacted Budget on revenues include increased All Funds tax receipts of up to $539 million over the Executive's proposal, and $1.7 billion over preliminary results for SFY 2013-14.

The Enacted Budget modifies several Executive Budget proposals and includes a variety of revenue actions. The projected revenue impacts presented below are preliminary, based on the enacted budget bills, as well as reported information from the Executive, the Senate, and the Assembly. The SFY 2013-14 Enacted Budget Financial Plan, expected to be released in the next several weeks, should contain DOB's official estimates for the year for each of these actions.

Executive Tax Proposals Accepted or Modified

The SFY 2014-15 Enacted Budget includes several tax-related proposals advanced by the Executive that were accepted as proposed or adopted with some modifications. The majority of these have multiyear fiscal impacts. Among other actions, the Enacted Budget will:

- Make certain changes in the corporate tax, including the merger of the bank tax into the corporate franchise tax and a reduction of the top tax rate from 7.1 percent to 6.5 percent.
- Allow direct payments under the School Tax Relief (STAR) program in certain cases.
- Extend fees for the establishment of oil and gas unit of production values by the Department of Taxation and Finance.
- Modify signature requirements on e-filed returns prepared by tax professionals.
- Extend the non-custodial parent earned income tax credit for two years.
- Close the resident trust loophole.
- Repeal the additional minimum personal income tax.
- Establish the residential real property personal income tax credit.
- Modify the delivery of the family tax relief credit after tax year 2014.
- Extend the Empire State Commercial Production Tax Credit for two years.
- Authorize an additional $8 million for the low-income housing credit for each of the next two years.
- Establish a 20 percent real property tax credit for manufacturers and eliminate the business income tax on manufacturers.
- Repeal the franchise tax on agriculture cooperatives.
- Provide a refundable credit for the excise tax on telecommunication services paid by START-UP NY companies.
- Enhance the youth works tax credit.
- Extend the alternative fuels tax exemptions for two years.
- Simplify the distribution of motor vehicle fee receipts.
- Increase the estate tax exclusion threshold from $1 million to $5.25 million over four years and index it to inflation on January 1, 2019.

- Extend Monticello Raceway video lottery terminal rates for one year.
- Extend certain tax rates and certain simulcasting provisions for one year.
- Extend the video lottery gaming vendor's capital awards program for one year.
- Align mobility and personal income tax filings for the self-employed.
- Make technical corrections to the commercial gaming law.
- Provide a two-year property tax freeze through a refundable personal income tax credit.

Executive Tax Proposals Omitted

The SFY 2014-15 Enacted Budget omits several tax-related proposals proposed by the Executive. The Enacted Budget deletes the provisions in the Executive Budget which would have:

- Increased the racing regulatory fee from 0.5 percent to 0.6 percent.
- Eliminated the income threshold inflation adjustment for enhanced STAR benefits.
- Prevented applicants from receiving or renewing professional or business licenses if they owe certain past-due tax liabilities.
- Established a renter's Personal Income Tax credit.
- Increased the Personal Income Tax filing threshold to reduce the number of taxpayers who need to file Personal Income Tax returns.
- Extended and reformed the Brownfield Cleanup Program.
- Repealed the Boxing and Wrestling Exhibitions Tax.
- Repealed Article 12 (Stock Transfer Tax) of the Tax Law.

Tax Proposals Added in the Enacted Budget

The SFY 2014-15 Enacted Budget includes several new tax-related proposals. Among other actions, Enacted Budget provisions:

- Extend certain New York City and Lower Manhattan tax credits and abatements for two years.
- Provide musical and theatrical production tax credits for tours performing in New York.
- Increase the sales tax exemption threshold for sales tax through vending machines from 75 cents to $1.50.
- Expand the Empire film production credit to allow Albany and Schenectady counties to participate in the additional 10 percent credit for upstate counties.
- Expand volunteer firefighters and ambulance workers service awards program.
- Increase prepayment amounts to distributors of motor fuel.
- Create the workers with disabilities tax credit.
- Allow surviving spouses to use current income when applying for Enhanced STAR benefits.
- Redirect 1.5 percent of purse enhancement moneys for jockey's health care.

Figure 10

Preliminary Estimate of Revenue-Related Changes
SFY 2014-15 Enacted Budget

(in millions of dollars)

	2014-15	2015-16	2016-17	2017-18	2018-19
Corporate tax changes with the merger of banks into the corporate franchise tax and a reduction of the top tax rate to 6.5 percent	-	(205)	(304)	(402)	(501)
Extend the noncustodial parent earned income tax credit for two years	-	-	(4)	(4)	-
Close the resident trust loophole	68	90	135	135	135
Establish the residential real property personal income tax credit	-	(85)	(85)	-	-
Modify delivery of the family tax relief credit after Tax Year 2014	-	410	-	(410)	-
Extend the Empire State Commercial Production tax credit for two years	-	-	(7)	(7)	-
Authorize additional credits of $8 million for the low-income housing credit for each of the next two fiscal years	-	(8)	(16)	(16)	(16)
Establish a 20 percent real property tax credit for manufacturers and eliminate the business income tax on manufacturers	(193)	(298)	(298)	(298)	(298)
Enhance the Youth Works tax credit		(4)	(4)	(4)	(4)
Extend the alternative fuels tax exemptions for two years	(8)	(16)	(8)	-	-
Increase the estate tax exclusion threshold to $5.25 million over four years and index to inflation on January 1, 2019	(25)	(108)	(190)	(273)	(355)
Extend Monticello Raceway Video Lottery Terminal rates for one year	(3)	-	-	-	-
Provide a two-year property tax freeze through a refundable personal income tax credit	(344)	(810)	(347)	-	-
Musical and theatrical production tax credit for tours performing in New York	-	-	(4)	(4)	(4)
Increase sales tax exemption threshold for sales tax through vending machines from 75 cents to $1.50	(5)	(6)	(6)	(6)	(6)
Volunteer firefighters and ambulance workers service award program	(1)	(1)	(1)	(1)	(1)
Increase pre-payment amounts to distributors of motor fuel	-	-	-	-	-
Creation of the workers with disabilities tax credit program	-	-	(6)	(6)	(6)
Allow surviving spouses to use current income when applying for Enhanced STAR benefits	-	(2)	-	-	-
Total	**(511)**	**(1,042)**	**(1,145)**	**(1,296)**	**(1,056)**

Sources: Division of the Budget, New York State Senate, New York State Assembly, Office of the State Comptroller

Program Area Highlights

Education

On a school year (SY) basis, the SFY 2014-15 Enacted Budget provides $21.8 billion in school aid for SY 2014-15, an increase of $1.12 billion, or 5.4 percent, over SY 2013-14. The Assembly estimates that, with the inclusion of categorical grants and other items, total General Support for Public Schools (GSPS) aid for SY 2014-15 will be $22.3 billion, an increase of $1.15 billion over SY 2013-14. The impact of this increase on a State fiscal year basis has not yet been made publicly available by DOB, but will be included in the updated Financial Plan, expected to be released within the next few weeks. The Enacted Budget drives more in aid to schools in SY 2014-15 than did the Executive Budget.[11]

The major categories of school aid increases are:

- $602 million in restoration of aid previously reduced by the Gap Elimination Adjustment (GEA). The GEA is the amount reduced from each district's aid allocation after the calculation of all other aids. The Enacted Budget's GEA restoration level is nearly double the $323 million proposed by the Executive, and higher than either of the initial proposals by the Assembly ($367 million) or the Senate ($541 million). As a result, the GEA will total $1.0 billion statewide in SY 2014-15, down from $1.6 billion in SY 2013-14.
- $266 million to support growth in various expense-based aids.
- $251 million toward phasing in Foundation Aid, for a total of $15.4 billion in SY 2014-15. The Executive Budget had proposed no increase. Foundation Aid increases for individual districts range from 0.85 percent to 8.66 percent. New York City is authorized to use the increase for after-school programs.

Excluding building aids, changes in formula-driven school aid to particular districts range from an 8.6 percent decrease to an 18.8 percent increase, with an average increase of 6.3 percent.

The Enacted Budget approves several initiatives in the Executive Budget, with modifications, including:

- **Universal Full-Day Prekindergarten**: The Executive Budget proposal provided $100 million in targeted prekindergarten aid in the first year, committing to $1.5 billion over five years, to implement the program statewide. New York City had requested additional taxing authority to generate local revenue for full-day prekindergarten in the city. The Enacted Budget does not provide such authority, but appropriates a total of $340 million for the universal full-day prekindergarten initiative statewide, of which $300 million is allocated for New York City.

[11] The Executive Budget proposed total education spending of $21.9 billion, an increase of $807 million, or 3.8 percent, over SY 2013-14.

- **Teacher Excellence Fund**: The Enacted Budget creates a $20 million competitive grant pool for schools to reward teachers rated as "highly effective" on their Annual Professional Performance Reviews with bonuses of up to $20,000.
- **Pathways in Technology and Early College High School (P-Tech) program**: The Budget allocates $5 million in competitive grant funds to continue and expand this program. P-Tech uses a "grades 9-14" model to enable high-performing at-risk students to earn both a high school diploma and an associate's degree, and establishes partnering efforts with high-tech companies to provide students with internships and job opportunities.
- **A $2 billion Smart Schools Bond Act authorized for voter referendum in November 2014**: The Enacted Budget broadens the purpose of the grant program to include not only new technology and preschool space, but building projects to replace transportable classroom units (or "trailers") for public school children in New York City, and to support high-tech safety and security projects. The Budget also adds $5 million in authority for non-voter approved debt for use by special act schools and by schools for the blind, deaf and disabled, if the proposed Bond Act is passed.

The Enacted Budget includes funding for "after 4 pm" school transportation for private schools in New York City. The Budget also continues "Contracts for Excellence" in districts subject to this requirement that still have schools considered not in good standing.

The $74 million proposed in the Executive Budget as "fiscal stabilization" funding is used to fund some of the additional school aid increases in the Enacted Budget. In addition, the Enacted Budget rejects the earmarking of the anticipated $720 million from casino licensing revenues over five years ($160 million of which was anticipated in SY 2015-16) toward new afterschool programs, but broadens the potential purpose of that funding to include future GEA restorations and Foundation Aid increases as well.

The Enacted Budget adds funding for several programs, including Teacher Centers ($14 million for SFY 2014-15), and adds $16 million to nonpublic school aid to address prior-year liabilities for the Comprehensive Attendance Policy.

The Executive Budget proposed several changes to funding for preschool special education itinerant teachers (SEIT). The Enacted Budget rejects the Executive Budget proposals to establish regional reimbursement rates or allow New York City to set reimbursement rates for programs provided within the City. The Budget accepts the proposal to pay for services based on actual attendance, although implementation is delayed until SY 2015-16.

The Enacted Budget also incorporates several new initiatives not proposed in the Executive Budget, including several affecting charter schools:

- **Charter School Co-Location in New York City**: The Enacted Budget requires that the City refrain from charging rent to co-located charter schools, as City officials had considered. It requires the City to provide all new or expanding

charter schools that request co-location with an acceptable location offer, or to pay rent in private space if no acceptable space is provided.

- **Charter School Audits**: The Enacted Budget authorizes the State Comptroller to audit the financial operations of charter schools located outside of New York City and authorizes the New York City Comptroller to perform audits of the financial operations of charter schools within the City. The new law was based, in part, on language the Office of the State Comptroller provided to the Legislature. It defines charter schools as "political subdivisions" with boundaries coterminous with the school district in which they are located. This amendment is in response to judicial decisions relating to such audit authority, and is expected to eliminate any potential constitutional objections to the State Comptroller's audit authority over charter schools.
- **Charter School Tuition**: Charter school tuition paid by school districts has been held flat since SY 2010-11. As charter school tuitions reflect the district's operating spending per pupil, tuition would likely have gone up in many districts since that time and may have declined in others. The Enacted Budget allows tuition to rise, where relevant, over three years, by $250 per student in the first year, growing to $500 per student in the third year. Where tuition rates would fall when recalculated, the State will make up for the difference in SY 2014-15. If a charter school dissolves mid-year, new legislation in the Budget requires remaining public funds to be returned to the local district.

The Enacted Budget also addresses standardized testing and privacy issues associated with the implementation of the Common Core standards. The Budget prevents standardized testing below third grade. It also limits the number of annual instructional hours to be spent on standardized testing and test preparation to 1 percent and 2 percent of the school year, respectively, and requires the State Education Department to provide each school district with a list of standardized tests it is currently using, by grade and subject. In addition, the Budget prevents schools from using test scores as the sole or main indicator of whether a child needs special placement, and provides some additional privacy measures for test result and other student data.

Higher Education

The SFY 2014-15 Enacted Budget provides an All Funds appropriation of $10.4 billion for the State University of New York (SUNY), a net increase of $104 million over the Executive Budget, and an All Funds appropriation of $4.3 billion for the City University of New York (CUNY), a net increase of $604 million over the Executive Budget. The Enacted Budget increases base aid for SUNY Community Colleges by $10.5 million and those at CUNY by $4.6 million, to increase support by $75 per full-time student.

The Enacted Budget increases funding for SUNY hospitals to $87.5 million, an $18.5 million increase compared to the Executive's proposed $69 million. Appropriations of $1.7 million are restored to fund CUNY's Accelerated Study in Associates Program (ASAP). SUNY receives an additional $1.2 million for the Educational Opportunity Program and $1.7 million for the Graduate Achievement and Placement Remediation Program.

The Enacted Budget increases Capital Projects funding for SUNY by a net $133 million over the Executive Budget proposed funding level of $767 million.[12] Included in this increase is $49 million in unidentified projects that require the development of a plan by the Director of the Budget and approval by the Senate. The Enacted Budget also increases Capital Projects funding for CUNY by a net $147 million above the Executive's proposal.[13] This increase includes $67 million in unspecified projects to be determined by the Director of the Budget, subject to approval by the Senate.

The Enacted Budget provides an All Funds appropriation of $1.17 billion to the Higher Education Services Corporation, an increase of $25.1 million over the Executive Budget. The Tuition Assistance Program (TAP) receives $19.8 million of this increase, and the maximum TAP award is increased by $165 to $5,165. The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) initiative receives $5 million in new funding. A new Loan Forgiveness for Farmers Program is created with $100,000, and $250,000 is provided to the existing Social Work Loan Forgiveness Program.

Article VII legislation added to the Enacted Budget includes the following provisions:

- Removes the requirement that the College of Emergency Preparedness, Homeland Security, and Cyber security be housed within the SUNY system.
- Reclassifies orphans, foster children and wards of the court as dependents allowing them to be eligible for TAP under the dependent schedule.
- Provides loan forgiveness to graduates from New York State colleges who operate a farm in the State for at least five years on a full-time basis. Allows up to ten awards to be renewed annually for up to five years. The maximum amount awarded per applicant is $10,000.
- Requires the Chancellor of SUNY to report to the Executive and the Legislature by January 1, 2015 on economic development activities undertaken by SUNY.
- Delays the implementation of the new community college chargeback formula for SUNY and CUNY until the 2016-17 academic year, removes the stipulation that the formula be uniform, and requires CUNY and SUNY to submit a report on their chargeback plans to DOB and the Legislature by June 1, 2015.
- Extends the Higher Education Capital Matching Grant Program until March 31, 2017 and allows unused funds to be disbursed on a competitive basis.
- Adds four correctional facilities that are scheduled to be closed as potential sites for START-UP NY businesses.

Health

The Enacted Budget provides $14.2 million in additional net State and federal funding beyond what was proposed in the Executive Budget for various State Department of Health (DOH) programs, including Medicaid, increasing All Funds spending by less than

[12] This total reflects the intended increase according to the Assembly. However, the Capital Projects appropriation bill does not itemize the intended $81.9 million in new appropriations for SUNY Community Colleges.
[13] This total reflects the intended increase according to the Assembly. However, the Capital Projects appropriation bill does not itemize the intended $4.5 million for Hostos Community College for the Allied Health Center.

1.0 percent to $48.7 billion in SFY 2014-15. The Enacted Budget provides $79.7 million in additional State funds to advance several new Medicaid initiatives and to restore support for a number of Medicaid services targeted for reduction in the Executive Budget proposal. Reductions offsetting these additional Medicaid disbursements include projected savings from recent Medicaid settlements, additional audit recoveries to be achieved by the State Office of Medicaid Inspector General (OMIG), additional recoveries of outstanding balances owed by Medicaid providers for previously implemented rate reductions, delays in implementing supportive housing and behavioral health initiatives, and Medicaid spending re-estimates.

Of the Medicaid initiatives and restorations, Enacted Budget actions include:

- $41 million to prevent DOH from taking administrative action to use average drug acquisition costs to determine pharmacy reimbursement levels.
- $21.5 million to cover the cost of rejecting the Executive Budget proposal to limit payments to nursing homes caring for patients who are more impaired and need more services.
- $10 million to cover the cost of rejecting the Executive Budget proposal to deny Medicaid coverage for community-based long-term care if a husband or wife refuses to contribute income and assets for a spouse in need.
- $3 million for supplemental rates for Medicaid ambulance operators.

The Enacted Budget extends the Medicaid global spending cap for one additional year through March 2016 and, because of the offsets to the additional Medicaid spending included in the final Enacted Budget, does not change the global spending levels recommended for the Medicaid program in the Executive Budget. The Enacted Budget caps DOH Medicaid spending at $16.96 billion in SFY 2014-15 and $17.74 billion in SFY 2015-16. The Enacted Budget also extends for an additional year, through March 2016, the authority of the State Health Commissioner to keep DOH Medicaid spending under the cap, if DOB determines that disbursements are expected to exceed projections. If there are savings under the cap, the Enacted Budget authorizes the State Health Commissioner to distribute half of the savings proportionately among Medicaid plans and providers, and the other half to financially distressed and critically needed providers, as identified by the Commissioner.

The Enacted Budget accepts Executive Budget proposals to eliminate the 2 percent across-the-board Medicaid payment reduction implemented in SFY 2011-12 and to establish a Basic Health Plan as authorized under the Affordable Care Act (ACA), if it is determined to be in the State's best interests to do so. The Enacted Budget accepts the Executive Budget proposal to bypass Office of the State Comptroller contract review authority and the competitive bidding process to distribute up to $4 billion in federal Medicaid savings expected to accrue to New York from the redesign of the State's Medicaid program. (DOH expects to reinvest a total of $8 billion in federal Medicaid waiver funds over several years to continue reforming the program; the $4 billion figure relates to the two-year Medicaid appropriation.) The Budget requires the Commissioner to establish an advisory panel to review his funding recommendations.

The Enacted Budget modifies the Executive Budget proposal to provide $1.2 billion in bond proceeds for closures, mergers and restructuring of hospitals, nursing homes and clinics by: expanding the list of eligible providers to include assisted living programs, and primary care and home care providers; deleting provisions allowing fund distributions without a competitive bid or request for proposals (RFP) process; and requiring the Public Authorities Control Board to approve all projects. The Enacted Budget does not include the Executive Budget proposal allowing the State Health Commissioner to approve up to five business corporations to invest in and help restructure health care facilities in the State.

The Enacted Budget provides $55.8 million in support in SFY 2014-15 for New York State of Health, the State's health plan marketplace as authorized under the ACA. The Budget funds this amount largely from the Medicaid Administration program with additional Health Care Reform Act surcharge revenue expected to accrue to the State under the Executive Budget, as more people obtain health insurance coverage and start accessing services.

Besides the Medicaid program, the Enacted Budget supports various public health initiatives and restorations, including $5 million in additional funding for spinal cord injury research, $4.1 million to expand income eligibility for the Elderly Pharmaceutical Insurance Coverage program from $35,000 to $75,000 for individuals and from $50,000 to $100,000 for married couples, and $3.9 million for claims for payment submitted by Early Intervention Program providers to health insurers from April through June 2013. Many providers received no pay for their services when insurers failed to comply with changes to the program that took effect in January 2013.

The Enacted Budget also includes provisions to protect consumers from unexpected medical bills from out-of-network providers. For example, it holds consumers harmless from out-of-network costs in the case of emergencies and establishes an independent process to resolve billing disputes between providers and insurance companies.

The Enacted Budget increases Executive Budget appropriations for research into breast cancer, prostate cancer and Alzheimer's disease by $7.2 million, $3.1 million and $1.6 million, respectively, to spend funds accumulated in tax check-off accounts for these programs. The Budget requires the Commissioner to provide the Legislature with annual reports on disbursements from each fund, recipients of awards, the amounts they received, and the purpose of the awards.

The Enacted Budget rejects the Executive Budget proposal to revise the membership of DOH's Health Research Science Board, and modifies a proposal to change the frequency of Board meetings from four times a year to "as needed" by requiring the Board to meet at least twice a year.

The Enacted Budget renames the Prostate Cancer Research, Detection and Education Fund to the Prostate and Testicular Cancer Research and Education Fund, expands resources accruing to the Fund to include proceeds from "drive for the cure" license plates, and removes a reference to the New York State Coalition to Cure Prostate Cancer as the sole entity eligible for Fund distributions.

Human Services

The Enacted Budget provides $79.9 million in additional net State and federal funding for the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA) beyond what was proposed in the Executive Budget, increasing All Funds appropriations for OCFS by 2.5 percent and for OTDA by 0.1 percent, to $3.1 billion and $5.1 billion, respectively, in SFY 2014-15.

The Enacted Budget also provides $12.7 million in additional State funding for the Department of Labor (DOL) to support various employment and training programs, as well as $7.1 million in additional State funding for various community services programs operated by the State Office for the Aging (SOFA). These additional amounts increase All Funds appropriations for DOL (excluding unemployment benefit funds) by 2.0 percent and for SOFA by 3.3 percent over the Executive Budget proposal, to $651.3 million and $222.7 million, respectively.

For OTDA, the Enacted Budget reduces federal Temporary Assistance for Needy Families (TANF) funds for child care subsidies, proposed for transfer to OCFS, by $26.2 million. The Enacted Budget adds $26.2 million in federal TANF funds for various employment and economic support programs that have received funding in the past, including $7.3 million for access to child care subsidies for working families in New York City, the Capital Region, and Monroe and Oneida counties, $5.0 million for technology-assisted learning programs, $3.0 million for the nurse-family partnership, which improves pregnancy outcomes for low-income, first-time mothers and their children, and $2.5 million for domestic violence services. The Enacted Budget also provides $1.0 million for OTDA's supportive housing program, $870,000 in additional funding for legal services for people whose federal disability benefits have been denied or discontinued, $750,000 in additional funding for food banks throughout the State, and $250,000 for the Hispanic Federation's adult basic literacy and education program.

The Enacted Budget includes $77.0 million in additional State funding for OCFS in SFY 2014-15. This amount includes:

- $26.2 million to replace the reduction in OTDA TANF transfers for child care subsidies;
- $34.0 million in new funding for additional child care subsidy slots;
- $16.7 million for various family and children's services programs; and
- $110,000 in additional funding for the blind and visually handicapped.

The $16.7 million in additional funding for family and children's services programs includes approximately:

- $3.0 million for sexually exploited children and youth;
- $3.0 million for a 2 percent cost-of-living adjustment for direct care workers employed by OCFS providers;
- $2.6 million in additional funding for child advocacy centers;

- $1.8 million for the OCFS community reinvestment program to keep juvenile delinquents in their own communities;
- $1.3 million for additional youth development services;
- $1.2 million for OCFS call centers providing referrals to community resources; and
- $3.8 million in other initiatives.

The Enacted Budget adopts Executive Budget Article VII proposals to provide a rent cap for people with HIV/AIDS living in New York City and to authorize the pass-through of any federal Supplemental Security Income cost-of-living adjustment taking effect in 2015 to recipients in various living arrangements. The Enacted Budget rejects the Executive Budget proposal to extend OCFS authority to close limited-secure juvenile justice facilities under the close-to-home initiative by eight months, from September 2014 to April 2015. In addition, the Enacted Budget modifies the Executive Budget proposal to prohibit electronic benefit transfers of public assistance benefits at automated teller machines in liquor stores, casinos, gaming establishments and adult-oriented entertainment venues by removing provisions that would have penalized recipients for such transfers.

Mental Hygiene

The Enacted Budget provides $20 million in additional State funding for Mental Hygiene programs, increasing All Funds disbursements by less than 1.0 percent over the Executive Budget proposal to approximately $7.4 billion in SFY 2014-15.

Of the additional State funding, $8.4 million supports a 2 percent cost-of-living adjustment (COLA) starting January 1, 2015 for direct care and direct support workers employed by local governments or community providers overseen by the State Office of Alcoholism and Substance Abuse Services (OASAS), the State Office of Mental Health (OMH) and the State Office for People With Developmental Disabilities (OPWDD). The Executive Budget proposed to defer the cost-of-living adjustment for SFY 2014-15 for one year. The Enacted Budget also authorizes another 2 percent COLA for direct care and direct support staff, as well as clinical workers, starting April 1, 2015, at an estimated overall cost of $122 million in SFY 2015-16.

The remaining $11.6 million in additional Mental Hygiene funding included in the Enacted Budget supports approximately $6.7 million, $2.9 million and $2.0 million for various OMH, OASAS and OPWDD initiatives, respectively. The OMH initiatives include $1.9 million for veteran peer-to-peer pilot programs, $1 million for United Health Services hospitals in the Southern Tier, $650,000 for OMH's Nathan S. Kline Institute for Psychiatric Research in Rockland County and $600,000 for mobile crisis teams. The OASAS initiatives include $1.0 million for opiate abuse treatment and prevention, $1.0 million for heroin treatment, prevention and recovery services, and $800,000 for additional residential treatment services. The OPWDD initiatives include $750,000 for OPWDD's Institute for Basic Research in Developmental Disabilities in Staten Island, $500,000 for a pilot program to provide credentialing for direct support workers and targeted funding for various community-based service providers.

The Enacted Budget adopts Executive Budget proposals that would continue downsizing OPWDD developmental centers and OMH psychiatric centers, but provide additional

support for community-based services to help patients make the transition from State-run inpatient facilities. The Enacted Budget also adopts much of the Executive Budget proposal to invest $120 million in State and federal Medicaid funding to help behavioral health providers make the transition to Medicaid managed care. The Enacted Budget uses $10 million in savings related to delays in implementing supportive housing and behavioral health initiatives to help support various other Medicaid restorations.

The Enacted Budget also adds language requiring OPWDD to establish a plan to increase employment opportunities for people with developmental disabilities and make recommendations on establishing a professional credentialing program for direct support workers.

Economic Development

The Enacted Budget seeks to expand certain economic development programs, including START-UP NY. START-UP NY was created in 2013 to allow eligible academic institutions to attract new businesses and locate them in vacant buildings, space or land at or near their campuses. Businesses that would locate in those zones are exempt from State taxes, including Personal Income Tax, sales tax, business taxes and property taxes, for 10 years. Eligible businesses would include new companies, companies relocating to New York, or current New York State companies that are expanding. There are several types of businesses that are ineligible to participate including retail stores, restaurants, law firms, medical practices, and real estate offices. The Enacted Budget expands the tax free zones which the Start-UP NY Board could designate to include four specific correctional facilities, which are subject to closure in 2014.

The Enacted Budget also authorizes a transfer of up to $90 million from the New York Power Authority (NYPA) for energy-related or economic development purposes. Language was added to require that if any of these funds are used to advertise or promote START-UP NY, at least 60 percent must be used for advertising and promotion outside of New York State.

According to the Executive, Launch Global NY will link START-UP NY with the State's 10 Regional Economic Development Councils (REDCs), with the goal of attracting international investors through an international marketing campaign. This initiative, as described by the Executive, will use existing resources and has no statutory or appropriation language associated with it.

New funding is included in the Enacted Budget for several economic development projects, including $180 million to support a project known as Nano Utica, which is proposed to be the State's secondary hub (in addition to SUNY's College of Nanoscale Science and Engineering) for nanotechnology research and development. As part of the Executive's commitment to provide $1.0 billion in funding to support economic development in the City of Buffalo and surrounding areas (the "Buffalo Billion"), the Enacted Budget includes $680 million in new capital appropriations through the Urban Development Corporation (UDC) for the Buffalo Regional Innovation Cluster. The Enacted Budget specifies that up to $33 million of this appropriation is provided to the

Western NY Science and Technology Advanced Manufacturing Park (STAMP). The SFY 2012-13 and SFY 2013-14 Enacted Budgets provided $75 million each in capital appropriations for the "Buffalo Billion," in addition to Excelsior Jobs tax credits. In addition, a capital appropriation of $2.2 million through UDC is included in the Enacted Budget for expenses related to the retention of professional football in western New York.

The Executive proposed $105 million to support a partnership between downstate's New York Genome Center and the University of Buffalo's Center for Computational Research, in order to advance biomedical research. Of that $105 million, $55.8 million is appropriated to UDC for the Genome Center, with the remaining $50 million coming from the Buffalo Billion initiative, according to DOB. The Enacted Budget's appropriation for the Genome Center stipulates that no more than $27.9 million can be disbursed until a private funding match of $27.9 million is met.

Other proposals accepted in the Enacted Budget include $30 million in capital appropriations to stimulate the revitalization of Onondaga Lake and its surrounding communities. The Enacted Budget also includes $32 million in capital appropriations for the Economic Transformation Program to aid communities affected by the pending closure of four correctional facilities in July 2014 or areas affected by any shutdown of juvenile facilities in SFY 2014-15. This is an increase of $8 million from the Executive proposal. The Enacted Budget removes the requirement proposed by the Executive that funding would be provided pursuant to plans developed by UDC in consultation with the REDCs.

The Enacted Budget accepts the Executive's proposals for several North Country initiatives, including $10 million to support a partnership among the State, Clarkson University, and the Trudeau Institute to further develop biotechnology research. In addition, the Enacted Budget includes $9.4 million in new capital funds for the Olympic Regional Development Authority (ORDA). Of this funding, $6.9 million would be used for maintenance and energy efficiency upgrades to the Olympic and ski facilities. An additional $2.5 million in capital appropriations would come from Parks, as part of the New York Works initiative. The Budget removes the authorization for Parks to use appropriated funds for design-build contracts and adds language requiring at least $500,000 in funding to be provided to the Belleayre Mountain Ski Center.

The Enacted Budget includes $55 million in new funding for both the NY-SUNY 2020 and NY-CUNY 2020 programs. Also included in the Budget is a $50 million capital appropriation through UDC for the State University of New York College for Nanoscale Science and Engineering.

As previously mentioned, the Enacted Budget includes a transfer of up to $90 million from the New York Power Authority (NYPA), to support energy-related and economic development initiatives. In the Executive Budget, $50 million of this amount was designated to support the Open for Business initiative, according to DOB. The Enacted Budget includes funding of $5 million through the Department of Economic Development (DED) to continue Market NY, which provides competitive funding to support tourism marketing plans as well as $1.1 million through the Department of Agriculture and Markets for the Taste NY Program which was created in the SFY 2013-14 Enacted

Budget. Continued funding for the REDCs is also approved with $150 million in capital funding.

The Enacted Budget continues funding for various economic development initiatives, including over $56 million for initiatives such as the Empire State Economic Development Fund, Urban and Community Development Program, Entrepreneurial Assistance Program, and tourism marketing initiatives. This is an increase of over $10 million from the Executive Budget. New provisions for funding include: retention of military bases, the Institute for Nanoelectronics Discovery and Exploration (INDEX) at the College of Nanoscale Science and Engineering (CNSE), and the NUAIR Alliance at Griffiss International Airport.

In addition, the Enacted Budget includes nearly $38 million to support the High Technology Program, Research Development Program and the Training and Business Assistance Program administered by the Department of Economic Development (DED), which supports ongoing university-based matching grants, and other high technology research at various institutions. This is an increase of almost $7 million over the Executive proposal. This increase includes additional funding for the Centers of Excellence, technology initiatives such as digital gaming hubs, other technology initiatives at CNSE, and the creation of the Faculty Development and Incentive Program.

A separate Governor's Program bill to promote procurement opportunities for disabled veteran-owned businesses was passed by both houses. The Entrepreneurial Assistance Program is modified to add veterans to the list of those groups who are eligible to seek assistance from the program.

The Enacted Budget continues the New York State Innovation Hot Spots and Incubator Programs, with $3.75 million in DED appropriations. This program was created as part of the SFY 2013-14 Enacted Budget, and seeks to foster innovation by offering business support services to startup companies. Under the program, Innovation Hot spots are designated by UDC and must have an affiliation with at least one college, university, or independent research institution. Businesses that participate in the program are also eligible for State tax benefits, as well as sales and use tax credits or refunds for their purchases, for a period of five years.

Several public authority provisions related to economic development are extended for one year. These include the authority of DASNY to enter into design and construction management agreements with DEC and Parks, UDC's authorization to administer the Empire State Economic Development Fund, and UDC's power to grant general loans.

The Executive proposals to establish licensure requirements for real estate industry title insurance agents, closers and solicitors and to protect consumers from costly out-of-network medical bills are modified, while reforms to reduce no-fault auto insurance fraud are rejected.

The Enacted Budget also includes a musical and theatrical production tax credit and expands the commercial production tax credit to include the counties of Albany and Schenectady.

Lottery and Gambling

The Enacted Budget makes no appropriation changes to the New York State Gaming Commission, but includes rejections, modifications, and additions to proposed Article VII legislation.

Article VII legislation in the Enacted Budget includes the following:

- Rejects the Executive proposal to increase the racing regulatory fee from 0.5 percent to 0.6 percent on thoroughbred, harness, off-track pari-mutuel betting and simulcast racing handle;
- Increases the State assistance from 55 percent to 70 percent of the SFY 2008-09 appropriation levels that eligible municipalities with Video Lottery Terminal (VLT) gaming facilities receive;
- Clarifies that the State Police will receive funding from commercial gaming funds to assist in conducting background checks on casino applicants;
- Redirects 1.5 percent of purse enhancement money from thoroughbred racetracks to provide health coverage for active, retired, and disabled jockeys. The health insurance program will be administered by the New York Racing Association (NYRA); and
- Modifies the Executive proposal limiting the use of electronic benefit transfer (EBT) cards at certain locations to allow the Gaming Commission to enforce the provisions for regulated entities and provide penalties for covered entities that do not sell alcohol.

Transportation

The Enacted Budget provides the Department of Transportation with an additional $44.5 million over the Executive, for total appropriations of $10.2 billion in SFY 2014-15. The Enacted Budget maintains regular Consolidated Local Street and Highway Improvement Program (CHIPS) at $438 million, but adds $40 million in additional CHIPS aid for extreme winter recovery. Funding for the Marchiselli program remains unchanged from last year at $39.7 million.

The Enacted Budget accepts the Executive recommendation that funding for these two local aid programs be brought back on-budget, rather than funded off-budget through bonds issued by the Thruway Authority. Spending for both these programs had been occurring entirely off-budget, and was not included in the State Financial Plan. Bonds were issued by the Thruway Authority under a service contract agreement with the State and were repaid using the resources of the Dedicated Highway and Bridge Trust Fund.

The Enacted Budget includes a sub-allocation of $25 million from the New York Works program to restore prior year support for three programs. Airport programs will receive $10 million of this sub-allocation, while freight rail projects will receive another $10 million and non-MTA transit systems will receive the remaining $5 million. The Budget authorizes $26.4 million in spending from a reappropriation of 2005 Transportation Bond

Act proceeds, to be used for transit system capital needs. In addition, the Budget includes $9.4 million for bus safety.

The Enacted Budget rejects the Executive's proposed expansion and extension of the 2011 Infrastructure Investment Act. The Executive proposal to move the Rail Safety Account and the Transportation Regulation Account into the Dedicated Highway and Bridge Trust Fund is accepted with modifications which require that funds collected for roadside truck inspections are used for that purpose.

Thruway Authority

The Enacted Budget provides All Funds appropriations of $26 million for the New York State Thruway Authority as proposed by the Executive, including $24 million in General Fund support for Thruway operations, representing the second year that the State has provided financial aid to subsidize the Authority's operations. It also provides $2 million in Capital Projects support for the New York State Canal Corporation. Personnel expenses associated with the Division of State Police Troop T will continue to be supported by the Division of State Police.

Environment, Parks and Agriculture

Environment

The SFY 2014-15 Enacted Budget includes $920 million in All Funds appropriations for the Department of Environmental Conservation (DEC), a decrease of $84 million from the Executive Budget.

Capital appropriations for DEC include $162 million for the Environmental Protection Fund (EPF), reflecting a $9 million increase in EPF appropriations over the SFY 2013-14 level. SFY 2014-15 appropriations include new Executive Budget proposals to allocate EPF funds for plantings to promote climate change resiliency, as well as a study of measures to prevent pollution from septic systems and cesspools in Suffolk County. In addition, the Enacted Budget includes a carve out of $650,000 in municipal parks EPF appropriations to support six projects: Yaddo Artists' Community, Green Lake Dam, Greek Lakes Center, Joseph Rodman Drake Park, Udall's Cove and the Chestnut Ridge Conservancy. The Budget allocates $750,000 in local waterfront revitalization EPF appropriations to support five projects: Town of Tonawanda, Town of Evans, the Hamburg Water Rescue Unit, the Village of Orchard Park, and the Beacon Institute. EPF appropriations include $1 million allocated to the Tug Hill Tomorrow Land Trust for "army compatible use buffer program projects" around Fort Drum.

DEC Capital appropriations also include $40 million through the New York Works program in support of developing new public access sites on State owned lands, new air monitoring infrastructure, fish hatchery infrastructure improvements and other projects.

The Enacted Budget for SFY 2014-15 excludes $100 million in capital appropriations for the State Superfund and proposed reforms to the New York State Brownfields Cleanup Program that were included in the Executive Budget.

The Enacted Budget includes a three year extension of the State pesticide registration fee, but omits an Executive Budget proposal to eliminate reporting on pesticide use.

The Enacted Budget authorizes the use of crossbows during certain New York State hunting seasons and extends by one year, to December 31 2015, the date by which heavy duty diesel vehicles operated under contract with the State must be retrofitted to employ emission reduction technology.

The Enacted Budget authorizes the creation of a 12 member (6 from New York and 6 from New Jersey) Rockland Bergen Flood Mitigation Task Force. The Task Force is charged with identifying existing and projected flood hazards in the New York/New Jersey border region and developing a plan to remediate these hazards.

Parks

The SFY 2014-15 Enacted Budget includes $386 million in All Funds appropriations for the Office of Parks, Recreation and Historic Preservation (Parks), an increase of $500,000 from the Executive Budget, reflecting funding added for Natural Heritage Trust initiatives.

The Enacted Budget includes $92.5 million in capital appropriations from the New York Works program for State parks infrastructure projects and $52 million in other capital appropriations for facilities maintenance at State parks and historic sites. Of the New York Works funding, $2.5 million is allocated to the Olympic Regional Development Authority (ORDA) for maintenance of facilities, in addition to $6.9 in Capital funding appropriated for this purpose in the ORDA budget.

Agriculture

The Enacted Budget includes $172 million in All Funds appropriations for the Department of Agriculture and Markets, an increase of $8.5 million over the Executive Budget.

The Enacted Budget exempts from the New York State Corporate Franchise Tax farmers' corporations that are organized on a co-operative basis. The Budget restores $8.4 million in local assistance funding over the Executive Budget proposal, and appropriates $2.5 million in New York Works program funding and $3 million in other Capital funds for maintenance of facilities at the State Fair.

In addition, the Enacted Budget creates two programs to support new farmers. The Young Farmer Debt Forgiveness Program would provide 10 full-time farmers with up to $50,000 to assist in paying off student loans. The Beginning Farmers NY Fund is authorized to make grants to support farmers who have not produced an agricultural product for more than ten years, farmers who demonstrate innovative agricultural techniques and farmers who operate farms of 150 acres or less. The Fund is to be managed by the Empire State Development Corporation and funded with any eligible funds.

Energy

The Enacted Budget requires a study by the New York State Energy Research and Development Authority (NYSERDA) and the New York State Department of Public Service to determine if funding sources that support NYSERDA's existing energy efficiency programs may be used to finance replacement or retrofit of boiler systems regulated by the New York City Department of Environmental Protection.

An Executive Budget proposal to require that the owners of gas stations located next to strategic highways install equipment to allow fuel pumps to operate with backup power is modified to make the program voluntary. An Executive Budget proposal to immediately phase out the 18-a temporary conservation assessment for large electric and gas customers is modified to phase-out the assessment for all customer classes simultaneously, through December 31, 2017. The Enacted Budget extends for two years, until September 1, 2016, alternative fuel exemptions from motor fuel, sales and petroleum business.

Housing

The Enacted Budget includes $570.2 million in All Funds appropriations for the Division of Housing and Community Renewal (DHCR), an increase of $305.4 million over the Executive Budget.

The Enacted Budget creates a new Fiduciary Fund in the joint custody of the State Comptroller and the Commissioner of Taxation and Finance named the Mortgage Settlement Proceeds Trust Fund. The language establishing the Fund indicates that it shall consist of certain proceeds of the November 19, 2013 settlement between the State of New York and J.P. Morgan Securities LLC that are directed to be transferred by law. New York State's share of the settlement totaled $613 million. According to the settlement, 85 percent must be used by the Attorney General for purposes intended to avoid preventable foreclosures, ameliorate the effects of the foreclosure crisis, enhance law enforcement efforts to prevent and prosecute financial fraud or unfair or deceptive acts or practices, and to otherwise promote the interests of the investing public.

The permissible purposes include but are not limited to providing funding for housing counselors, State and local foreclosure assistance hotlines, State and local foreclosure mediation programs, legal assistance, housing remediation and anti-blight projects, and for the training and staffing of, and capital expenditures required by, financial fraud and consumer protection efforts, and for any other purpose consistent with the terms of the Settlement Agreement.[14]

The Enacted Budget also includes provisions authorizing and directing the transfer of $589.5 million into the Mortgage Settlement Proceeds Trust Fund. The transfers are to

[14] Settlement Agreement, People of the State of New York, by Eric T. Schneiderman, Attorney General of the State New York, Plaintiff, against J.P, Morgan Securities LL, (f/k/a "Bear Stearns & Co. Inc"), JPMorgan Chase Bank, N.A., EMC Mortgage LLC (f/k/a "EMC Corporation"), November 19, 2013.

occur on or before April 15, 2014 and, pursuant to a request from the Director of the Budget, will be conducted as follows:

- the Attorney General is authorized and directed to transfer from the Department of Law Restitution Fund, $531.5 million that was paid pursuant to the Settlement Agreement; and,
- the State Comptroller is authorized and directed to transfer from the General Fund, $58 million that was paid pursuant to the Settlement Agreement.

The Enacted Budget includes language to designate up to $439.5 million of the moneys in the Fund to be spent in accordance with a Memorandum of Understanding (MOU) among the Director of the Budget, the Speaker of the Assembly and the Temporary President of the Senate, or their designee, in consultation with the Commissioner of the DHCR. The language also provides that up to $81.5 million of the moneys in the Fund will be distributed in accordance with a plan developed by the Attorney General.

The Attorney General transferred $81.5 million from the settlement proceeds to the General Fund in February 2014.

The Enacted Budget includes an Aid to Localities appropriation of $312.4 million from this Fiduciary Fund for a Foreclosure Avoidance and Amelioration Program in DHCR to be allocated pursuant to the MOU previously discussed. An Aid to Localities appropriation of $81.5 million for the same program is included in the Department of Law budget to be allocated via the plan developed by the Attorney General. The appropriations contain language tracking the purposes stated above. In addition, the Enacted Budget includes language to transfer $68.4 million to the State General Fund in three equal annual installments of $22.8 million beginning in November 2014. Aside from any other issues, spending from Fiduciary Funds does not appear in any All Funds spending totals.

The Enacted Budget for SFY 2014-15 includes the $75.4 million the Executive Budget proposed to transfer in revenues from the Mortgage Insurance Fund (MIF) to the Housing Trust Fund Corporation and the Housing Finance Agency, and adds $6 million for the Homeless Housing and Assistance Corporation to provide off-budget support for a variety of housing programs. The Enacted Budget restores Aid to Localities appropriations for DHCR in the amount of $1.6 million for the Neighborhood Preservation Program and $665,000 for the Rural Preservation Program, augmenting funding provided off-budget through MIF transfers.

The Enacted Budget directs DHCR to conduct a study on the particular housing stresses felt by people who are raising their grandchildren. DHCR is directed to identify potential policies that could remediate housing problems for this population.

The Enacted Budget increases the total value of tax credits that may be offered under the New York State Low Income Housing Tax Credit by $8 million in SFY 2014-15 and an additional $8 million in SFY 2015-16.

Public Protection

The Enacted Budget provides All Funds appropriations of nearly $5 billion for the major agencies related to public protection, including:

- $2.8 billion for the Department of Corrections and Community Supervision (DOCCS), $2 million above the Executive;
- $1 billion for the Division of Homeland Security and Emergency Services, $7 million below the Executive;
- $692 million for the Division of State Police, $250,000 above the Executive;
- $263 million for the Division of Criminal Justice Services, $11 million above the Executive;
- $76 million for the Office of Victim Services, unchanged from the Executive;
- $5 million for the Office for the Prevention of Domestic Violence, unchanged from the Executive; and
- $3 million for the Commission of Correction, unchanged from the Executive.

The Enacted Budget places a moratorium on prison facility closures, excluding the closures occurring in SFY 2014-15, until July 26, 2016 unless there are material or unanticipated changes in the State's fiscal circumstances.

The Enacted Budget requires DOCCS to review correctional facility security staffing and develop a three-year plan to enhance safety at the facilities, and to provide quarterly reports on assault injuries suffered by inmates and correctional staff.

The Enacted Budget includes Article VII language to require $10 million be available annually for grants to counties for costs associated with public safety dispatch centers.

Local Governments

The Enacted Budget includes $11.1 million in increased spending on local governments over the Executive Budget proposal, for a total of $865.5 million.[15] As the Executive proposed, the Enacted Budget holds funding for the Aid and Incentives for Municipalities (AIM) program flat at $715 million in unrestricted aid, with no AIM for New York City.

The Enacted Budget includes $2.0 million in Village Per Capita Aid to be distributed based on 2010 Census population. The Executive Budget had eliminated the prior year's legislative additions of $1.6 million in funding for villages that were provided through Village Per Capita Aid and Miscellaneous Financial Assistance.

The Enacted Budget increases Video Lottery Terminal Assistance to $29.3 million from $27.2 million, maintaining $19.6 million for the Yonkers facility. The Executive Budget proposal had called for flat funding for this program.

[15] These Enacted Budget estimates are from the Assembly's Enacted Budget Summary.

Miscellaneous assistance to local governments is increased in the Enacted Budget ($10 million compared to $3 million in the Executive Budget) and includes: a new allocation of $1.8 million to Seneca County, $700,000 each to Cayuga and Franklin counties, and a continued $1.5 million each for Madison and Oneida counties to mitigate shortfalls created by non-payment of property taxes by various Native American nations; and restoration of SFY 2013-14 funding for four newly created villages that do not receive AIM funding ($75,000 for Mastic Beach, $27,000 for Woodbury, $19,000 for South Blooming Grove and $2,000 for Sagaponack) which had been eliminated by the Executive. The Enacted Budget contains legislative additions of $2 million to Onondaga County for a shared services project with Syracuse City School District, $1.2 million to New York City to offset income threshold increases by the State, and another nearly a half-million dollars in funds for the City of Syracuse and certain municipalities in Suffolk County.

The Budget includes authorization for deficit financing for the Yonkers City School District, allowing the City to issue $45 million in bonds by March 31, 2015 to liquidate current deficits in the school district general fund. Also, the New York Municipal Bond Bank Agency (MBBA) is to provide Yonkers $28 million to support the City School District, contingent on the City and the District entering into an approved inter-municipal agreement to share non-academic services. The City of Rochester is also to be provided with $6 million in unrestricted funds from the MBBA.

The Enacted Budget maintains $39 million in funding to support the Citizens Reorganization Empowerment Grants, the Citizen Empowerment Tax Credits and the Local Government Efficiency Grants. It also maintains $80 million in funding to be awarded by the Governor's Financial Restructuring Board through the Local Government Performance and Efficiency Program.

The Enacted Budget includes new provisions which DOB has indicated would not have a fiscal impact on local governments. These include:

- Extending previously authorized flexibility in local government procurement, such as the authority to "piggyback" on several federal contracts, county public works contracts and State agency contracts other than Office of General Services contracts until 2019.
- Increasing sanctions for texting/mobile phone infractions committed by probationary and junior licensed drivers.

Property Tax Proposals

The Enacted Budget includes modified versions of property tax credits proposed in the Executive Budget. The proposed temporary, refundable "property tax freeze" credit is included in the Enacted Budget for homeowners outside New York City, with modifications. The Executive Budget had also included a proposed statewide circuit breaker for homeowners, tied to tax cap compliance, as well as a renters' credit for certain non-homeowners. The Enacted Budget instead incorporates a temporary New York City-only circuit breaker that includes both renters and homeowners.

Property Tax Freeze

In year one of the enacted property tax freeze (for fiscal years starting July 1, 2014 for school districts and the Big 4 cities of Rochester, Syracuse, Yonkers and Buffalo, and the fiscal years beginning 2015 for all other local governments), the State will provide tax rebates to homeowners with qualifying incomes of $500,000 or less living in a jurisdiction that stays within its property tax cap.[16] Rebates are intended to offset annual local property tax increases. The Enacted Budget includes a second method of calculating the rebate that uses the prior year tax levy and the current year tax levy credit factor. New York City homeowners will not be eligible for this credit.

For homeowners to receive the tax credit in the second year, school districts and local governments must continue to stay within the tax cap and develop plans that result in a specified minimum savings (1 percent per year over the 2014-15 tax levy for the three years ending in FY 2018-19) via sharing or consolidating services, merging, or otherwise eliminating duplication and overlap. The Enacted Budget adds that these efficiency plans are anticipated to be coordinated by either the county or the BOCES district, and should be submitted to DOB rather than the Department of State. The language has changed from the Executive Budget proposal to authorize DOB to include past efficiencies and shared services in determining whether the plans meet the stated requirements.

New reporting requirements call for local government and school district officials to certify the projected implementation of the efficiency plan to DOB, to submit parcel-level tax bill information to the Department of Taxation and Finance, and to submit both proposed and enacted budgets to the Office of the State Comptroller.

Although there is no new funding for municipalities and school districts tied to this initiative, existing funds from the Citizens Reorganization Empowerment Grants, Citizen Empowerment Tax Credits and the Local Government Efficiency Grants provide for the study, creation and implementation of consolidations, dissolutions and shared service actions, and may provide additional annual aid to the participating municipalities.

The fiscal impact to the State for the property tax freeze credit has been revised since the Executive Budget's Financial Plan. Current estimates are: $375 million in SFY 2014-15 (year one for school districts and the Big Four cities), $783 million in SFY 2015-16 (year one for other local governments and year two for school districts), and $342 million reduction in SFY 2016-17 (year two for most local governments, and year three for the Big Four cities).[17]

Property Tax Circuit Breaker

The Enacted Budget creates an enhanced property tax circuit breaker and renters' credit for tax years 2014-2016, in the form of a refundable income tax credit, which is targeted to help low-income and middle-class New York City homeowners and renters who spend

[16] In year one, the Big Four freeze payment is based on 67 percent of their levies, which is the presumed school district portion of their total tax levy.

[17] In year three, the Big Four freeze payment is based on 33 percent of their levies, which is the presumed municipal portion of their total tax levy.

a relatively high portion of their income on property taxes or their equivalent. Homeowners and renters would receive a percentage of property taxes (or property tax equivalent) paid, up to $500 per home in each year. The amount of credit is based on a sliding scale of income, phasing out between $100,000 and $200,000 in household gross income, and the percentage of income paid for real property taxes or their equivalent.

The Executive Budget had proposed that this credit would be applicable statewide with increasing annual limits and no end date, and had estimated costs to the State of $200 million in SFY 2015-16, $525 million in SFY 2016-17 and $1 billion annually thereafter. With the changes made in the Enacted Budget, legislative estimates indicate an annual impact of $85 million in both SFY 2015-16 and SFY 2016-17.[18]

New York City

The Enacted Budget increases school aid for New York City by $435 million, or $204 million, more than anticipated in the City's February 2014 Financial Plan. Although the Enacted Budget did not specifically fund the expansion of after-school programs, it allows the City to use Foundation Aid for this purpose. The Budget also makes available, on a competitive basis, $340 million to fund the expansion of full-day prekindergarten programs, for which the City would be eligible to receive $300 million.

Additionally, the Enacted Budget includes the Smart Schools Bond Act, which must be approved by voters statewide in November 2014. If approved, the City would be eligible to receive $783 million in resources to fund a number of education-related capital projects.

Metropolitan Transportation Authority

The Enacted Budget provides the Metropolitan Transportation Authority (MTA) with $4.4 billion in operating assistance from the General Fund and dedicated taxes, which is $85 million more than in SFY 2013-14 and $13 million more than anticipated by the MTA.

The Enacted Budget uses $30 million from the Metropolitan Mass Transportation Operating Assistance account, a decrease of $10 million from the Executive proposal, to fund debt service on bonds issued by the State for MTA projects. These resources could have otherwise gone to the MTA.

Public Authorities

The Executive Budget estimated that $5.2 billion in capital projects would be financed using public authority bond proceeds in SFY 2014-15. The Enacted Budget Financial Plan and Five-Year Capital Program and Financing Plan, expected to be released within the next few weeks by DOB, will provide a revision of that estimate based on actions taken in the Enacted Budget.

[18] These Enacted Budget estimates are from the Assembly's Enacted Budget Summary.

The Enacted Budget increases bonding authorizations (or "caps") for 20 State-Supported programs. It adds two new State-Supported bonding caps for the Capital Restructuring Financing Program, which would support capital projects for the State's health care system, and to support capital projects for special act schools, schools for the blind and deaf and private special education schools.

As shown in Figure 11, the enacted net increase in bonding authorizations for public authorities is $5.6 billion, an increase of 11 percent over the prior year for those that have changed and 6 percent for all current bond authorizations. The enacted increase is 56 percent larger than the change enacted in SFY 2013-14. In addition, the Enacted Budget amends statutory language for several existing caps, expanding the authorized projects eligible for funding.

Figure 11

SFY 2014-15 Change in State-Supported Public Authority Bond Caps
(in millions of dollars)

Program	SFY 2013-14 Cap	SFY 2014-15 Executive Proposed Cap	SFY 2014-15 Enacted Cap	Enacted Change from Current Cap	Enacted Change from Proposed Cap
SUNY Educational Facilities	10,422.0	10,932.0	10,984.0	562.0	52.0
SUNY Upstate Community Colleges	663.0	695.1	776.3	113.3	81.2
CUNY Education Facilities	6,853.2	7,126.8	7,273.3	420.1	146.5
Higher Education Capital Matching Grants	150.0	150.0	180.0	30.0	30.0
Library Facilities	112.0	126.0	126.0	14.0	-
NY-SUNY 2020	220.0	330.0	330.0	110.0	-
Schools-Special Act, Private Special Education and For the Blind and Deaf	-	-	5.0	5.0	5.0
Environmental Infrastructure Projects	1,265.8	1,398.3	1,398.3	132.5	-
Hazardous Waste Remediation	1,200.0	1,300.0	1,200.0	-	(100.0)
Water Pollution Control	735.0	770.0	770.0	35.0	-
Division of State Police	133.6	149.6	149.6	16.0	-
State Buildings and Other Facilities	220.8	317.8	317.8	97.0	-
Prison Facilities	7,133.1	7,148.1	7,148.1	15.0	-
Homeland Security	67.0	204.0	197.0	130.0	(7.0)
Youth Facilities	429.5	465.4	465.4	35.9	-
Office of Information Technology Services	87.7	182.4	182.4	94.7	-
Housing Capital Programs	2,844.9	2,999.1	2,999.1	154.2	-
Economic Development Initiatives	1,003.6	2,195.3	2,203.3	1,199.7	8.0
State and Municipal Facilities Program	385.0	385.0	770.0	385.0	385.0
Mental Health Facilities	7,366.6	7,435.8	7,435.8	69.2	-
Capital Restructuring Program	-	1,200.0	1,200.0	1,200.0	-
Consolidated Highway Improvement Program (CHIPs)	7,591.9	8,080.7	8,120.7	528.9	40.0
Transportation Initiatives	240.0	465.0	465.0	225.0	-
Total	**49,124.7**	**54,056.4**	**54,697.1**	**5,572.4**	**640.7**

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

As shown in Figure 12, the Enacted Budget authorizes $22.9 million in transfers and miscellaneous receipts from public authorities to provide General Fund support. Additional General Fund relief is provided by transferring $30 million from the Metropolitan Mass Transportation Operating Assistance (MMTOA) account to the General Debt Service Fund to pay debt service typically paid from the State's General Fund.

Figure 12

SFY 2014-15 Transfers and Miscellaneous Receipts from Public Authorities
(in millions of dollars)

Public Authority	Amount
Transfers and Receipts to the General Fund:	
Dormitory Authority of the State of New York	22.0
New York State Energy Research Development Authority	0.9
Total to General Fund	**22.9**
Miscellaneous Receipts for Energy Related and Economic Development Purposes:	
New York Power Authority	90.0 *
Transfers to Various Housing Funds:	
State of New York Mortgage Agency	115.4
Transfers to the General Debt Service Fund:	
MTA - Metropolitan Mass Transportation Operating Assistance Fund (MMTOA)	30.0
Transfers to the Health Care Reform Act (HCRA) Resources Fund:	
Dormitory Authority of the State of New York	7.0
Total from Public Authorities	**265.3**

Source: Division of the Budget

*The total amount enacted in S.6355-D/A.8555-D, Public Protection and General Government, Part I, Section 19(i) is $90 million. However, the language directs that the funds be credited to the General Fund, or as otherwise directed, in writing, by the Director of the Division of the Budget to be utilized for energy-related initiatives or economic development purposes. This language was also used in the Executive proposal which, according to DOB, anticipated only $23 million as a receipt to the General Fund, which would be included in the Financial Plan. The remaining $67 million would be used for the Open for Business initiative, the New York State Innovation Venture Capital Fund and the Dunkirk Power Plant repowering, which would be excluded from the Financial Plan and would be considered off-budget. Language added in the Enacted Budget specifies certain economic development programs that the funds may be used for, including the Open for Business initiative and advertising and promotion for START-UP NY.

The Enacted Budget also includes the transfer of excess State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF) reserves totaling $81.4 million, an increase of $6 million over the Executive proposal, to the Housing Trust Fund Corporation (HTFC), Housing Finance Agency (HFA) or the Homeless Housing Assistance Corporation (HHAC), to fund the Rural Rental Assistance program, rehabilitation of Mitchell-Lama housing projects, the Neighborhood Preservation Program, the Rural Preservation Program, the Rural and Urban Community Investment Fund Program, the Low Income Housing Trust Fund Program, the Homes for Working Families Program, and several homeless housing programs including the Solutions to End Homelessness Program and the Operational Support for AIDS Housing Program. In addition, the Enacted Budget authorizes the transfer of additional excess MIF funds of $28 million to the State of New York Municipal Bond Bank Agency (MBBA) to fund municipal relief to support public schools in the City of Yonkers and $6 million for

municipal relief for the City of Rochester. The Enacted Budget also anticipates a $7.0 million transfer to the HCRA Resources Fund from DASNY.

A sweep of up to $90 million in funds from the New York Power Authority (NYPA) is enacted with language allowing the funds to be transferred to the General Fund, "or as otherwise directed in writing by the director of the budget" to be used to support energy-related or economic development purposes.[19] In the Executive proposal, DOB indicated that $50 million would be used to support the Open for Business initiative, $15 million for the New York State Innovation Venture Capital Fund, and $2 million for the Dunkirk Power Plant repowering, while a transfer of $23 million was anticipated to benefit the General Fund directly. In the Enacted Budget new language stipulates that economic development purposes may include the Open for Business initiative and that of any funds used for advertising and promoting START-UP NY, 60 percent must be used for advertising and promotion outside of New York State.

The Executive Budget proposal to strengthen toll violation enforcement provisions for the New York State Thruway Authority, the New York State Bridge Authority, the Metropolitan Transportation Authority and the Port Authority of New York and New Jersey is rejected.

In the SFY 2012-13 Enacted Budget, DASNY was authorized to enter into design and construction management agreements with DEC and Parks. The Enacted Budget extends the sunset date of these provisions by one year to allow current agreements to continue beyond April 1, 2014.

Provisions requiring bond issuances for the newly created Capital Restructuring Financing Program to be subject to approval by the Director of DOB and requiring any projects under the program to be subject to Public Authorities Control Board (PACB) approval are added in the Enacted Budget. The Budget repeals Section 2976-a of Public Authorities Law which required DOH to charge a fee for certain health facility financings and makes corresponding changes to certain sections of the Public Health Law. In addition, the consolidated laboratory project proposed in the Executive's 30-day amendments, which would have added authorization for DASNY to act as an agent and project advisor for the Department of Health, is rejected.

The Enacted Budget includes changes to the New York State Storm Recovery Capital Fund administered by UDC that remove the interest earnings from the Fund and eliminate the requirement that the Director of the Budget issue rules for the process of determining if costs are likely to be reimbursed by federal sources. In addition, the language was modified to indicate that projects must only be eligible for reimbursement and adds language to allow a designee of the Director of the Budget to make the determination.

The Enacted Budget adds a Minority- and Women-Owned Business (MWBE) Investment Fund to the MWBE Development and Lending Program, which is administered by UDC, to provide financial support to encourage MWBE start-ups or those enterprises with new

[19] See S.6355-D/A.8555-D, Public Protection and General Government, Part I, Section 19(i).

products and ideas. Additional funding of $365 million for the MWBE Business Development and Lending Program was also included.

Other Enacted Budget initiatives related to public authorities include:

- provisions to require retail gas outlets in upstate New York to have emergency back-up power, and authorization for NYSERDA to provide grants for wiring and purchasing alternate-generated power sources and to provide access to generators, amended to make the program voluntary;
- provisions to require the Department of Public Service (DPS) and NYSERDA to review certain existing energy efficiency programs administered by utilities and/or by NYSERDA and to report the findings to the Executive and the Legislature;
- a provision to extend for two years DASNY's ability to create subsidiaries for the purposes of limiting liability when a borrower has defaulted on a loan agreement or mortgage;
- an extension for one year of UDC's authorization to administer the Empire State Economic Development Fund and of UDC's power to grant general loans; and
- an annual transfer from the General Fund to the public transportation system operating assistance account to support upstate transportation authorities, including a transfer of $2.8 million for SFY 2014-15.

Campaign Finance Reform

The Executive Budget included a public campaign finance system which would have been permanent, modeled after New York City's, for all legislative candidates, beginning with the 2016 primary election, and for all other State candidates, beginning with the 2018 primary election. The Enacted Budget creates a public campaign finance system for candidates for State Comptroller for the 2014 election, and authorizes the transfer of Abandoned Property revenue to a new Campaign Finance special revenue fund. The provision is scheduled to expire on December 31, 2014.

Ethics

The Enacted Budget adds penalties for various instances of crimes by public servants and other individuals that violate the public trust or corrupt the government. It also creates a Division of Election Law Enforcement within the State Board of Elections to investigate violations of the Election Law. In addition, the Enacted Budget rejects language the Executive proposed to add to a number of appropriations and reappropriations related to several economic development, transportation and other programs to require certain attestations from Senate and Assembly members as to the use of such funds.

Appendices

Appendix A: Comparison of SFY 2014-15 Executive, Senate, and Assembly Projections

Comparison of
SFY 2014-15 Projections
Proposed and Enacted
General Fund
(in millions of dollars)

	SFY 2013-14 Estimate	SFY 2014-15 Executive Proposed	Dollar Growth	SFY 2014-15 Enacted - Assembly	Dollar Growth	SFY 2014-15 Enacted - Senate	Dollar Growth
Receipts:							
Taxes	42,483	43,187	704	43,117	634	42,990	507
Personal Income Tax	28,732	29,669	937	29,840	1,108	NA	
Consumer Taxes and Fees	6,525	6,714	189	6,710	185		
Business Taxes	5,988	5,612	(376)	5,367	(621)		
Other Taxes	1,238	1,192	(46)	1,200	(38)		
Miscellaneous Receipts	3,251	3,857	606	3,957	706	3,857	606
Federal Grants	2	-	(2)	-	(2)	-	(2)
Sub-Total	**45,736**	**47,044**	**1,308**	**47,074**	**1,338**	**46,847**	**1,111**
Transfers from Other Funds	15,917	16,471	554	16,653	736	16,443	526
Total Receipts	**61,653**	**63,515**	**1,862**	**63,726**	**2,074**	**63,290**	**1,637**
Disbursements:							
Grants to Local Governments	40,383	41,797	1,414	42,087	1,704	42,204	1,821
State Operations	7,654	7,841	187	7,849	195	7,815	161
General State Charges	4,904	5,265	361	5,191	287	5,190	286
Sub-Total	**52,941**	**54,903**	**1,962**	**55,127**	**2,186**	**55,209**	**2,268**
Transfers to Other Funds	8,519	8,672	153	8,659	140	8,667	148
Total Disbursements	**61,460**	**63,575**	**2,115**	**63,786**	**2,326**	**63,876**	**2,416**

Note: Figures attributed to the Senate and Assembly represent preliminary estimates as reported by each house and are used here for purposes of comparison. Official figures will be released by the Division of the Budget in the upcoming SFY 2014-15 Enacted Budget Financial Plan.
Source: Division of the Budget, New York State Assembly, New York State Senate

Comparison of
SFY 2014-15 Projections
Proposed and Enacted
State Operating Funds
(in millions of dollars)

	SFY 2013-14 Estimate	SFY 2014-15 Executive Proposed	Dollar Growth	SFY 2014-15 Enacted - Assembly	Dollar Growth	SFY 2014-15 Enacted - Senate	Dollar Growth
Receipts:							
Taxes	68,016	69,399	1,383	69,385	1,369	69,198	1,182
Miscellaneous Receipts	19,476	20,356	880	20,456	980	20,356	880
Federal Grants	75	74	(1)	74	(1)	74	(1)
Total Receipts	**87,567**	**89,829**	**2,262**	**89,915**	**2,348**	**89,628**	**2,061**
Disbursements:							
Grants to Local Governments	59,495	60,811	1,316	61,106	1,611	61,230	1,735
State Operations	17,955	18,168	213	18,242	287	18,142	187
General State Charges	6,976	7,367	391	7,293	317	7,292	316
Debt Service	6,061	5,689	(372)	5,624	(437)	5,582	(479)
Capital	11	5	(6)	5	(6)	5	(6)
Total Disbursements	**90,498**	**92,040**	**1,542**	**92,270**	**1,772**	**92,251**	**1,753**
Other Financing Sources (uses):							
Transfers from Other Funds	29,728	29,191	(537)	29,414	(314)	29,163	(565)
Transfers to Other Funds	(26,805)	(27,023)	(218)	(27,010)	(205)	(27,380)	(575)
Bond and Note Proceeds	0	0	0	0	0	0	0
Net Other Financing Sources (uses)	2,923	2,168	(755)	2,404	(519)	1,783	(1,140)

Note: Figures attributed to the Senate and Assembly represent preliminary estimates as reported by each house and are used here for purposes of comparison.
Official figures will be released by the Division of the Budget in the upcoming SFY 2014-15 Enacted Budget Financial Plan.
Source: Division of the Budget, New York State Assembly, New York State Senate

Comparison of
SFY 2014-15 Projections
Proposed and Enacted
All Governmental Funds
(in millions of dollars)

	SFY 2013-14 Estimate	SFY 2014-15 Executive Proposed	Dollar Growth	SFY 2014-15 Enacted - Assembly	Dollar Growth	SFY 2014-15 Enacted - Senate	Dollar Growth
Receipts:							
Taxes	69,414	70,794	1,380	70,780	1,366	70,593	1,179
Miscellaneous Receipts	23,850	25,310	1,460	25,410	1,560	25,310	1,460
Federal Grants	47,506	45,792	(1,714)	46,245	(1,261)	45,751	(1,755)
Total Receipts	**140,770**	**141,896**	**1,126**	**142,435**	**1,665**	**141,654**	**884**
Disbursements:							
Grants to Local Governments	101,936	102,907	971	103,655	1,719	103,354	1,418
State Operations	19,670	19,781	111	19,855	185	19,755	85
General State Charges	7,302	7,668	366	7,594	292	7,593	291
Debt Service	6,061	5,689	(372)	5,624	(437)	5,582	(479)
Capital Projects	5,896	6,116	220	6,121	225	6,691	795
Total Disbursements	**140,865**	**142,161**	**1,296**	**142,849**	**1,984**	**142,975**	**2,110**
Other Financing Sources (uses):							
Transfers from Other Funds	30,377	30,341	(36)	30,564	187	30,313	(64)
Transfers to Other Funds	(30,434)	(30,393)	41	(30,380)	54	(30,388)	46
Bond and Note Proceeds	338	306	(32)	306	(32)	306	(32)
Net Other Financing Sources (uses)	281	254	(27)	490	209	231	(50)

Note: Figures attributed to the Senate and Assembly represent preliminary estimates as reported by each house and are used here for purposes of comparison.
Official figures will be released by the Division of the Budget in the upcoming SFY 2014-15 Enacted Budget Financial Plan.
Source: Division of the Budget, New York State Assembly, New York State Senate

Appendix B: Evolution of SFY 2014-15 Budget Bills

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

Appropriation Bills	Executive Budget		21-Day Amends		30-Day Amends		One-House Bills		Executive Resubmittal *		PASSED		DELIVERED TO GOVERNOR	Chapter & Date Signed
	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly		
State Operations	6350 21-Jan-2014	8550 21-Jan-2014	6350-A 12-Feb-2014	8550-A 12-Feb-2014	6350-B 21-Feb-2014	8550-B 21-Feb-14	6350-C 14-Mar-2014	8550-C 11-Mar-2014	6350-D,E 28-Mar-2014	8550-D,E 28-Mar-2014	6350-E 3/31/2014	8550-E 3/31/2014	*3/31/2014*	CH 50 4/11/2014
Leg & Judiciary	6351 21-Jan-2014	8551 21-Jan-2014							6351-A 28-Mar-2014	8551-A 28-Mar-2014	6351-A 3/31/2014	8551-A 3/31/2-14	*3/31/2014*	CH 51 4/11/2014
Debt Service	6352 21-Jan-2014	8552 21-Jan-2014									6352 3/13/2014	8552 3/19/2014	*3/31/2014*	CH 52 4/11/2014
Local Assistance	6353 21-Jan-2014	8553 21-Jan-2014	6353-A 12-Feb-2014	8553-A 12-Feb-2014	6353-B 21-Feb-2014	8553-B 21-Feb-2014	6353-C 14-Mar-2014	8553-C 11-Mar-2014	6353-D,E 28-Mar-2014	8553-D,E 28-Mar-2014	6353-E 3/31/2014	8553-E 3/31/2014	*3/31/2014*	CH 53 4/11/2014
Capital Projects	6354 21-Jan-2014	8554 21-Jan-2014	6354-A 12-Feb-2014	8554-A 12-Feb-2014	6354-B 21-Feb-2014	8554-B 21-Feb-2014	6354-C 14-Mar-2014	8554-C 11-Mar-2014	6354-D,E 28-Mar-2014	8554-D,E 28-Mar-2014	6354-E 3/31/2014	8554-E 3/31/2014	*3/31/2014*	CH 54 4/11/2014

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

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

Article VII/ Language Bills	Executive Budget		21-Day Amends		30-Day Amends		One-House Bills		Executive Resubmittal *		PASSED		DELIVERED TO GOVERNOR	Chapter & Date Signed
	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly	Senate	Assembly		
Public Protection / General Government (PPGG)	6355 21-Jan-2014	8555 21-Jan-2014	6355-A 12-Feb-2014	8555-A 12-Feb-2014	6355-A 21-Feb-2014	8555-B 21-Feb-2014	6355-C 14-Mar-2014	8555-C 11-Mar-2014	6355-D 28-Mar-2014	8555-D 28-Mar-2014	6355-D 3/31/2-14	8555-D 3/31/2014	*3/31/2012*	CH 55 3/31/2014
Education, Labor & Family Assistance (ELFA)	6356 21-Jan-2014	8556 21-Jan-2014	6356-A 12-Feb-2014	8556-A 12-Feb-2014	6356-B 21-Feb-2014	8556-B 21-Feb-2014	6356-C 14-Mar-2014	8556-C 11-Mar-2014	6356-D 29-Mar-2014	8556-D 29-Mar-2014	6356-D 3/31/2014	8556-D 3/31/2014	*3/31/2014*	CH 56 3/31/2014
Transportation & Economic Development (TED)	6357 21-Jan-2014	8557 21-Jan-2014	6357-A 12-Feb-2014	8557-A 12-Feb-2014	6357-B 21-Feb-2014	8557-B 21-Feb-2014	6357-C 14-Mar-2014	8557-C 11-Mar-2014	6357-D 28-Mar-2014	8557-D 28-Mar-2014	6357-D 3/31/2014	8557-D 3/31/2014	*3/31/2014*	CH 57 3/31/2014
Health & Mental Hygiene (HMH)	6358 21-Jan-2014	8558 21-Jan-2014	6358-A 12-Feb-2014	8558-A 12-Feb-2014	6358-B 21-Feb-2014	8558-B 21-Feb-2014	6358-C 14-Mar-2014	8558-C 11-Mar-2014	6358-D 28-Mar-2014	8558-D 28-Mar-2014	6358-D 3/31/2014	8558-D 3/31/2014	*3/31/2014*	CH 58 3/31/2014
Revenue	6359 21-Jan-2014	8559 21-Jan-2014	6359-A 12-Feb-2014	8559-A 12-Feb-2014	6359-B 21-Feb-2014	8559-B 21-Feb-2014	6359-C 14-Mar-2014	8559-C 11-Mar-2014	6359-D 28-Mar-2014	8559-D 28-Mar-2014	6359-D 3/31/2014	8559-D 3/31/2014	*3/31/2014*	CH 59 3/31/2014
Health & Mental Hygiene Supplemental (HMH-S)									6914 29-Mar-2014	9205 29-Mar-2014	6914 3/31/2014	9205 3/31/2014	*3/31/2014*	CH 60 3/31/2014
Service Disabled Veteran-Owned Business			6609 12-Feb-2014	8768 12-Feb-2014			6609-A 14-Mar-2014	8768-A 11-Mar-2014	Gov's Program	Bill Intro'd	6865 3/24/2014	9135 3/25/2014		

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

Appendix C: Summary of SFY 2014-15 Article VII Bill Sections

Public Protection and General Government – S.6355-D / A.8555-D
Chapter 55 of the Laws of 2014

Description	Executive Art VII.	Enacted Art. VII	Comments
Increase license sanctions for multiple alcohol- and drug-related driving offenses, and increase fines for certain alcohol- and drug-related driving offenses	A	Intentionally Omitted	
Increase license sanctions for texting and cell phone violations committed by persons under the age of 21, and increase the maximum fines for all texting and cell phone use while driving violations	B	B	Amended.
Continue provisions relating to the disposition of certain monies recovered by county district attorneys	C	C	
Suspend a subsidy to a revolving loan fund from cell surcharge revenues	D	D	Amended.
An act to amend the Civil Service Law in relation to the reimbursement of Medicare premium charges	E	Intentionally Omitted	
Support the previous consolidation of information technology staff and services within the Office of Information Technology Services	F	F	Amended.
Extend the authorization for local governments and school districts to piggyback on certain county, state, and federal contracts and extend the authorization for joint purchases of electricity and fuel from the Office of General Services for both local governments and state agencies	G	G	Amended.
The Public Trust Act, Campaign Finance Reform and Public Campaign Financing	H	H	Amended.
Authorization for transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps	I	I	Amended.
Nassau and Suffolk a demonstration program implementing speed violation monitoring systems in school speed zones	J	Intentionally Omitted	
Legislative stipends		K	
Qualifications for a veterans annual annuity		L	
Prisoner housing		M	
Requires DCJS to report annually on the Gun Involved Violence Elimination Program		N	
Authorizes New York City real property tax exemption		O	
Authorizes a memorial for DOCCS employees who have died in the line of duty; makes funds available		P	
Establishes expenses for operation of Statewide Public Safety Communications Account		Q	
Require State Police to conduct background checks of gaming facility license applicants		R	
Freezes closure of correctional facilities after 2014 until July 26, 2016; requires DOCCS to develop 3-year staffing plan		S	
Creates Mohawk Valley and Niagara County assessment relief act		T	

Public Protection and General Government (continued)

Increases the income threshold for tax abatement and exemption for senior citizens in rent regulated and rent controlled property		U	
Authorize a Yonkers school bond issuance and aid to Yonkers public schools using excess MIF funds		V	
Allows State Municipal Bond Bank Agency to provide $6 million in excess MIF funds to City of Rochester		W	
Increasing State assistance to eligible municipalities with video lottery gaming facilities		X	Amended.
Nassau County real property tax assessment reviews extended to June 30, 2016		Y	
Creates beginning famers NY fund for competitive grants to innovative new farmers		Z	
Creates minority and women-owned business investment fund within the MWBE development and lending program		AA	
Designates certain correctional facilities as tax-free NY areas		BB	
Establishes a Faculty Development and Technology Transfer Advisory Council		CC	
Includes veterans within provisions of entrepreneurial assistance programs		DD	
Amendments to hunting, trapping and fishing licenses, including authorization of hunting with crossbows	Originally Part I of S.6355-A.8555	EE	
Transfer of armory to North Patchogue Fire District		FF	
Conveys real property at St. Lawrence Psychiatric Center to the City of Ogdensburg		GG	
Amends various laws in relation to fraud and deceptive practices		HH	

Education, Labor and Family Assistance – S.6356-D / A.8556-D
Chapter 56 of the Laws of 2014

Description	Executive Art VII.	Enacted Art. VII	Comments
Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs in the Executive Budget	A	A	Amended.
Authorize the $2 billion Smart Schools Bond Act of 2014 to be submitted for voter approval in November of 2014	B	B	Amended.
Amend Education Law and State Finance Law as necessary to implement the Smart Schools Bond Act of 2014	C	C	Amended.
Establish the Nurse Practitioners Modernization Act	D	D	Amended.
Amend Education and Executive Law in relation to the investigation and reporting of patterns of harassment, bullying or discrimination and removal of school officers	E	Intentionally Omitted	
Extend anti-discrimination protections to students who attend public schools	F	Intentionally Omitted	
Establish the Science, Technology, Engineering and Mathematics Incentive Program for the top 10% of New York's high school students	G	G	Amended.
Extend the New York State Higher Education Capital Matching Grant Program	H	H	Amended.
Authorize the pass-through of any Federal Supplemental Security Income Cost of Living Adjustment which becomes effective on or after January 1, 2015	I	Moved to Part E of S.6358-A.8558	
Prohibit electronic benefit transfers of public assistance benefits at certain venues	J	Moved to Part F of S.6358-A.8558	
Use of excess funds in Mortgage Insurance Fund	K	K	Amended.
Expand educational services at Office of Children and Family Services youth facilities and extend the timeframe for facility closures under the Close to Home initiative	L	Moved to Part G of S.6358-A.8558	
Provides a rent cap for people living with HIV/AIDS	M	Moved to Part H of S.6358-A.8558	
Adds the New York Dream Fund commission		Intentionally Omitted	
Designates infants aged two and less to be eligible for child care reimbursement		Intentionally Omitted	
Standardizing child care copayments		Intentionally Omitted	

Education (continued)

Require day care programs to publish information on compliance history		Q	
Require local social service districts to disregard earned income of dependent children under 18		R	
Requires local social services officials to provide biennial accounting of their powers to receive and dispose of a client deeds, mortgages, or liens		S	
Require OCFS to report annually on post-adoption services		T	
Improves tuition assistance program awards starting in 2014-15		U	Amended.
Clarified language regarding student loan forgiveness awards for social workers		V	
SUNY and CUNY to report on a methodology to determine charge for out-of-county students		W	
Clarifies eligibility for student financial aid and tuition assistance for orphans, foster children and wards		X	
Establishes the New York State Young Farmers Loan forgiveness incentive program		Y	
Requires the SUNY Chancellor to report to Governor and legislature on economic development activities		Z	
Creates a Common Core Implementation Reform Act, including provisions for administering tests and the use of test results		AA	
Establishes rules for the use of public facilities for charter schools in NYC		BB	
Authorization of State universal full-day pre-kindergarten program		CC	

Transportation, Environment and Economic Development – S.6357-D / A.8557-D
Chapter 57 of the Laws of 2014

Description	Executive Art VII.	Enacted Art. VII	Comments
Allow the Department of Transportation to make payments to municipalities from appropriations for the Consolidated Local Street and Highway Improvement Program, Suburban Highway Improvement Program, Multi-Modal and Marchiselli programs	A	A	Amended.
Make the Infrastructure Investment Act permanent and extend the provisions to certain local entities	B	Intentionally Omitted	
Consolidate two existing Special Revenue Funds within the Dedicated Highway and Bridge Trust Fund (DHBTF), and makes technical corrections to two expiration dates in existing law	C	C	Amended.
Make permanent the authorization of the Department of Motor Vehicles to serve the public on Saturdays	D	Intentionally Omitted	
Make permanent the authorization of the Department of Motor Vehicles to provide the Accident Prevention Course Internet Program	E	E	Amended.
Bring New York State into compliance with federal requirements relating to medical certifications of commercial driver's license holders	F	Intentionally Omitted	
Strengthen enforcement measures against persistent toll violators	G	Intentionally Omitted	
Make permanent the pesticide product registration fees and the timeframes for pesticide product registration review and streamlines pesticide reporting requirements	H	H	Amended.
Amendments to hunting, trapping and fishing licenses, including authorization of hunting with crossbows	I	Moved to Part EE of S.5355-A.8555	
Authorize the Department of Agriculture and Markets to withhold the renewal of a food processing license to establishments that have outstanding penalties of $2,400 or more	J	Intentionally Omitted	
Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations	K	K	
Authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to $913,000 from the New York State Energy Research and Development Authority	L	L	
Require retail gasoline outlets located in strategic locations in upstate New York to have emergency back-up power capacity	M	M	Amended.

Transportation, Environment and Economic Development (continued)

Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents	N	N	
Authorize the Department of State to send copies of incorporation certificates to each county clerk electronically	O	O	
Authorize the State to charge the fee required by federal law for including real estate appraisers on the federal National Registry of real appraisers	P	P	
Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies	Q	Q	
Authorize the Department of Public Service to increase efficiencies, reduce spending, and ease the administrative burden for three programs: Telecommunications Regulation, Shared Metering, and Cable Franchising	R	R	Amended.
Eliminate the assessment on industrial utility customers and accelerate the phase out for all other utility customers	S	S	Amended.
Enhance consumer protection through no-fault automobile insurance fraud reform	T	Intentionally Omitted	
Enhance insurance coverage for out-of-network health care services	U	Moved to Part H of S.6914-A.9205	
Provide for the licensure of title insurers doing business in New York State	V	V	Amended.
Extend the authorization for the Dormitory Authority of the State of New York to enter into certain design and construction management agreements	W	W	
Extend the authority of the Dormitory Authority of the State of New York to establish one or more subsidiaries for certain purposes	X	X	
Eliminate the fee charged for loans provided to certain health care facilities	Y	Y	
Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund	Z	Z	
Extend the general loan powers of the New York State Urban Development Corporation	AA	AA	
Makes voluntary the public disclosure of proprietary information through the State Cattle Health Assurance Program		BB	
Enacts the Rockland Bergen Flood Mitigation Act to develop best land use practices		CC	
Extends the period for compliance of Diesel Emissions Reduction Act of 2006 to December 31, 2016.		DD	Amended.
Require NYSERDA to review of existing energy efficiency programs		EE	Amended.
Comptroller to transfer General Funds to support Public Transportation Operating Assistance Account (PTOA)		FF	Amended.
Relating to the effectiveness of the New York State health insurance continuation assistance demonstration program		GG	

Health and Mental Hygiene – S.6358-D / A.8558-D
Chapter 58 of the Laws of 2014

Description	Executive Art VII.	Enacted Art. VII	Comments
Public health, capital access and health care access	A	Moved to Part A of S.6914-A.9205	
HCRA reform	B	Moved to Part B of S.6914-A.9205	
Make statutory changes necessary to continue implementing Medicaid Redesign Team recommendations	C	Moved to Part B of S.6914-A.9205	
Expand existing exemption in the Nurse Practice Act to direct care staff in non-certified settings funded, authorized or approved by OPWDD	D	A	Amended.
Creation of the managed care for persons with developmental disabilities advocacy program		D	Amended.
Extension of clarification that OMRDD facility directors ability to use a person's funds for their care and treatment	E	B	Amended.
Increasing standards of monthly need for aged, blind and disabled persons living in the community	Originally Part I of S.6355-A.8555	E	
Authorize the Office of Mental Health to continue to recover Medicaid exempt income from providers of community residences	F	C	Amended.
Creates limits on use of electronic benefit transfer (EBT) cards	Originally Part J of S.6355-A.8555	F	Amended.
One-year deferral of the human services "Cost-of-Living Adjustment"	G	Moved to Part I of S.6914-A.9205	
BOCES authorized to enter into contracts with OCFS	Originally Subpart A of Part L of S.6355-A.8555	G	Subpart A amended; Subpart B eliminated.
Department of Health laboratory consolidation P3 proposal	H	Intentionally Omitted	
Providing a rent cap for people living with HIV/AIDS in New York City	Originally Part M of S.6355-A.8555	H	
Reducing state aid for fair hearing administration costs	Originally language contained in State Ops appropriation bill	I	Amended.
Clarifying definitions of vocational education training		J	
Authorize Division of Housing and Community Renewal to conduct a grandparent housing study		K	

Health and Mental Hygiene – S.6914 / A.9205
Chapter 60 of the Laws of 2014

Public health, capital access and health care access	Moved from Part A of S.6358-A.8558	A	Amended.
HCRA reform	Moved from Part B of S.6358-A.8558	B	Amended.
Medicaid Redesign Team recommendations	Moved from Part C of S.6358-A.8558	C	Amended.
Authorizes hospitals to use out-of-state compounding pharmacies for certain drugs		D	
Mental hygiene integrated employment plan		E	
OMRDD direct support professional credential pilot program		F	
Community mental health support and workforce reinvestment program		G	
Establishes protections against surprise medical bills	Originally Part U of S.6357-A.8557	H	Amended.
COLA for 2014-15	Originally Part G of S.6358-A.8558	I	Amended.

Revenue – S.6359-D / A.8559-D
Chapter 59 of the Laws of 2014

Description	Executive Art VII.	Enacted Art. VII	Comments
Corporate tax changes with the merger of banks into the corporate franchise tax and a reduction of the top tax rate to 6.5 percent	A	A	Amended.
Allow direct payment of STAR tax savings in certain cases	B	B	
Extend fees for the establishment of oil and gas unit of production values by the Department of Taxation and Finance	C	C	
Increase racing regulatory fee from 0.5 percent to 0.6 percent	D	Intentionally Omitted	
Modify signature requirements on e-filed returns prepared by tax professionals	E	E	
Eliminate the income threshold inflation adjustment for enhanced STAR benefits	F	Intentionally Omitted	
Extend the noncustodial parent earned income tax credit for two years	G	G	
Prevent applicants from receiving or renewing professional or business licenses if they owe certain past-due tax liabilities	H	Intentionally Omitted	
Close the resident trust loophole	I	I	Amended.
Repeal the additional minimum personal income tax	J	J	
Establish the residential real property personal income tax credit	K	K	Amended.
Establish a renter's personal income tax credit	L	Intentionally Omitted	
Modify delivery of the family tax relief credit after Tax Year 2014	M	M	
Increase the personal income tax filing threshold to reduce the number of taxpayers who need to file personal income tax returns	N	Intentionally Omitted	
Extend the Empire State Commercial Production tax credit for two years	O	O	Amended.
Authorize an additional $8 million for the low-income housing credit for each of the next two years	P	P	
Extend and reform the Brownfield Cleanup Program	Q	Intentionally Omitted	
Establish a 20 percent real property tax credit for manufacturers and eliminate the business income tax on manufacturers	R	R	Amended.
Repeal the franchise tax on agriculture cooperatives	S	S	Amended.
Provide a refundable credit for the excise tax on telecommunication services paid by START-UP NY companies	T	T	Amended.
Enhance the Youth Works tax credit	U	U	Amended.
Extend the alternative fuels tax exemptions for two years	V	V	
Simplify the distribution of motor vehicle fee receipts	W	W	
Increase the estate tax exclusion threshold to $5.25 million over four years and index to inflation	X	X	Amended.
Repeal the Boxing and Wrestling Exhibitions Tax	Y	Intentionally Omitted	
Extend Monticello Raceway Video Lottery Terminal rates for one year	Z	Z	

Revenue (continued)

Extend certain tax rates and certain simulcasting provisions for one year	AA	AA	
Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year	BB	BB	
Repeal Article 12 (Stock Transfer Tax) of the Tax Law	CC	Intentionally Omitted	
Align mobility and personal income tax filings for the self-employed	DD	DD	
Make technical amendments to the commercial gaming law	EE	EE	
Provide a two-year property tax freeze through a refundable personal income tax credit	FF	FF	Amended.
Two-year extension of certain New York City and Lower Manhattan tax credits and abatements	GG	GG	Amended.
Musical and theatrical production tax credit for tours performing in New York		HH	
Increase sales tax exemption threshold for sales tax through vending machines from 75 cents to $1.59		II	
Expand the Empire film production credit to allow Albany and Schenectady counties to participate in the additional 10 percent credit for upstate counties		JJ	
Volunteer firefighters and ambulance workers service award program		KK	
Increase pre-payment amounts to distributors of motor fuel		LL	
Creation of the workers with disabilities tax credit program		MM	
Allow surviving spouses to use current income when applying for enhanced STAR benefits		NN	
Redirect 1.5 percent of purse enhancement monies for Jockey's health care		OO	

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

Appendix D: Summary of SFY 2014-15 Appropriations

Appropriations reflect statutory authority to spend during any given State Fiscal Year for the program or purpose designated. They provide an upper limit, or maximum, for spending for that program or purpose. Anticipated spending from the appropriations is included in the Financial Plan, which provides a comprehensive estimate of the State's revenue and spending needs for the current State Fiscal Year and three subsequent fiscal years. For Local Assistance appropriations, spending typically is close to the amount of appropriations. For other categories of spending, including State Operations, Capital Projects and Debt Service, spending may be significantly below the amounts appropriated. The Enacted Budget includes two-year appropriations for certain programs.

The following summarizes new appropriations by appropriation type. The tables do not include contingency appropriations, reappropriations, or member item appropriations.

Summary of New Appropriations by Appropriation Type
SFY 2013-14 Enacted Budget Compared to SFY 2014-15 Enacted Budget
(in millions of dollars)

	Enacted SFY 2013-14	Enacted SFY 2014-15	Dollar Change From SFY 2013-14	Percent Change From SFY 2013-14
State Operations	48,350	41,947	(6,404)	-13.2%
Local Assistance	212,523	210,783	(1,740)	-0.8%
Capital Projects	7,912	15,106	7,195	90.9%
Debt Service	9,474	9,421	(53)	-0.6%
Total	**278,259**	**277,257**	**(1,002)**	**-0.4%**

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

Summary of New Appropriations by Appropriation Type
SFY 2014-15 Enacted Budget Compared to SFY 2014-15 Executive Proposed Budget
(in millions of dollars)

	Executive Proposed (30-Day) SFY 2014-15	Enacted SFY 2014-15	Dollar Change From Executive	Percent Change From Executive
State Operations	41,900	41,947	47	0.1%
Local Assistance	209,265	210,783	1,518	0.7%
Capital Projects	14,564	15,106	542	3.7%
Debt Service	9,421	9,421	-	0.0%
Total	**275,150**	**277,257**	**2,107**	**0.8%**

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

The following chart summarizes new appropriations by subject area. The appropriations for the Legislature and the Judiciary are contained within a single Budget Bill.

Summary of New Appropriations by Appropriation Subject Area
SFY 2013-14 Enacted Budget Compared to SFY 2014-15 Enacted Budget
(in millions of dollars)

	Enacted SFY 2013-14	Enacted SFY 2014-15	Dollar Change From SFY 2013-14	Percent Change From SFY 2013-14
Public Protection & General Government	37,462	17,388	(20,074)	-53.6%
Health and Mental Hygiene	129,075	137,781	8,706	6.7%
Education, Labor & Family Assistance	83,464	91,725	8,260	9.9%
Transportation, Economic Development and Environment	15,914	17,996	2,081	13.1%
Legislature	220	220	-	-0.9%
Judiciary	2,649	2,726	77	5.7%
Debt Service	9,474	9,421	(53)	-0.6%
Total	**278,259**	**277,257**	**(1,002)**	**-0.4%**

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