

# Executive 2014-15 New York State Budget County Impact: Initial Summary



New York State Association of Counties  
and  
New York State County Executives Association

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# 2014-15 State Budget Proposal: County Impact

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## Financial Plan Overview – State Fiscal Year 2014-15

The Governor's 2014-15 budget proposes to spend within a self-imposed 2 percent spending cap on the State Operating Funds side of the ledger. Total spending in the Budget for 2014-15 comes in just over \$142 billion, which includes \$2.4 billion in Super Storm Sandy federal aid and \$2.6 billion in federal funding related to the Affordable Care Act (higher federal matching funds through Medicaid).

It's projected that the current 2013-14 state budget will end the year with a \$310 million surplus. The following table summarizes the multi-year impact on the State's General Fund operations based on the SFY 2014-15 Executive Budget proposal, including the tax reduction plan, and adherence to the 2 percent spending benchmark in future years.

<b>GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS</b>				
<b>EXECUTIVE BUDGET GAP-CLOSING PLAN (millions of dollars)</b>				
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>(1,742)</b>	<b>(2,889)</b>	<b>(2,948)</b>	<b>(3,887)</b>
<b>Spending Changes</b>	<b><u>1,942</u></b>	<b><u>4,247</u></b>	<b><u>5,348</u></b>	<b><u>6,723</u></b>
Agency Operations	358	708	990	1,342
Local Assistance	1,624	1,976	2,267	2,104
Debt Management	116	110	118	158
Initiatives/Investments	(156)	(232)	(394)	(499)
Adherence to 2% State Operating Funds Spending Benchmark <sup>1</sup>	n/a	1,685	2,367	3,618
<b>Resource Changes</b>	<b><u>286</u></b>	<b><u>31</u></b>	<b><u>(153)</u></b>	<b><u>(129)</u></b>
Resource Changes	(24)	31	(153)	(129)
Surplus Available from FY 2014	310	0	0	0
<b>BUDGET SURPLUS/(GAP) BEFORE TAX ACTIONS</b>	<b><u>486</u></b>	<b><u>1,389</u></b>	<b><u>2,247</u></b>	<b><u>2,707</u></b>
Tax Actions	(486)	(1,644)	(2,082)	(2,124)
Tax Credit Timing		410		(410)
<b>EXECUTIVE BUDGET SURPLUS/(GAP)</b>	<b><u>0</u></b>	<b><u>155</u></b>	<b><u>165</u></b>	<b><u>173</u></b>

<sup>1</sup> Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2014 estimate. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund.

The table highlights tax cuts of nearly \$500 million in SFY 2014-15 (the first year tax cut is largely funded by the projected \$310 million surplus from the current year budget). The tax cuts grow thereafter to \$1.6 billion in 2015-16 and leveling off in 2016-17 and 2017-18 at around \$2.1 billion in total annual tax cuts.

These tax cuts are funded in general through the following actions:

- Surplus funds from 2013-14 of \$310 million;
- Holding state agency operating costs flat for the next four years, which generates \$360 million in savings in 2014-15 growing to \$1.3 billion annually by 2017-18, as compared to earlier projections. These efforts have included closures and consolidations of facilities to reduce excess capacity; strict controls on attrition and hiring; enterprise-wide consolidation of procurement, information technology, and workforce management functions; and a range of operational measures to improve efficiency; in addition to significant savings due to lower health insurance and pension costs;
- Reductions in State spending from prior projections are expected to generate \$1.6 billion in General Fund savings in 2014-15 and will grow each year thereafter rising to \$2.1 billion by 2017-18. Savings are expected from, among other things, the elimination of FY 2015 automatic health and human services “cost of living” increases, and updated cost estimates for a range of State programs, reflecting the impact of the spending controls and cost containment enacted in prior years.
- Adhering to the self-imposed 2 percent spending cap will generate \$1.6 billion in savings in 2015-16 compared to earlier projections and these are estimated to grow to \$3.6 billion by 2017-18.
- Debt management and other actions will also reduce expenditures against recent estimates by several hundred million annually in each of the next 4 years.

## Tax Actions

The Executive Budget proposes a set of tax reductions valued at \$2 billion when fully phased-in within three years, as outlined in the Governor’s State of the State. About half of the tax reductions are dedicated to providing property tax relief through state tax credits. These proposals include:

- **Establish the Real Property Tax “Freeze” Personal Income Tax Credit** – The Executive Budget freezes property taxes for two years, subject to two conditions. In year one (FY 2015), the State will provide tax rebates (via a tax credit) only to homeowners, with qualifying incomes of \$500,000 or less, who live in a jurisdiction that stays within the 2 percent property tax cap.
  - In year two (FY 2016), the State will provide tax rebates (via a tax credit) only to homeowners who live in a locality that stays within the cap and also agrees to implement a shared services or administrative consolidation plan that will generate savings equal to 3 percent of the property tax levy over three years (one percent per year with recurring savings in subsequent years).
    - These cost reduction/consolidation plans can be coordinated by counties for all local governments in their geographic borders (except independent school districts). Statutory language is included in the cost reduction/consolidation section that allows the State to withhold state aid to municipalities that

participate in a consolidation/cost reduction plan that do not implement the provisions by a certain date. It is silent on the amount of withholding that could occur.

- For independent school districts, these plans will be coordinated by the school district with the largest enrollment in the BOCES district.
- Each plan must achieve savings in the aggregate, in an amount of at least one percent of participating entities' levy in the year following the second year of the credit. This percentage increases to 2% and 3% in subsequent years. All of these savings must be applied to tax reduction and failure to achieve planned savings could result in recapture of state aid to the local government or school district. For counties and related municipalities participating in cost reduction/consolidation plans, the plans are due by June 1, in 2015 to be implemented by 2017 (1%), 2018 (2%) and 2019 (3% savings). Numerous new reporting and data submission requirements are created under this plan for local governments to implement.
- In FY 2016, the program is estimated to benefit 2.8 million homeowners for a total cost of \$976 million, yielding an average benefit of \$354. New York City homeowners will not be eligible, as the City is not subject to the property tax cap.
- **Establish the Residential Real Property Personal Income Tax Credit (“Circuit Breaker”** – The Executive Budget creates a refundable tax credit against the personal income tax to provide targeted real property tax relief based on an individual homeowner’s ability to pay. The credit is available statewide, but in areas outside of New York City, only residents of jurisdictions that adhere to the property tax cap will qualify. When fully phased in, the program, valued at almost \$1 billion will benefit over 1.9 million homeowners yielding an average benefit of \$500.

○ **Determination of credit for tax years beginning in 2014**

Household Gross Income is:	Excess Real Property = RPT Paid Above the Following % of Household Gross Income	Credit Amount is the Following Percentage of the Excess Real Property Tax
Less than \$120,000	2.4%	6.25%
\$120,000 to \$149,999	3.2%	4.75%
\$150,000 to \$199,999	4%	3.25%

○ **Determination of credit for tax years beginning in 2015**

Household Gross Income is:	Excess Real Property = RPT Paid Above the Following % of Household Gross Income	Credit Amount is the Following Percentage of the Excess Real Property Tax
Less than \$120,000	3.0%	8.25%
\$120,000 to \$149,999	4.0%	6.0%
\$150,000 to \$199,999	5.0%	3.75%

o **Determination of credit for tax years 2016 and after**

Household Gross Income is:	Excess Real Property = RPT Paid Above the Following % of Household Gross Income	Credit Amount is the Following Percentage of the Excess Real Property Tax
Less than \$120,000	3.0%	20.0%
\$120,000 to \$149,999	4.0%	15.0%
\$150,000 to \$199,999	5.0%	10.0%

- **Establish a Renter's Personal Income Tax Credit** – The Executive Budget creates a refundable credit. This tax relief is composed of a base credit that declines with qualifying incomes up to \$100,000 for married taxpayers who are filing jointly and have related dependents, taxpayers filing as head of household, and married seniors filing jointly. Single seniors with incomes up to \$50,000 would also qualify. Non-senior singles and married taxpayers without related dependents are ineligible. The base credit will be supplemented with an additional credit per federal exemption, where the value of the supplement also declines with income. When fully phased in the program will save \$400 million for approximately 1.3 million households.
- **Establish a 20 Percent Real Property Tax Credit for Manufacturers** – The Executive Budget provides a refundable credit equal to 20 percent of property taxes paid by manufacturers who own property.

Other Major Tax Initiatives Include:

- **Corporate Tax Reform** – combines the corporate franchise and bank taxes to provide tax simplification and relief, and improve voluntary compliance. Reduces the tax rate on net income from 7.1 percent to 6.5 percent.
- **Eliminate the Net Income Tax on Upstate Manufacturers** – lowers the tax rate on income for Upstate manufacturers from the current 5.9 percent to zero in 2014 and thereafter. Upstate is defined as outside the Metropolitan Transportation District.
- **Eliminate 18-a Temporary Assessment for Industrial Customers, Accelerate Phase Out for All Others** –the temporary assessment is scheduled to be eliminated by March 2017, but the Executive Budget eliminates immediately the assessment on industrial customers and accelerates the phase-out for all other customers.
- **Reform the Estate Tax** – increases the exclusion threshold of the estate tax from \$1 million to \$5.25 million over four years, then to eventual conformity with the Federal exemption amount beginning in 2019, and reduces the top rate from 16 to 10 percent over four years. These actions will be coupled with proposals that will require the value of gifts to be added back to the estate.

**Other State Actions to Lower Spending in 2014-15**

***Pension Amortization***

The State Budget assumes another year of amortization of its pension contribution costs, deferring about \$742 million in 2014-15 pension obligations to future years. These amortized costs will need to be paid back in future years with interest. The State will have amortized \$3.2 billion in pension

obligations between 2011 and 2015. The State assumes amortization will not be an option in 2016 through 2020 (at a minimum) as normal contribution rates will fall below those allowed under the special amortization plans. Over 100 local governments have also amortized some pension contribution costs including 12 counties in the most recent year.

## Functional Area Program Impacts

### Aging

The Budget includes \$250,000 to train local Area Agencies on Aging staff so they can better provide information and services to older adults.

### Agriculture

The budget proposes to repeal the State's Tax Law § 185 franchise tax on farmers, fruit growers, and other similar agricultural corporations organized and operated on a co-operative basis.

The proposed funding levels for agriculture local assistance programs, as compared to previous year's enacted budgets, are as follows:

Program	2011/12 Enacted Budget	2012/13 Enacted Budget	2013/14 Enacted Budget	2014/15 Proposed budget
<b>Ag. Child Care (Migrant)</b>	\$6,521,000	\$6,521,000	\$6,521,000	<b>\$6,521,000</b>
<b>Core Diagnostic Lab</b>	\$3,750,000	\$3,750,000	\$3,750,000	<b>\$4,425,000</b>
<b>Quality Milk (Mastitis)</b>	\$1,174,000	\$1,174,000	\$1,174,000	<b>\$1,174,000</b>
<b>NYS Cattle Health Assurance</b>	\$360,000	\$360,000	\$360,000	<b>\$360,000</b>
<b>Johnes Disease</b>	\$480,000	\$480,000	\$480,000	<b>\$480,000</b>
<b>Rabies Prevention</b>	\$150,000	\$150,000	\$250,000	
<b>Avian Disease</b>	\$252,000	\$252,000	\$252,000	<b>\$252,000</b>
<b>Farm Family Assistance</b>	\$384,000	\$484,000	\$584,000	<b>\$384,000</b>
<b>Integrated Pest Mgmt</b>	\$500,000	\$500,000	\$500,000	<b>\$500,000</b>
<b>Geneva Experiment Station – Seed Inspection Program</b>	\$128,000	\$128,000	\$128,000	<b>\$128,000</b>
<b>Geneva Experiment Station –</b>	-	-	\$40,000	<b>\$40,000</b>

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<b>Hop Testing</b>				
<b>Golden Nematode</b>	\$62,000	\$62,000	\$62,000	<b>\$62,000</b>
<b>Future Farmers of America</b>	\$192,000	\$192,000	\$192,000	<b>\$192,000</b>
<b>Ag in Classroom</b>	\$80,000	\$80,000	\$80,000	<b>\$80,000</b>
<b>Ass'n of Ag Educators</b>	\$66,000	\$66,000	\$66,000	<b>\$66,000</b>
<b>NYS Apple Growers Association</b>	\$206,000	\$206,000	\$1,000,000	<b>\$206,000</b>
<b>Wine / Grape Foundation</b>	\$713,000	\$713,000	\$1,000,000	<b>\$713,000</b>
<b>Farm Viability Institute</b>	\$1,221,000	\$1,221,000	\$1,500,000	<b>\$400,000</b>
<b>Center for Dairy Excellence/ Farm Viability Institute (FVI)</b>	\$150,000	\$150,000	\$150,000	<b>\$150,000</b>
<b>FVI – Dairy Profit Teams*</b>	-	-	\$220,000	<b>0</b>
<b>Local Fairs</b>	\$340,000	\$340,000	\$340,000	<b>0</b>
<b>Maple Producers Association</b>	\$100,000	\$100,000	\$125,000	<b>0</b>
<b>Tractor Rollover Program</b>	\$100,000	\$100,000	\$100,000	<b>0</b>
<b>Northern NY Ag Development</b>	\$300,000	\$500,000	\$500,000	<b>0</b>
<b>Eastern Equine Encephalitis</b>	\$100,000	\$150,000	\$150,000	<b>0</b>
<b>NYS Turfgrass Assn.*</b>	-	-	<b>\$150,000</b>	<b>0</b>
<b>North Country Vaccine Prog.*</b>	-	-	<b>\$20,000</b>	<b>0</b>
<b>Christmas Tree Farmers Assn*</b>	-	-	<b>\$100,000</b>	<b>0</b>
<b>NYS Berry Growers Assn*</b>	-	-	<b>\$200,000</b>	<b>0</b>
<b>Long Island Farm Bureau*</b>	-	-	<b>\$200,000</b>	<b>0</b>
<b>Genesee County Ag Academy*</b>	-	-	<b>\$100,000</b>	<b>0</b>
<b>Island Harvest*</b>	-	-	<b>\$25,000</b>	<b>0</b>

## Casino Gaming and Lottery

The Governor proposes to allow revenue from commercial gaming dedicated to support education to be distributed following monthly transfers to cover a shortfall, if any, in the Video Lottery Education Fund. Under current law, commercial gaming revenue dedicated to support education may not be distributed until the fiscal year following receipt of the revenue.



## **Community Colleges and Higher Education**

The Governor proposes to connect the NY Youth Works Program to Community Colleges in order to promote the hiring of inner-city youth, as well as promote job training. The Executive Budget ties the occupational training component of the NY Youth Works Program to the Job Linkage Program to connect businesses that want to hire under the NY Youth Works Program, with community colleges that offer specialized certifications. The Budget level funds per FTE state aid to community colleges at \$2,422.

## **Economic Development**

The cornerstone of the Governor's economic development proposals are tax reform proposals, including tax credits for manufacturers. Details on these reforms are outlined in the "Tax Actions" section of this document.

The 2014-15 Executive Budget includes \$150 million in flexible new economic development capital funding appropriated to Empire State Development to fund regional priority projects through the Regional Economic Development Councils. The budget also includes \$70 million in state tax credits set aside from the Excelsior Jobs tax credit program to fund regional priority projects.

The Governor also includes a new global marketing strategy to promote regional plans that incorporate export strategies and position local products and services to better compete globally.

The Executive Budget includes a second round of \$5 million in competitive funding for regional tourism marketing plans through the "Market NY" program.

The budget also allocates \$3.75 million in new funding for the Innovation Hot Spots and Incubators Program, designed to promote collaboration between business and higher education institutions.

The Executive Budget commits funding to the following specialized regional projects:

- \$680 million in new capital appropriations for the "Buffalo Billion" program.
- \$180 million to support the purchase of new equipment for a project at Nano Utica.
- \$105 million to support the NY Genomic Medicine Network.
- \$5 million for infrastructure to the Cornell University College of Veterinary Medicine.
- \$30 million to support Onondaga Lake Communities Revitalization.
- \$24 million to support communities affected by correctional facilities and juvenile justice facilities closures.
- \$10 million in capital resources to fund initial planning and development costs for a new School of Pharmacy at Binghamton University.

- \$10 million to support a partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech research and development enterprise
- \$12 million from re-appropriations to refurbish and repair the Whiteface Mountain Veterans' Memorial Highway as well as other repair projects.
- \$9.4 million in new capital funding for Olympic Regional Development Authority (ORDA) capital improvements.

## **Environment and Energy**

The budget proposes to make permanent pesticide product registration procedures, fees and reporting requirements. The proposal includes a requirement that the DEC publish a summary of statewide pesticide sales by county on their website. The extension of the pesticide registration fees has a \$3.8 million fiscal impact.

The budget creates an enhanced hunting and fishing program by authorizing the DEC to promulgate rules regarding the use of crossbows for hunting, creating extended license, reducing fishing license fees and authorizes distinctive license plates to promote lifetime fishing and hunting passes.

The budget also proposes to extend the brownfield cleanup program and tax credits for 10 years and further reform the program by exempting hazardous waste generated at certain sites from fees and special assessments. The proposal also authorizes the DEC to undertake environmental restoration projects on behalf of a municipality, upon its request.

### *Energy*

The budget proposes to extend the authority of OGS to procure electricity and natural gas for local governments, an authority created in 2011. The proposal extends the existing law that is set to expire on March 31, 2015 to March 31, 2020.

The budget proposes to expand the back-up power generation requirements for gas stations to upstate facilities. See section on Emergency Management for more details.

The budget proposes the NY Prize initiative, a \$40 million competition to build "community grids," that will provide funding to communities for the development of energy systems that combine decentralized, local, clean power sources with microgrids, in order to maintain utility service during even the worst storms and emergencies.

The Community Solar NY program will expand the deployment of solar energy by providing outreach and targeting funding towards schools and their surrounding communities.

## **Ethics Reform**

As part of the Governor's top priorities for 2014, he put forward a variety of proposals designed to promote ethics reform and new penalties for public officials who violate the public trust.

### ***Public Trust Act***

The Governor proposes 'The Public Trust Act', which establishes a number of new crimes and misdemeanors:

- **Corrupting the government:** This is the lowest level crime. A person would be guilty of corrupting the government if he or she engages in a scheme constituting a systematic ongoing course of conduct with intent to defraud the state or one or more political subdivisions of the state or one or more governmental instrumentalities within the state, or to obtain property, services or other resources from such state, political subdivision or governmental instrumentality by false or fraudulent pretenses, representations or promises. The degree of felony depends on the value of property, services, or other resources.
- **Public corruption:** This crime would increase penalties for specific existing crimes in cases where the victim is a public entitle. The crime would be deemed one category higher than the offense type or offense level of the specified offense. This applies regardless of whether the individual is a public official.

\*Individuals convicted of the above two crimes may also be subject to civil liability. A court can impose a fine of up to three times the profit or other gain from the crime and forfeiture of proceeds from the crime. Tax law would also be amended to permit automatic offset by the state for any amount for which an individual is convicted of defrauding or stealing from a public entity.

- **Official misconduct:** Increases to a class C, D, or E felony, rather than a misdemeanor offense. Official misconduct in the third degree, for any benefit, regardless of value would be a Class E felony. Official misconduct in the second degree, where the benefit gained in valued in excess of \$1,000 would be a Class D felony. Official misconduct in the first degree, where the benefit gained is valued in excess of \$3,000 would be a class C felony.
- **Failure to Report Bribery:** Failure to report bribery is a class A misdemeanor. A public servant would be obligated to report attempts to bribe that individual, or any other bribery or attempted bribery of another public servant of which that individual is aware.
- **Updated Bribery Statute:** The bribery statute no longer requires proof of an agreement or understanding between the parties, bringing New York law into alignment with federal law.

### ***Protecting the Public***

The legislation imposes the same statute of limitation on both public servants and those acting in concert with a public servant to commit misconduct in office. Currently the statute of limitation tolls for public officials but not those acting in concert and are not public officials. Witnesses who testify before a grand jury investigation fraud on the government by a public servant would receive "use" immunity, not "transactional" immunity for statements that witness gives under oath. This means that the witness may still be prosecuted for his or her role if the prosecution can develop evidence other than, and independent of the evidence given by the witness.

Individuals convicted of any bribery, official misconduct or public corruption crimes would be barred from registering as a lobbyist and prohibited from serving in a civil office. They would also be disqualified from receiving tax credits, real estate tax benefits, and other benefits, such as those

associated with Empire Zone designation. Further individual and corporate offenders would be disqualified from bidding on and obtaining state contracts. Under this proposal, violations of the public trust act would be a specific consideration in determining whether an entity is a responsible bidder. A conviction of any crime set forth in the Public Trust Act would be grounds for cancellation of State contracts. Convicted offenders would also be disqualified from providing Medicaid, early intervention, and workers' compensation.

#### *Expand Financial Disclosure*

Legislators would be required to disclose the names of all of their firm's clients who have business before the state.

#### *Election Law Enforcement*

The Act creates a new, independent division of election law enforcement, separate from the Board of Elections that would enforce and prosecute violations of the election law.

#### *Public Financing System*

The Act amends the campaign contributions limits for candidates participating in the public financing system as well as those who are not participating. Election law is clarified to strengthen the prohibition on the use of campaign contributions for personal use. Campaign funds cannot be used to pay fines or penalties imposed in connection with a criminal conviction or by JCOPE or the legislation ethics commission.

## **Housing**

\$75 million in reserves in the Mortgage Insurance Fund (MIF) have been allocated to support new housing development.

- Rural Rental Assistance Program- \$20.4 million to support rental subsidies for low-income elderly and family tenants residing in federal-funded multifamily projects in rural areas of the state
- Mitchell-Lama Portfolio: \$32 million to support initial refinancing and capital repairs of 356 Mitchell-Lama affordable housing projects that Homes and Community Renewal acquired for the Empire State Development Corporation
- Neighborhood and Rural Preservation Programs: \$12 million to support community-based housing corporations across the state that provide various housing related services for low and moderate income populations.
- Various affordable housing capital programs: \$11 million
- Rural and Urban Community Investment Program: \$6.75 million
- Low-Income Housing Trust Fund Program: \$2.5 million
- Homes for Working Families: \$1.75 million

## **Human Services**

The budget authorizes the pass-through of any General Supplemental Security Income (SSI) Costs of Living Adjustment (COLA) for public assistance recipients.

The proposed budget statutorily amends state law to permit recipients of monthly Personal Needs Allowance to set forth the 2014 Personal Needs Allowance amounts and the standard of need for eligibility of additional state payments. It also authorizes those amounts to be automatically increased in 2014 by the percentage of any Federal SSI COLA.

### *Prohibition of Electronic Benefit Transfers of Public Assistance Benefits*

Federal law requires states to establish policies to prevent the use of temporary assistance for needy families (TANF) funds issued via electronic benefit transfers at automated teller machines or point-of-sale terminals in liquor stores, casinos, gaming establishments and adult-oriented entertainment venues. This bill extends this policy to safety net assistance.

## **Indigent Defense and Criminal Prosecution**

The budget proposes \$81 million for Indigent Legal Defense services. This is level funding compared to the 2013-2014 budget appropriation.

The budget allocates \$4.212 million to cover the entire increase of District Attorney mandated salary increase. The budget also extends the following existing law that is set to expire on March 31, 2014 to March 31, 2015: when a county district attorney of a county located within New York City recovers monies before the filing of an accusatory instrument the district attorney's office retains a percentage of the remaining such monies in recognition that such monies were recovered as a result of investigations undertaken by the district attorney's office.

## **Juvenile Justice Reform**

The budget proposes to authorize OCFS to contract with BOCES to provide any educational services at OCFS youth facilities that BOCES provides to school districts. The budget also extends the timeframe for certain OCFS facilities closures slated to close under Close to Home from September 1, 2014 to April 30, 2015 in order to ease the transition of limited secure youth from OCFS to NYC.

The budget creates a Commission on Youth, Public Safety and Justice to make recommendations on how New York State can raise the age of criminal responsibility from 16 to 18. This group is expected to convene and propose an alternative course for 16 and 17 year olds, diverting them from the adult criminal justice system.

## **Local Government Administration**

The budget proposes to authorize the Department of State to send electronically Certificates of Incorporation to the County Clerks in order to satisfy filing requirements.

## **Medicaid**

The 2014/15 proposed budget continues reforms to the Medicaid program, including state takeover of the local share of Medicaid growth. The State is also continuing to assume Medicaid administrative responsibilities for counties. The 2013-14 Budget used state funds to lower County Medicaid Cap contributions by \$86 million through an advancement of enhanced FMAP for the period January 1, 2014 through March 31, 2014 associated with childless adults under the Affordable Care Act. The budget includes statutory changes necessary to continue implementation of Medicaid Redesign Team recommendations into the 2014/15 state fiscal year.

## **Mental Hygiene**

The proposed budget expands an exemption in the Nurse Practice Act for direct care staff in certified settings to those who are working in non-certified settings funded, authorized or approved by the Office for People with Developmental Disabilities (OPWDD).

The proposed budget extends for three years, provisions which permit OMH and OPWDD facility directors acting as representative payees to use a person's fund to pay for the cost of their care and treatment. The Commissioner of OMH would be authorized to recoup Medicaid exempt income from providers of community residences licensed by OMH in an amount equal to fifty percent of the Medicaid revenue received by providers.

The proposed budget defers the human services COLA for 2015 and extends the COLA for an additional year, through March 31, 2018. This would apply to designated human services programs. \$64 million in savings is attributed to this proposal.

## **Preschool Special Education**

The Governor has proposed to make two important reforms to the Preschool Special Education program related to Special Education Itinerant Teacher (SEIT) services. First, a SEIT provider would no longer be reimbursed based on the number of prescribed services. Instead a provider would only be reimbursed based on services actually delivered to the child. A savings of \$71 million has been attributed to this proposal. Second, beginning in 2014-2015 SEIT providers would receive reimbursement pursuant to a regional rate, based on actual approved costs. The commissioner of the State Education Department (SED) would be responsible for setting these rates, subject to the approval of the Division of Budget (DOB).

### Preschool Special Education Appropriations

- \$1,000,000 in competitive grants to municipalities to enhance program oversight
- \$2,000,000 to support fiscal audits of providers by an external audit firm
- \$2,000,000 for 2009-2010 payments to private school providing school age and preschool special education services and program to help prevent staff turnover
- \$2,000,000 for the development of a data collection and analysis tool
- State/County share remains at 59.5 percent/40.5 percent

## Education Bond Act

The Smart Schools Bond Act authorizes the sale of state bonds of up to two billion dollars to provide access to classroom technology and high-speed internet connectivity to equalize opportunities for children to learn and to add classroom space to expand high-quality pre-kindergarten programs.

- Prekindergarten Project: Project with the primary purpose of expanding the availability of adequate and appropriate instruction space for pre-kindergarten
- Community technology project: A capital project to expand high-speed broadband or wireless internet connectivity in the local community, including school buildings and campuses, for enhances educational opportunity in the state
- Classroom technology project: A capital project to expand high-speed broadband or wireless internet connectivity solely for school buildings and campuses, or to acquire learning technology hardware for schools, classrooms, and student use, including but not limited to whiteboards, computer servers, desktop computers, laptop computers, and tablet computers

A school district must submit a smart schools investment plan to the smart school review board and receive approval. If approved, the school district will be eligible for smart school grant, and receive a grant not to exceed the allocation calculated for such school district.

### *Nurse Practitioners Modernization Act*

The budget also proposes the Nurse Practitioners Modernization Act. Current law provides that nurse practitioners must practice in collaboration with a licensed physician in accordance with a written practice agreement and written practice protocols. This Act would allow a nurse practitioner whose written agreement terminates or cannot be renewed through no fault of the nurse practitioner to be supervised by another nurse practitioner with more than 3,600 hours of work experience with the approval of SED for up to 6 months.

### *STEM Incentive Program*

The budget establishes the Science, Technology, Engineering and Mathematics (STEM) Incentive Program to provide a full tuition scholarship to attend any college or university within the State University of New York or the City University of New York to the top 10 percent of high school graduates from each high school in New York State if a student commits to work in New York State in a STEM job for five years following graduation. There is an \$8 million appropriation to cover first year costs of the program.

## Public Health

The proposed budget amends the coverage of prenatal care services available through the General Public Health Work Program (GPHW). County health departments must make a good faith effort to assist women with insurance enrollment. Prenatal care services are only eligible for state aid until a woman becomes insured. \$2 million and \$4.3 million in savings has been attributed to this proposal in 2015 and 2016 respectively.

## Public Safety

The budget proposes increased penalties for multiple alcohol and drug related driving offenses and texting while driving. The budget proposes that when a person commits two violations of VTL section 1192 within three years, they shall have their license revoked for at least 5 years. Any person who commits three violations shall have their license permanently revoked. Further the budget proposes an increase in civil penalties from \$750 to \$1000 of drivers who refuse to submit to a chemical test and for those convicted of aggravated unlicensed operation of a motor vehicle in the first degree.

The budget proposes increased penalties for persons under age 21 who commit texting while driving violations, including a 1 year suspension of a license for each offense. The budget also increases maximum fines for texting while driving offenses.

The State will invest \$10 million in shared technology for State and local law enforcement, making a cloud-based solution available to all law enforcement agencies, linking local crime-fighting efforts to support coordinated responses across jurisdictions.

Funding for local probation departments was held flat at \$44,876,000.

### *9-1-1 Dispatch*

The budget proposes an appropriation of \$75 million for counties from the Public Safety Cellular Surcharge funds. Of this \$75 million, \$50 million will provide grants or reimbursement to counties for the development of a statewide interoperable communications network. \$10 million will be distributed to counties via a formula to support ongoing operations of public safety communications centers. The remaining \$15 million will go towards critical projects that close gaps in the statewide system, pursuant to results of an analysis of the State's system, due out in May.

The budget proposes to suspend the annual allocation of \$1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Funding for the next four fiscal years. The revolving loan fund account, which has been financed with an annual appropriation from these cellular surcharge funds, has an adequate balance and should be able to continue its purpose of providing loans to local governments for emergency response equipment.



### ***Emergency Preparedness***

The budget proposes to extend a program to require backup power generating capacity for gas stations. Last year, this program was created for downstate counties. This proposal expands the program to approximately 241 Upstate gas stations within a half mile of exits on critical highways.

The budget further proposes a program to prepare citizens for emergencies by offering training through the Division of Homeland Security and Emergency Services, in collaboration with the National Guard. The goal is to provide training to 100,000 citizens by March 31, 2015 through funding from Federal homeland security funds.

The budget proposes the creation of the SUNY College of Emergency Preparedness, Homeland Security and Cybersecurity. The budget allocates \$15 million establish this advanced degree, interdisciplinary college.

### **Transportation & DMV**

Local assistance funding for transportation was proposed as follows:

- \$438.1 million for CHIPS and \$39.7 Marchiselli, this is consistent with the 2013-14 Budget which was the first increase (by \$75 million) in five years.
- The MTA will receive over \$4.3 billion, an increase of more than \$85 million from 2013-14.
- The MTA to receive \$309 million from the State General Fund to offset losses from the payroll tax reform.
- Upstate transit systems proposed to receive \$175.9 million, an increase of \$2.3 million.

The budget proposes the authority to the Division of Budget to directly transfer CHIPS and Marchiselli funding upon certification of the Commissioner of Transportation. Currently this funding stream must go through the Department of Transportation.

The budget also authorizes design-build and best value contracting permanent to local governments for highway/bridge construction projects in instances where projects are not subject to the Wicks Law.

The budget also proposes making Saturday operational hours permanent for the DMV. The State law allowing State DMV offices to be open on Saturdays currently is set to expire this year.



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