



NEW YORK STATE BLACK, PUERTO RICAN, HISPANIC, AND ASIAN LEGISLATIVE CAUCUS
Assemblyman N. Nick Perry, Chairman

THE PEOPLE'S BUDGET BUDGET EQUITY XXIV

PRELIMINARY ANALYSIS OF THE
GOVERNOR'S EXECUTIVE BUDGET 2016-2017



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**Message from Chairman
Assemblyman N. Nick Perry
SFY 2016-2017**

It is my honor, as Chairman of the fifty-four member New York State Black, Puerto Rican, Hispanic, and Asian Legislative Caucus, to present to the Governor, the legislature, and the citizens and residents of our great state and the communities we serve, The People's Budget: Budget Equity XXIV. Through this document, the Caucus makes it clear that we are establishing a set of priorities that are required in order to reduce income inequality, balance the fiscal relationship between the local and state government, invest in our people and families, and create a more progressive tax system.

Each year, we take very seriously our responsibility to set the course for the direction of the state. And as our membership grows, the opportunity to enact lasting change for our constituents increases. Thus, we acknowledge and accept that it is incumbent upon the Caucus to firmly, and with a united voice, focus our energy towards improving and strengthening the state budget during this very critical time.

While the roughest economic waters of the Great Recession have receded, there are still far too many of our fellow New Yorkers who were hit harder and lacked the opportunity, resources, and voice needed to not only recover, but to build up a stronger, more just life for themselves and their families.

We owe it to our constituents to fight every day to improve their access to opportunity—by strengthening education and making it more accessible and affordable. We owe it to our constituents to work harder to better their access to resources—by passing legislation that provides for livable wages and affordable healthcare. We owe it to our constituents to be the voice of the voiceless—by speaking out for fair treatment and equality, and real justice in every realm of our society.

What follows, is our preliminary analysis of The Executive Budget, followed by the Caucus' articulation of the legislative and budgetary proposals that will best enable us to support our mission of rehabilitating our communities, strengthening family life, and making the legislative process responsive to the needs of all New Yorkers.

Thank you for taking the time to review our publication, and please take the opportunity to reach out to your local Member of the legislature and share your concerns with us. On behalf of all the Members of our Caucus, I assure you that your voice will be heard.



ACKNOWLEDGEMENTS

We would like to express special appreciation to all of the Legislators, staffs and community groups who have contributed to this publication. Without their talents, dedication and commitment, Budget Equity XXIV would not have been possible.

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Make the Road New York
New York Immigration Coalition
New York State Defenders Association
The City University of New York
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We would also like to thank our staff for the editing, processing and production of this document.

EXECUTIVE DIRECTOR

Kyle H. Ishmael, Esq.



PRELIMINARY ANALYSIS OF THE 2016-2017 EXECUTIVE BUDGET



THE 2016-2017 EXECUTIVE BUDGET IN ECONOMIC AND SOCIAL CONTEXT

Governor Cuomo’s 2016-2017 Executive Budget advances some bold and progressive proposals that well reflect the values and needs of New Yorkers. In particular, the governor has shown great leadership and vision in forcefully advocating for a first-in-the-nation statewide \$15 minimum wage. If enacted, the minimum wage increase would lift the incomes of 3.2 million New Yorkers who desperately need a raise. The governor’s proposal to build a system of paid family leave is another important step that would improve the lives of New Yorkers.

The Executive Budget rightly recognizes the need to address issues affecting some of the poorest and most vulnerable residents in our state. It proposes to reduce homelessness and high levels of poverty in many of our upstate cities. It includes a multi-year plan to combat homelessness, together with the development of 10 anti-poverty task forces; these are productive ways to recognize that child poverty and homelessness are at record levels across the state.

But, in many critical human infrastructure investment areas, rigid adherence to a two percent spending cap is unnecessarily blocking real progress. Last June, the State Budget Director noted that New York State “is in the best fiscal position in many years ... with money in the bank, growing reserves and more surpluses on the horizon.” The state now enjoys its highest credit ratings in more than four decades. Although the recovery has benefitted New Yorkers unevenly, the state’s economy is in the midst of a period of sustained employment and total income growth. Tax receipts are growing at an annual rate of four or five percent. Yet despite the strong current economic and revenue picture, state operating expenditures are projected to increase by only 1.7 percent in FY 2017 from the current year—less than the 1.9 percent projected rate of consumer inflation.

This stark juxtaposition between four to five percent growth in tax receipts and a self-imposed cap on spending of two percent or less defines a budget policy best characterized as unforced austerity. It is austerity driven by a policy choice, not by a faltering economy.

Unforced austerity budgeting has severely restrained services in many critical areas affecting New York’s children, families, and their communities. The state has simultaneously put a fiscal straitjacket on local governments by insisting that they live under an artificial and rigid tax cap, limiting property tax increases to two percent or the rate of inflation, whichever is lower. The result is that local government spending in most parts of the state has suffered, with a corresponding deterioration in services from schools to parks to libraries, and an inadequate public response to hardships afflicting many families. It is hard to imagine that a reduction in school and local government jobs of nearly nine percent would be possible without significant erosion in public services.



In 2007, legislation responded to the final court ruling in the Campaign for Fiscal Equity case, establishing a program for getting the state in compliance with its own constitution and providing adequate funding for at minimum a sound, basic education to all students. That program was abandoned during the Great Recession. In the coming fiscal year, the state is \$4.8 billion short of where it should be according to the legislation. Governor Cuomo proposes just \$455 million in funds that can reasonably be considered going to fill a gap that is more than ten times that size, an abrogation of his constitutional responsibilities and a betrayal of New York State's school children.

The Executive Budget also proposes a focus on community schools as a way to help struggling schools to improve, but the \$100 million allocation is not nearly enough to implement the program in all the schools that need it. Identifying funds that can be redirected to community schools would be a better way to ensure that all students in struggling schools get the resources they need to succeed.

On an inflation-adjusted basis, general-purpose aid to local governments has fallen by 13 percent over the past five years. Declining state aid and capped ability to raise local property taxes have severely constrained local budgets around the state. In the first two years following the imposition of the property tax cap, county governments cut spending on community colleges and public health by 15 percent, fire protection by 14 percent, elder services by 13 percent, and youth services by 28 percent.

On top of the cuts sustained in the past five years of austerity, substantial further budget cuts will be layered on in order to keep within the two percent spending limit. These as-yet unspecified cuts total \$9.5 billion over the next three years or an average of \$3.2 billion a year.

Perhaps the biggest bombshell in this year's Executive Budget is the proposal to shift what in two years will be about a billion dollars in CUNY and Medicaid spending from the state's budget to the City of New York. This is a pernicious and unilateral shift in fiscal responsibility to a local government.

Some state budget changes are benign enough, but others are more risky. Converting STAR from a directly paid state budget item to a credit against the personal income tax, for example, does little more than shift the expense out from under the cap. But the governor has also proposed a set of extremely ambitious infrastructure proposals. In this case, his ambition is not limited by the tight cap on operating spending because these are capital projects. Devoting resources to our state's ailing roads, bridges and public transit is a wise investment. However, the funding sources to support these ambitious initiatives are vague at best. The budget should clearly identify funding plans for all of these initiatives, and match spending on the state's infrastructure needs with the needs of year-to-year operations, without the constraint of a spending cap.



New York's overall state and local tax system is regressive. The state personal income tax should be made more progressive to offset regressive property and sales taxes that result in an overall regressive state tax system. New York should build on the current income tax structure originally proposed by Governor Cuomo in December 2011, which is set to expire at the end of 2017, by increasing the number of brackets from eight to 12, and making the new structure permanent. This "1% Plan for New York Tax Fairness" would retain the middle class tax breaks the governor introduced then, and generally increase tax rates slightly for the richest 1 percent of New York's taxpayers, i.e., those with incomes over \$665,000. If the "millionaires' tax" is not extended, New York State would suffer a net \$2.7 billion revenue drop that would entail a \$1 billion tax increase for moderate- and middle-income families (with incomes from roughly \$40,000 to \$300,000), while the richest 1 percent would get a \$3.7 billion windfall. The 1% Plan would raise income taxes by \$2.2 billion, with 17 percent of that amount paid by out-of-state residents.

A sound body of research supports the conclusion that businesses can reasonably accommodate a phased-in \$15 minimum wage and that it would be good public policy for New York. Since the government-funded human services sector is one of the state's biggest low-wage employers, a key issue in raising the minimum wage is ensuring state funding and budget action to make sure that the higher wage floor benefits the many non-profit sector workers providing state human services under state contract or paid through Medicaid reimbursements. Medicaid and other public assistance savings and increased tax payments will help offset the budget costs. On net, there will be no adverse economic effects for New York and the well-being of one-third of the workforce and their families will improve.

We have the resources to make sure this budget is of great value to all New Yorkers. Now we just need the political will to make it a reality.



The Executive Budget: HIGHLIGHTS

- **All Funds Spending:** Adjusted All Funds spending for State Fiscal Year (SFY) 2016-17 is estimated to be \$145.3 billion, a growth of 1.2 percent. This amount excludes \$1.1 billion in Federal disaster aid for Superstorm Sandy; \$6.8 billion in additional Federal aid for the Affordable Care Act; and \$1.3 billion in spending of proceeds from financial settlements. When these amounts are considered, the All Funds total is estimated at \$154.5 billion, a 1.6 percent growth.
- **State Operating Funds Spending:** The Executive’s estimate of 1.7 percent growth in State Operating Funds remains below the two percent spending benchmark with total disbursements reaching \$95.9 billion. This spending benchmark was first instituted in SFY 2011-12.
- **General Fund Spending:** The Executive estimates that General Fund disbursements for SFY 2015-16 are expected to total \$72.6 billion; a growth of 15.5 percent. General Fund disbursements for SFY 2016-17 are projected to total \$70.6 billion, a decrease of 2.7 percent.
- **Closing the SFY 2016-17 Budget Gap:** The Executive Proposal includes recommendations that are intended to close an estimated \$1.78 billion General Fund budget gap in SFY 2016-17. The Executive proposes to close this gap with \$2.0 billion in spending reductions offset by \$267 million in resource changes and tax actions. Prior to these actions, out-year gaps were estimated at \$2.8 billion for SFY 2017-18, \$4.4 billion for SFY 2018-19, and \$4.2 billion for SFY 2019-20.
- **Monetary Settlements:** The Executive allocates \$2.3 billion in settlement funds; accordingly: \$1.84 billion is transferred to the Dedicated Infrastructure Investment Fund (DIIF) for capital purposes, \$340 million is placed in reserves for the Thruway Toll Credit, and \$120 million is allocated to the Environmental Protection Fund (EPF).
- **General Fund Reserves:** The Executive estimates the SFY 2016-17 General Fund closing balance will be \$2.9 billion, including \$1.8 billion in the “Rainy day” reserve funds.

The Executive proposes a \$145.3 billion budget for SFY 2016-17, representing growth of \$1.7 billion or 1.2 percent. With the inclusion of extraordinary Federal aid for Superstorm Sandy and the Affordable Care Act as well as spending of settlement funds, the All Funds budget grows by \$2.43 billion or 1.6 percent.



General Fund spending is projected at \$70.6 billion for SFY 2016-17, a 2.7 percent decrease from SFY 2015-16. The General Fund spending decrease in SFY 2016-17 is primarily due to the transfer of \$4.6 billion to the DIIF in SFY 2015-16.

State Funds spending which includes spending on capital is projected at \$105.3 billion, or 3.1 percent growth over last year.

Size of Budget (\$ in Millions)				
	SFY 2015-16	SFY 2016-17	Difference	Percent
General Funds	72,575	70,639	(1,936)	(2.7)
State Operating Funds	94,282	95,885	1,603	1.7
State Funds	102,146	105,262	3,116	3.1
All Funds	143,593	145,303	1,710	1.2
All Funds Adjusted*	152,084	154,517	2,433	1.6

Note: All Funds Adjusted includes federal aid associated with Hurricane Sandy and the Affordable Care Act as well as settlement capital spending.

Two Percent Spending Benchmark

Beginning in SFY 2011-12, the Executive created a spending benchmark that limited the State Operating Fund to two percent growth. For SFY 2016-17, the Executive proposes a State Operating Funds budget of \$95.9 billion, for a growth of 1.7 percent.

In the SFY 2015-16 Mid-Year Update, the SFY 2016-17 State Operating Funds growth was projected at 4.1 percent over the current fiscal year. The Executive budget reduced the growth to 1.7 percent through a series of spending revisions.

Actions that reduce growth in the Executive proposal include: increasing the contribution from New York City to pay a 30 percent share of CUNY net operating and debt service costs currently funded by the State (\$393 million); reinstating the New York City contribution from the State takeover of Medicaid growth (\$180 million); shifting School Tax Relief (STAR) from a spending program to a refundable personal income tax credit (\$299 million); and other budgetary revisions (\$200 million).

Settlement Funds

Since the SFY 2015-16 mid-year update, the State has received an additional \$225 million in monetary settlements from financial institutions: \$150 million from Barclays; \$74 million from Credit Agricole; and \$1 million from New Day Financial LLC. This brings the total monetary settlements received in SFY 2014-15 and SFY 2015-16 to \$8.3 billion.



Of this total, \$5.4 billion was budgeted in SFY 2015-16 and \$627 million was set aside for financial plan operations. The SFY 2016-17 budget proposes using \$2.3 billion in settlement funds to support infrastructure projects across the State, including: \$700 million for a Thruway Stabilization Plan; an additional \$200 million for the Transportation Capital Plan; \$640 million for housing initiatives; \$255 million for Economic Development purposes; \$25 million for the Empire State Poverty Reduction Initiative; and \$20 million for Municipal Consolidation and Efficiency Competition. The remaining balance will be used to supplement the Environmental Protection Fund (\$120 million) and \$340 million will be reserved to fund a three year toll credit for regular users of the Thruway.



Executive Budget Financial Plan
SFY 2016-17
(\$ in Millions)

	<u>Executive General Fund</u>	<u>Executive State Funds</u>	<u>Executive All Funds</u>
OPENING BALANCE	<u>4,796</u>	<u>11,148</u>	<u>11,116</u>
RECEIPTS:			
Personal Income Tax	34,242	49,960	49,960
User Taxes and Fees	7,089	16,195	16,194
Business Taxes	5,776	8,017	8,018
Other Taxes	986	3,512	3,512
Total Taxes	<u>48,093</u>	<u>77,684</u>	<u>77,684</u>
Licenses, Fees, etc.	595	595	595
Abandoned Property	525	525	525
ABC License Fees	63	63	63
HCRA		4,701	4,701
Lottery		3,353	3,353
Medicaid		812	812
Motor Vehicle Fees	161	541	541
Reimbursements	293	293	293
State University Income		4,298	4,298
Investment Income	7	7	7
Other Transactions	998	8,755	8,971
Total Miscellaneous Receipts	<u>2,642</u>	<u>23,943</u>	<u>24,159</u>
Federal Grants	0	79	51,133
Total Transfers from Other Funds	<u>18,051</u>		
TOTAL RECEIPTS	<u>68,786</u>	<u>101,706</u>	<u>152,976</u>
DISBURSEMENTS:			
School Aid	20,778	24,388	27,066
Higher Education	2,650	2,654	2,662
All Other Education	2,278	2,305	3,199
STAR		3,228	3,228
Medicaid - DOH	12,628	18,037	52,096
Public Health	741	1,609	3,418
Mental Hygiene	937	2,619	2,772
Children and Families	1,638	1,642	2,673
Temporary & Disability Assistance	1,229	1,292	4,736
Transportation	101	6,101	6,616
Unrestricted Aid	745	745	745
All Other	1,777	2,589	4,239
Total Local Assistance Grants	<u>45,502</u>	<u>67,209</u>	<u>113,450</u>
Personal Service	6,025	12,809	13,498
Non-Personal Service	2,209	5,667	6,752
Total State Operations	<u>8,234</u>	<u>18,476</u>	<u>20,250</u>
General State Charges	5,459	7,623	7,942
Debt Service	725	5,455	5,455
Capital Projects	3,700	6,499	7,420
State Share Medicaid	1,433		
SUNY Operations	985		
Other Purposes	4,601		
Total Transfers to Other Funds	<u>11,444</u>		
TOTAL DISBURSEMENTS	<u>70,639</u>	<u>105,262</u>	<u>154,517</u>
Other Financing Sources (uses):			
Transfers from Other Funds		33,884	33,141
Transfers to Other Funds		(31,923)	(33,218)
Bonds and Note proceeds		599	599
Net Financing Sources		<u>2,560</u>	<u>522</u>
Excess/(Deficiency) of Receipts over Disbursements	<u>(1,853)</u>	<u>(996)</u>	<u>(1,019)</u>
CLOSING BALANCE	<u>2,943</u>	<u>10,152</u>	<u>10,097</u>



The People's Budget: HIGHLIGHTS

The 2017 Executive Budget takes some very positive steps in acknowledging and addressing the needs of struggling working class families in New York State. Proposals to increase the minimum wage, provide paid family leave and address poverty and homelessness are all welcome additions to this year's budget proposal. In particular, the governor has shown great leadership and vision in forcefully advocating for a first-in-the nation statewide \$15 minimum wage. In many critical human infrastructure investment areas, however, rigid adherence to a two percent spending cap is blocking real progress. The Caucus believes that in order to strengthen New York's economy and ensure that the communities we serve are feeling the real benefits of shared prosperity, we must do more to: reduce income inequality, balance the state/local fiscal relationship, invest in people, and create a more progressive tax system.

Reduce Income Inequality

Increase the Minimum Wage

Adopt the governor's proposal to enact a statewide \$15 statewide minimum wage phased in over a period of years (reaching \$15 in 2018 in NYC and 2021 in upstate). To ensure that all workers benefit, increase funding in human services contracts and change Medicaid reimbursement rates that apply to home health care, workers providing services for the developmentally disabled, and others. Medicaid and other public assistance savings and increased tax payments will help offset some of the budget costs. If the state minimum wage is increased to \$15 an hour as proposed by the governor, the state should also index the higher minimum wage for inflation annually thereafter, and consider the implications of including tipped workers.

Increase the State Earned Income Tax Credit

The state EITC is currently set at 30 percent of the federal EITC; increasing it to 40 percent would help lift many hard-working families out of poverty. State EITC benefits should also be expanded to aid childless workers ages 20-24 and those 65-66, and to increase amounts for childless couples. Adopt the executive proposal to make permanent the Earned Income Tax Credit provisions that apply to non-custodial parents.

Enact Paid Family Leave Insurance

The governor's proposal to provide 12 weeks of job-protected leave for all private sector workers is an excellent start. However, the wage replacement rate should be raised to 66 percent—the current proposal is that it start at 35 percent and rise to 50 percent, too low a portion of a salary for low-wage workers to live on. Benefits under New York's Temporary Disability Insurance system are paltry and need to be adjusted.



Reform Unemployment Insurance

Correct shortcomings in how the state structures partial benefits, accelerate the phase-in for the maximum weekly benefit to equal 50 percent of the average weekly wage by 2020, and accelerate an increase in the taxable wage base to \$15,000 by 2020.

Increase Funding for the Empire State Poverty Initiative

The governor's budget includes a \$25 million Empire State Poverty Initiative modeled after the Rochester Anti-Poverty Task Force. The program would initially provide \$500,000 planning and implementation grants to ten cities with high poverty rates. The cities would also be eligible for state funding from a \$20 million grant pool to be used with matching private funding for anti-poverty programs. While well intentioned, this initiative should be funded on a level more commensurate with the magnitude of the challenge of extraordinarily high child poverty and concentrated overall poverty.

Expand Investments in Early Childhood Development

Child development advocates state that at least \$190 million is needed in the 2016-2017 budget (\$90 million for required provider inspections and \$100 million to add subsidized child care slots), but the state can reasonably sustain at least \$300 million more annually to begin making up for years of under-investment in child development. Also, subsidy levels and child care contract funding should be increased to ensure that all pre-school and child care teachers and support staff are adequately compensated, particularly if there is an increase in the statewide minimum wage. The state's refundable Child and Dependent Care Tax Credit should be modified to increase benefits for households with incomes up to \$80,000, in part to help families adjust to higher child care costs that may be associated with increasing the wage of child-care workers to \$15/hour.

Increase Funding for Universal Pre-Kindergarten

A \$125 million investment in pre-kindergarten would support access to approximately 12,500 more children and move the state forward on the goal of providing universal pre-K to all three- and four-year-olds. Early learning programs are a proven way to boost children's learning skills and improve their future prospects. The Universal Pre-Kindergarten program for four-year-olds enacted last year continues in FY 2017, but with no increase in the state funding level of \$340 million.



Balance the State/Local Fiscal Relationship

Move Toward Having the State Carry a Fair Share of Joint State/Local Costs

Restore the state's role as a reliable partner to local governments. Rather than assisting local governments, the state has put them in a position where they first had to choose between raising taxes and cutting local services, and more recently have had only the option to cut services and the false promise of huge savings through consolidation and other efficiencies.

Scrap the State Spending Cap

Eliminate the governor's self-imposed two percent cap on state spending. State tax revenues, total wages, and personal income are projected to grow by four to five percent annually over the next four years. There is no reason to hold annual spending growth below two percent if it means that we are under-investing in education and poverty reduction. This unforced austerity has already caused the state to underinvest in several critical areas, and the continuation of the cap guarantees further harmful cuts to local governments, education and human service programs.

Eliminate or Amend the Property Tax Cap

The property tax cap is the wrong solution to the state/local tax problem, and it should be eliminated. Short of being eliminated, there are modifications that would at least minimize its damage to schools and local governments. The cap should be amended to allow for a simple majority override rather than requiring a 60 percent supermajority. The cap should also have exclusions for local expenditures for emergencies, capital improvements, infrastructure, and enrollment.

Increase K-12 School Aid

Make a serious down payment on meeting the commitments of the Campaign for Fiscal Equity settlement by increasing aid by \$2.6 billion and distributing it through the foundation formula to ensure funds are targeted to high-needs school districts with high child poverty rates.

Restructure and Expand the State Takeover of County Medicaid Costs

The state should build on the takeover of all county increases in Medicaid costs by starting to provide additional relief for low-wealth counties who bear a greater burden relative to their ability to sustain the local cost share. The legislature should simply reject the proposed elimination of the Medicaid cost increase takeover for New York City.

Increase Aid and Incentives to Municipalities (AIM)

Help fiscally stressed local governments, by increasing AIM aid. Funding has been flat for far too long; over the past 30 years AIM funding has eroded by 75 percent in inflation-adjusted dollars.



Invest in People

Expand Access to Quality and Affordable Housing

The Caucus will work to ensure that housing remains a top priority of this Legislature. The Legislature has consistently supported affordable housing activities and should continue to expand those activities to increase opportunities for families across the State. This includes effective, targeted efforts to reduce homelessness, create supportive housing, preserve existing affordable housing, build new deeply and permanently affordable units, protect and foster low-to middle-income homeownership, and support public housing. It is crucial that New York State work in partnership with local municipalities to achieve these goals. The Caucus believes each unit preserved, each new homeowner, and each new housing development is an opportunity to not only create affordable housing, but to reinvest in a neighborhood and its community.

Reform and Curtail Business Tax Credit Programs

Reduce the amount of money ill-used in the name of economic development and redirect it to bolster economic growth. Tax credits have tripled to \$1.8 billion in the past decade, yet they have a negligible impact on job creation. The governor's own tax commission recommended curtailing the scattershot use of tax credits. These funds can be better used as investments in smart economic development.

Increase Aid to SUNY/CUNY

Build on the tremendous resource of SUNY and CUNY campuses around the state by putting them on a sound financial footing. Quality and affordability must be the twin goals of the system, the two cannot be pitted against each other. Tuition costs must be held down, while state investments in the system are increased. The governor vetoed a Maintenance of Effort Bill passed by the Assembly and Senate, saying that it should be taken up in the context of budget negotiations. The time for that is now. CUNY faculty and staff have been working without a contract for over six years; that situation must be resolved. The notion that New York City could simply take over a half-billion dollars in additional CUNY aid without further ado got justified headlines around the state; this must be reconsidered. The Tuition Assistance Payment (TAP) program should be modernized and expanded so that it provides targeted aid to students that need it the most by increasing the maximum award, raising income thresholds, and easing eligibility for part-time TAP. The amount the state pays per student at community colleges should be increased, as should the allocations to CUNY and SUNY 4-year campuses and the SUNY hospital system.

Enact the New York State DREAM Act

The state DREAM Act would allow “dreamers”—undocumented immigrants who came to New York as children—to apply for the state’s Tuition Assistance Program. The governor’s inclusion of this measure in the Executive Budget is welcome. Leading it through the legislature would send the message that New York is a state in which talent does not go to waste and signal that we are a state that welcomes immigrants. This is a very small cost to the state that will have a very high return on investment.

Expand Transitional and Public Service Jobs

Widen access to transitional employment to better assist welfare recipients and the unemployed while protecting against the displacement of existing public sector workers.

Progressive Tax System

Adopt the 1% Plan for New York Tax Fairness

New York’s overall state and local tax system is regressive. The state personal income tax should be made more progressive to offset regressive property tax, sales tax, and other taxes that result in an overall regressive state tax system. New York should build on the current tax structure originally proposed by Governor Cuomo in December 2011, which is set to expire at the end of 2017, by increasing the number of brackets from eight to 12, and making the new structure permanent. The 1% Plan retains the middle-class tax reductions introduced in 2011, and generally increases tax rates slightly for the richest 1 percent of New York’s taxpayers (those with incomes over \$665,000). This would raise income taxes for the top 1 percent by \$2.2 billion, with 17 percent of that paid by out-of-state residents. If the “millionaires’ tax” is not extended, New York would suffer a net \$2.7 billion revenue drop that would entail a \$1 billion tax increase for moderate and middle income families while the richest 1 percent would get a \$3.7 billion windfall.

Fix “Corporate Tax Reform”

Changes should be made to improve the corporate tax reform that was enacted in 2014. The changes were meant to be revenue neutral, but in fact will end up costing well over \$500 million annually. To make up for this lost revenue, the state should make permanent the 0.15 percent capital base alternative tax rate and raise the cap to \$10 million, and should enact the investment tax credit reforms Governor Cuomo proposed in 2014.



Carried Interest Tax

Hedge fund and private equity billionaires charge a fee for investing other peoples' money—called "carried interest"—and get a lower tax rate than kindergarten teachers and truck drivers. New York State should pass legislation to “repatriate” revenue lost to the federal-level loophole. We can tax the carried interest income of hedge fund and private equity partnerships headquartered in the state and bring the money home for investment in schools, housing, jobs and clean-energy infrastructure.

New York’s private equity and hedge funds earn \$15.6 billion per year in under-taxed carried interest, using conservative estimates. A state bill to recapture fair-share tax rates would provide an estimated \$3.7 billion for New York’s needs.



The Executive Budget: EDUCATION

- **General Support for Public Schools (\$991 million):** The Executive proposes an increase in General Support for Public Schools of \$991 million or 4.3 percent, increasing aid from \$23.23 billion to \$24.22 billion for School Year (SY) 2016-17. This increase consists of \$961 million for School Aid, \$28 million for competitive grants and \$2.03 million for other education programs.
- **School Aid (\$961 million):** The Executive proposes a School Aid increase of \$961 million or 4.2 percent. This allotment is made up of: \$266.4 million for Foundation Aid, \$189.4 million for the Gap Elimination Adjustment restoration, \$100 million for Community Schools Aid, and \$405.3 million for the reimbursement of expense-based aids.
- **New Grant Programs (\$28 million):** The Executive proposal includes three grant programs:
 - Expanded pre-kindergarten (\$22 million): to expand access to and quality of half-day and full-day programs for three-year olds.
 - QUALITYstarsNY (\$2 million): to monitor, review, and evaluate early childhood settings.
 - Expanding access to Early College and Career and Technical Education (CTE) Programs: \$3 million is proposed for the Smart Transfer Program, to allow Early College high school students to obtain associate degrees while in high school at no cost to the student. Additionally, the governor proposes \$1 million to eliminate barriers that prevent students with disabilities and English Language Learners from participating in CTE programs.
- **Pre-kindergarten:** The Executive Budget continues \$340 million in support for statewide full-day prekindergarten, and \$467 million for all other pre-kindergarten programs.
- **Charter School Grants (\$27 million):** The Executive proposes a new direct per pupil grant to charter schools.
- **Mayoral Control:** The Executive proposes a three-year extension of mayoral control in New York City, which is set to expire in June of 2016.



General Support for Public Schools

AID CATEGORY	2015-16 School Year (\$ in Millions)	2016-17 School Year (\$ in Millions)	\$ Change (\$ in Millions)	% Change
Formula-Based Aids				
Foundation Aid	15,856.39	16,122.76	266.37	1.68%
Community School Aid	0.00	100.00	100.00	NA
Excess Cost - High Cost	532.92	600.53	67.61	12.69%
Excess Cost - Private	320.83	330.81	9.98	3.11%
Reorganization Operating Aid	7.91	7.63	(0.28)	-3.54%
Textbooks (Incl. Lottery)	176.74	179.41	2.67	1.51%
Computer Hardware	37.20	38.33	1.13	3.04%
Computer Software	45.31	46.35	1.04	2.30%
Library Materials	18.85	19.34	0.49	2.60%
BOCES	818.84	861.65	42.81	5.23%
Special Services	211.94	211.40	(0.54)	-0.25%
Transportation	1,697.74	1,782.89	85.15	5.02%
High Tax	223.30	223.30	(0.00)	0.00%
Universal Prekindergarten	383.68	385.03	1.35	0.35%
Academic Achievement Grant	1.20	1.20	0.00	0.00%
Supplemental Education Improvement Grant	17.50	17.50	0.00	0.00%
Charter School Transitional Aid	32.11	35.14	3.03	9.44%
Full-Day Kindergarten	5.78	1.18	(4.60)	-79.58%
Academic Enhancement Aid	9.57	9.57	0.00	0.00%
Supplemental Public Excess Cost	4.31	4.31	0.00	0.07%
Gap Elimination Adjustment	(433.60)	(244.19)	189.41	-43.68%
Building Aid/Reorganization Building	2,830.70	3,026.16	195.46	6.91%
Total Formula-Based Aids	22,799.22	23,760.30	961.08	4.22%
Grant Programs				
Teachers of Tomorrow	25.00	25.00	0.00	0.00%
Teacher-Mentor Intern	2.00	2.00	0.00	0.00%
Student Health Services	13.84	13.84	0.00	0.00%
Roosevelt	12.00	12.00	0.00	0.00%
Urban-Suburban Transfer	6.66	6.66	0.00	0.00%
Employment Preparation Education	96.00	96.00	0.00	0.00%
Homeless Pupils	25.97	26.97	1.00	3.85%
Incarcerated Youth	18.75	19.50	0.75	4.00%
Bilingual Education	14.50	14.50	0.00	0.00%
Education of OMH / OPWDD Pupils	64.50	66.00	1.50	2.33%
Special Act School Districts	2.70	2.70	0.00	0.00%
Chargebacks	(52.00)	(53.50)	(1.50)	2.88%
BOCES Aid for Special Act Districts	0.70	0.70	0.00	0.00%
Learning Technology Grants	3.29	3.29	0.00	0.00%
Native American Building	5.00	5.00	0.00	0.00%
Native American Education	47.62	47.90	0.28	0.59%
Bus Driver Safety	0.40	0.40	0.00	0.00%
Total Grant Programs	286.93	288.96	2.03	0.71%
Total Formula-Based Aids and Grant Programs	23,086.15	24,049.26	963.11	4.17%
Performance Grants	147.00	175.00	28.00	19.05%
School Year Total	23,233.15	24,224.26	991.11	4.27%

Other Public Elementary and Secondary Education Programs

	SFY 2015-16	SFY 2016-17	\$ Change (\$ in Millions)	% Change
	Enacted (\$ in Millions)	Exec. Request (\$ in Millions)		
Supplemental Basic Charter School Tuition Payments	28.26	42.40	14.14	50.04%
Transformation Grants	75.00	75.00	0.00	0.00%
Grants in Aid to Charter Schools	0.00	27.41	27.41	NA
Targeted Prekindergarten	1.30	1.30	0.00	0.00%
Children of Migrant Workers	0.09	0.09	0.00	0.00%
Adult Basic Education	1.84	1.84	0.00	0.00%
Adult Literacy Education	6.29	6.29	0.00	0.05%
Lunch/Breakfast Programs	34.40	34.40	0.00	0.00%
Nonpublic School Aid	171.42	174.03	2.61	1.52%
Nonpublic School Safety Equipment	4.50	4.50	0.00	0.00%
New York State Center for School Safety	0.47	0.47	0.00	0.00%
Health Education Program	0.69	0.69	0.00	0.00%
Academic Intervention Services, Nonpublics	0.92	0.92	0.00	0.00%
Extended School Day/School Violence Prevention	24.34	24.34	0.00	0.00%
Primary Mental Health Project	0.89	0.89	0.00	0.00%
Summer Food Program	3.05	3.05	0.00	0.00%
Consortium for Worker Education	13.00	11.50	(1.50)	-11.54%
Charter School Start Up Grants	4.84	4.84	0.00	0.00%
Smart Scholars Early College HS Program	2.00	1.47	(0.54)	-26.75%
Student Mentoring and Tutoring Program	0.49	0.49	0.00	0.00%
Postsecondary Aid to Native Americans	0.60	0.60	0.00	0.00%
NYS Historical Association—National History Day	0.10	0.00	(0.10)	-100.00%
Small Govt. Assistance to School Districts	1.87	1.87	0.00	0.00%
Math and Science High Schools	1.38	1.38	0.00	0.00%
County Vocational Education and Extension Boards	0.93	0.93	0.00	0.00%
Center for Autism and Related Disabilities – SUNY Albany	1.24	0.74	(0.50)	-40.32%
Just for Kids – SUNY Albany	0.24	0.24	0.00	0.00%
Say Yes to Education Program	0.35	0.35	0.00	0.00%
Nat'l Board for Professional Teaching Standards	0.37	0.37	0.00	0.00%
Teacher Resource Centers	14.26	4.28	(9.98)	-70.00%
Deferred Action for Childhood Arrivals	1.00	1.00	0.00	0.00%
Rochester School Health Service Grants	1.20	0.00	(1.20)	-100.00%
Buffalo School Health Service Grants	1.20	0.00	(1.20)	-100.00%
Henry Viscardi School	0.90	0.00	(0.90)	-100.00%
Executive Leadership Institute	0.48	0.00	(0.48)	-100.00%
BOCES New Technology School Initiative	0.20	0.00	(0.20)	-100.00%
Supplemental Valuation Impact Grants	1.25	0.00	(1.25)	-100.00%
New York City Community Learning Schools Initiative	1.50	0.00	(1.50)	-100.00%
Yonkers City School District	2.00	0.00	(2.00)	-100.00%
Grants to Certain School Districts and Other Programs	54.85	0.00	(54.85)	-100.00%
Prior Year Claims/Fiscal Stabilization Grants	45.07	45.07	(0.00)	0.00%
Total	504.77	472.74	(32.03)	-6.35%



The People’s Budget: EDUCATION

The level of funding for New York State schools has been debilitating and consistently inadequate for many years. It is an impact most often felt disproportionately by students of color, and those from low-income households. Unfortunately, the Executive Budget once again fails to adequately meet the constitutional right of all students to enjoy a sound basic education.

Campaign for Fiscal Equity

In 1993, a group of parents from New York City organized the Campaign for Fiscal Equity (CFE). The CFE filed a constitutional challenge against the state, citing that New York City schools were receiving inadequate funding to meet all students’ needs. In 1995, the Court of Appeals ruled that the constitution requires that the state offer all children the opportunity for a “sound basic education, defined as a meaningful high school education that prepares students for competitive employment and civic participation.” Finally, in 2006, the Court of Appeals issued its final ruling that ordered the state to increase basic classroom operating aid to New York City schools by \$1.93 billion plus inflation. The court stated that this amount must be considered as “the constitutional floor” and the state and legislature should consider providing more funding to all districts across the state which had students in poverty and were considered high need.

In 2007, the Caucus joined with all of its State elected officials in enacting historic school reforms that were designed to provide a statewide resolution to CFE. The 2007 education reforms were designed to finally end the delays and excuses that stood between too many of our students and the quality education that is their constitutional right. However, the fiscal crisis of 2008 took hold, and our schools were forced to bear the unjust burden, resulting in cuts of \$2.8 billion in school aid through the Gap Elimination Adjustment (GEA) formula. Since then, only a percentage of funding has been restored.

We have the opportunity to right this wrong. However, the Executive Budget continues to ignore a \$9,000 per student spending gap between rich and poor schools and only provides \$266 million out of \$4.4 billion due in aid based on the CFE lawsuit—of which, 77 percent is owed to high-need districts. The Caucus strongly believes that CFE should be fully funded.

Enacted CFE Funding Over the Years

SFY 2008-2009	+ \$1.767 Billion
SFY 2009-1010	+ \$0
SFY 2010-2011	-\$1.4 Billion
SFY 2011-2012	-\$1.3 Billion
SFY 2012-2013	+\$805 Million
SFY 2013-2014	+\$944 Million
SFY 2014-2015	+\$1.1 Billion
SFY 2015-2016	+\$1.3 Billion

Pre-Kindergarten

The Executive Budget includes \$22 million for pre-K for three year olds, calling it the Empire State Pre-K program. The funding will be available to districts that already have a pre-K program. Districts will have to apply for the competitive grant. If they get it, they will be able to create new half- or full-day seats for three year-olds.

The Empire State Pre-K program would be the sixth pre-kindergarten program in the state, but would still fail to deliver on the goal of providing universal pre-K to all three- and four-year olds in New York. Despite the governor’s pledge to provide “a blank check” to any school district that wanted to expand its pre-K program, the Executive Budget does not financially support that pledge outside of New York City—leaving approximately 115,000 four-year olds without pre-kindergarten. The Caucus advocates for pre-K funding in the amount of \$125 million, as recommended by the Alliance for Quality Education and the New York State Board of Regents.

Early Childhood Education

Building upon the successes that have been achieved by the universal pre-kindergarten initiative that was first implemented during the 2014-2015 academic year, it is critical to expand access to quality childcare and early childhood education programs—particularly in communities that have historically experienced a dearth of educational programming. The Executive Budget includes an aggregate total of \$340 million in continued funding for the universal pre-K program that is largely focused on New York City, and \$467 million for all other pre-kindergarten programs. This is a significant commitment of public resources but fails to include a similar amount of support to meet the childcare and early childhood education needs of New York’s families.

The Caucus advocates for a separate \$340 million in state funding for early childhood education programs; including \$90 million to ensure that no current recipient of a child care subsidy loses that support, and \$100 million to fund subsidies for an additional 13,000 qualified children.

Community Schools

Schools in large urban areas and in small cities have been historically neglected and underfunded. The Executive Budget includes \$100 million for turning schools labeled as “struggling” and “persistently struggling” into community schools—a strategy with proven results. Combining meaningful and sustained family and community engagement, a strong academic program which includes culturally relevant and engaging curriculum, with the services necessary to meet students’ and their families’ needs, community schools lead to higher attendances rates, higher achievement, and higher graduation rates.



Of the \$100 million, \$75 million is allocated to the 17 school districts that have “struggling” and “persistently struggling” schools. The remaining \$25 million is allocated to other high-need districts; however, some of these allocations are as small as \$17,000, which is not enough to create a community school.

The move towards community schools is a positive step by the governor. However, if we are serious about turning these schools into community schools that have engaging academic programs and services to meet students’ needs, then the funding needs to be adequate. Last year’s enacted budget provided that \$75 million was required for 20 schools; an average of \$3.75 million per school. Based on that, the Caucus supports providing funding of at least \$535 million for 144 schools.

Receivership

The receivership law enacted in the SFY 2015-2016 budget interferes with the creation of successful community schools. It grants authority to a school superintendent to bypass the school board, and fire 50 percent of teachers in “struggling” and “persistently struggling” schools, among other unilateral actions. It is a top-down approach which, in practice, has failed to adequately engage parents in the school redesign process—running contrary to the very purpose of a community school. The Caucus advocates for the repeal of receivership, and a true, unencumbered commitment to the goals, aims, and funding of community schools.

College and Career Readiness

In order to ensure that New York students will become qualified and competitive members of the workforce—and that a family’s zip code does not determine whether they have access to challenging college credit-bearing coursework in high school—a state investment must be made in a partnership with the College Board to both increase access to Advanced Placement (AP) courses and to remove financial barriers to AP exams for low-income students. Students who engage in AP coursework and take the associated exams are more likely to graduate college on time or early, saving New York families more than \$130 million in college costs in 2015. The Caucus advocates for \$17 million to provide for AP exam fee-waivers for low-income students (\$2 million), and the development of a comprehensive grant program that supports districts—especially those serving low-income students—in building or expanding their AP programs and AP STEM course offerings (\$15 million).

Bilingual Education

The Executive Budget leaves funding for bilingual education at just \$14.5 million—the same level as the current fiscal year’s support. This inadequate level of support has failed to meet existing demand and falls short of taking into account the growing need for bilingual education as New York’s population continues to become more culturally and linguistically diverse. The Caucus strongly supports a doubling in support for bilingual education.

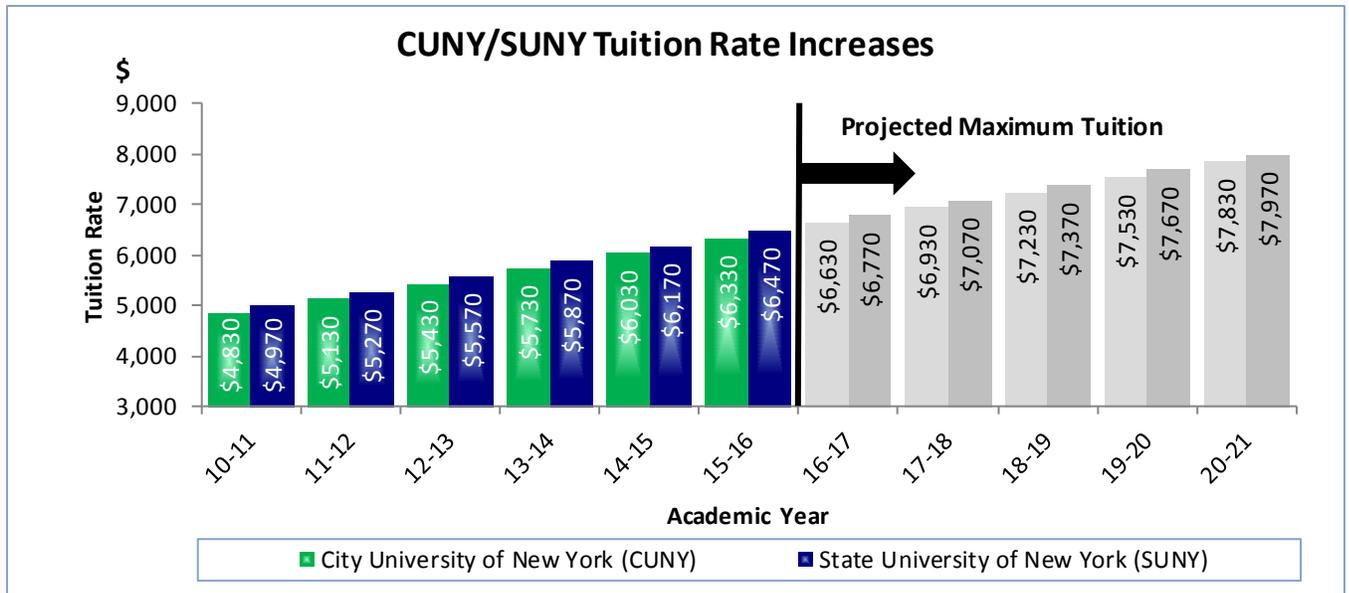


The Executive Budget: HIGHER EDUCATION

- **NYSUNY 2020/NYCUNY 2020 Extension:** The Executive proposal would allow the State University of New York (SUNY) and the City University of New York (CUNY) to continue to raise tuition by \$300 on an annual basis for each of the next five years.
- **CUNY Senior College Cost Shift to New York City:** The Executive proposal would require New York City to provide support for 30 percent (\$485 million) of CUNY's net operating and debt service expenses. In addition, a new \$240 million is included for the payment of collectively bargained salary increases, contingent on the Legislature's approval of New York City's assumption of state costs by New York City.
- **DREAM Act:** The Executive proposal includes the DREAM Act, which would allow undocumented immigrants to apply for state college tuition assistance.
- **Apprentice SUNY:** The Executive Budget would provide \$3 million to SUNY and \$2 million to CUNY for a new advanced manufacturing apprenticeship program, which would provide funding for community colleges to work with area businesses to develop registered apprenticeship programs.
- **Community College Community Schools:** The Executive proposal would add support for three new community college community schools to provide on-campus services to address student need.
- **SUNY Health Science Centers:** The Executive Budget would provide an aggregate amount of \$125 million in capital funding to Upstate University Hospital, \$75 million of which would be used as matching funds and \$50 million to Stony Brook University Hospital. No capital funds are provided to SUNY Downstate. The proposed state subsidy to SUNY Hospitals is \$69.3 million, a reduction of \$18.6 million from SFY 2015-16.

NYSUNY 2020/NYCUNY 2020 Extension: The Executive proposal would allow SUNY and CUNY to continue to increase the New York resident tuition rate up to \$300 per year for the next five years, through Academic Year (AY) 2020-21. The systems would have to demonstrate efforts to reduce spending and tie any tuition increase to inflationary indices. Any increased tuition revenues could only be used to support faculty, improve instruction, and continue the current tuition credit. In addition, the Executive would continue the current Maintenance of Effort provision as well as provisions requiring SUNY and CUNY to provide a tuition credit to TAP eligible students. The Executive also proposes to maintain State Fiscal Year (SFY) 2015-16 funding levels of \$110 million to support the 2020 Challenge Grant Program within the Urban Development Corporation, providing \$55 million to each system.





State University of New York (SUNY)

The Executive proposes All Funds appropriations of \$9.91 billion, an increase of \$193.71 million, or 2 percent from the SFY 2015-16 level. The Executive recommends funding support of 43,668 full-time equivalent positions, which is unchanged from SFY 2015-16.

SUNY State Operated Colleges: The Executive proposal would provide \$996.78 million in funding for SUNY State Operated Colleges, a decrease of \$7.47 million of General Fund support from SFY 2015-16. The Executive also proposes to continue providing \$18 million in performance funding through the Investment and Performance Fund.

The Executive proposes a \$1.91 billion appropriation for tuition, an increase of \$89.3 million from SFY 2015-16, which reflects the Executive proposal to extend the SUNY 2020 legislation. State funded fringe benefits would increase by \$41.87 million to a total \$1.45 billion.

SUNY Capital: The Executive provides \$528.1 million in capital funding to support the following initiatives:

- \$200 million for critical maintenance projects at various SUNY campuses;
- \$175 million for SUNY Hospitals:
 - \$125 million to Upstate University Hospital, \$75 million of which would be made available only as a match to funds awarded through the Department of Health’s Capital Restructuring Financing Program;
 - \$50 million to Stony Brook University Hospital;
- \$50 million to support SUNY’s Residence Hall Rehabilitation Fund;
- \$25.1 million for the SUNY Construction Fund;



- \$23 million to provide for the state’s 50 percent share of projects at SUNY Community Colleges; and
- \$55 million is appropriated in UDC for a new round of the SUNY 20/20 Challenge Grant Program.

City University of New York (CUNY)

The Executive proposes an All Funds appropriation of \$4.08 billion, a decrease of \$42.36 million or 1.0 percent below SFY 2015-16 levels. The Executive recommends funding support of 13,645 full-time equivalent positions, which is unchanged from SFY 2015-16.

CUNY Senior Colleges – Shifting Costs to New York City: The Executive would provide \$296.98 million in funding for CUNY Senior Colleges, a decrease of \$246.83 million or 45.39 percent from the prior year. This is mainly attributable to the Executive proposal to require New York City to pay 30 percent (\$485 million) of CUNY’s net operating and debt service expenses. This reduction in state support is partially offset by a \$240 million appropriation for the payment of retroactive salary increases to help settle a collective bargaining agreement. These funds are tied to the Legislature accepting the cost shift to New York City.

CUNY Capital: The Executive Budget provides \$247.64 million in capital funding to support the following initiatives:

- \$103 million for critical maintenance projects at various CUNY campuses;
- \$52.66 million to provide for the State’s 50 percent share of projects at CUNY Community Colleges;
- \$21 million to fund Dormitory Authority services on behalf of CUNY;
- \$15.98 million to support the CUNY Construction Fund; and
- \$55 million is appropriated in UDC for a new round of the CUNY 20/20 Challenge Grant Program.

Other Opportunity Programs Appropriated in the State Education Department

The Executive Budget maintains funding for the following opportunity programs at their AY 2015-16 levels:

- \$35.13 million for Unrestricted Aid to Independent Colleges and Universities (Bundy Aid);
- \$29.61 million for the Higher Education Opportunity Program (HEOP);
- \$15.30 million for the Liberty Partnership Program;
- \$13.18 million for the Science and Technology Entry Program (STEP);
- \$9.98 million for the Collegiate Science and Technology Entry Program (CSTEP);
- \$1.5 million for the Foster Youth Initiative;



- \$941,000 for the High Needs Nursing Program;
- \$450,000 for the Teacher Opportunity Corps Program; and
- \$368,000 for the National Board for Professional Teaching Standards Certification Grant Program.

Higher Education Services Corporation (HESC)

The Executive proposes an All Funds appropriation of \$1.19 billion which is a decrease of \$4.18 million or 0.35 percent below SFY 2015-16 levels. The Executive recommends funding support of 250 full-time equivalent positions, which is unchanged from SFY 2015-16.

Tuition Assistance Program: The Executive Budget appropriates the Tuition Assistance Program (TAP) at \$1.04 billion, an increase of \$19.6 million from SFY 2015-16, due to the inclusion of the DREAM Act, enrollment changes, and increases in community college tuition.

Various Scholarships and Programs: The Executive Budget provides an \$8.89 million increase for a total of \$74.91 million for various scholarships and programs on an appropriation basis. The Executive proposal increases funding for the NYS STEM Incentive Program at \$14.73 million and for the NYS Get on Your Feet Loan Forgiveness Program at \$18.90 million. Additionally, the proposal maintains funding for the Aid to Part-Time Study Program at \$14.36 million, the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Programs at \$3.93 million, the Social Worker Loan Forgiveness Program at \$1.48 million, and the New York Young Farmers Loan Forgiveness Program at \$150,000.

HESC Scholarship Estimated Spending

AY 17 Scholarship Projections	2015-16	2016-17	Change
Scholarships For Academic Excellence	\$ 11,457,000	\$ 12,259,000	\$ 802,000
Memorial Scholarships	\$ 992,000	\$ 868,000	\$ (124,000)
Regents Awards for Children of Deceased or Disabled Veterans	\$ 273,000	\$ 298,000	\$ 25,000
Veterans Tuition Awards	\$ 6,648,000	\$ 6,711,000	\$ 63,000
Regents Physician Loan Forgiveness Program	\$ 1,180,000	\$ 1,410,000	\$ 230,000
Military Service Recognition Scholarships	\$ 1,915,000	\$ 2,006,000	\$ 91,000
World Trade Center Memorial Scholarships	\$ 14,493,000	\$ 16,540,000	\$ 2,047,000
Patricia K. McGee Nursing Faculty Scholarships	\$ 1,726,000	\$ 1,875,000	\$ 149,000
Nursing Faculty Loan Forgiveness Incentive Program	\$ 768,000	\$ 912,000	\$ 144,000
Social Worker Loan Forgiveness Program	\$ 1,478,000	\$ 1,478,000	\$ -
Flight 587 Memorial Scholarships	\$ 394,000	\$ 376,000	\$ (18,000)
Math and Science Scholarship Program	\$ 538,000	\$ 701,000	\$ 163,000
Flight 3407 Memorial Scholarships	\$ 101,000	\$ 113,000	\$ 12,000
NYS STEM Incentive Program	\$ 7,640,000	\$ 14,730,000	\$ 7,090,000
NYS Young Farmers Loan Forgiveness Incentive Program	\$ 150,000	\$ 150,000	\$ -
NYS Get on your Feet Loan Forgiveness Program	\$ 5,177,000	\$ 18,896,000	\$ 13,719,000
NYS Achievement and Investment in Merit (NY-AIMS)	\$ 900,000	\$ 1,800,000	\$ 900,000
Total AY Value:	\$ 55,830,000	\$ 81,123,000	\$ 25,293,000

Note: Data for 2015-16 estimated and 2016-17 are forecasts.

Source: HESC SFY 2016-17 Budget Request

Other Higher Education Initiatives

Higher Education Facilities Capital Matching Grants Program (HECap): The Executive proposes \$30 million in capital funding to support a fourth round of funding for various projects and initiatives.

College Choice Tuition Savings Program: The Executive proposes \$1.3 million in funding to support program administration.



The People's Budget: HIGHER EDUCATION

Funding

The Executive Budget provides for a minimal increase in state support for SUNY of less than two percent during SFY 2016-17 and actually reduces funding for CUNY by \$42.36 million at a time when both operating costs and tuition are rising at our public universities. The Executive Budget fails to take into account the rising costs of higher education and violates the spirit of the Maintenance of Effort understanding that was included in NYSUNY 2020/NYCUNY 2020. This is a substantial step backwards, and will serve to limit access at a time when New York should be investing in our public universities.

The Executive Budget does not account for rising costs and freezes Community College Base Aid at the current \$2,597 per full-time equivalent student level, squeezing the resources available for CUNY Community Colleges. The proposed budget also sharply reduces state funding for childcare at community colleges with support being reduced to just \$1 million – a more than 50 percent reduction.

The Executive Budget also freezes funding for all educational opportunity programs (EOP, HEOP, STEP, CSTEP, Foster Youth Initiative, and the Liberty Partnership) at current year levels.

The Caucus offers strong support for a funding growth rate commensurate with rising costs for both of New York's public university systems. We also advocate for a Community College Base Aid growth rate commensurate with rising costs, support the doubling of funding for community college childcare and a ten (10) percent increase in support for all educational opportunity programs.

Adult Literacy Education

The Executive Budget includes just \$6.3 million in funding for adult literacy programs—an amount that is insufficient to address the existing state-wide waiting list. The Caucus supports funding in the amount of \$17.2 million in SFY 2016-17 so that the programs can reduce waiting lists and serve at least half of the current demand.

- Increasing ALE funding to \$17.2 million will allow for approximately 16,000 classroom seats in New York State.
- For those that have access to an adult literacy preparation program, the pass rate on the state's adult education exam is twenty-two percentage points higher (66% vs. 44%).
- For adults that complete high school or earn a high school equivalency, median wages are 25 percent higher.

- During the 2010 recession, unemployment rates were nearly 10 percentage points higher for those without a high school diploma or its equivalent (14.7%), compared to those with a bachelor's degree (4.9%).
- A mother's educational level is the single strongest predictor of whether a child will be raised in poverty; by helping parents improve their English skills, they can better participate in and support their child's education.

New York Legal Education Opportunity Program

With adoption of the SFY 2015-16 budget, New York committed to reinvigorating NYLEO with the infusion of \$500,000 resulting from an Assembly add. A vital aspect of any successful strategy to diversify the ranks of the legal profession in New York, NYLEO needs a recurring funding stream of support, and the Caucus strongly supports a \$500,000 per year state appropriation for this purpose.

The New York State Leaders of Tomorrow Scholarship

Eliminated in 2009, the scholarship should be brought back. With the growing cost of student debt averaging \$25,000 and reflecting the growing cost of higher education, we can see that our high school graduates are in need of financial assistance. Today more than ever it is vital to minimize the cost of education, so that tomorrow's New York State workforce are using their hard earned dollars to participate in the economy, as opposed to paying back large amounts of student debt.

Originally, the New York State Lottery was established in order to fund our state's education. As reflected in the New York State Gaming Commission's Lottery Division Year-End Review for Fiscal Year 2014-2015, we can see that as sales and net wins increase, the amount of school aid does not increase at a proportional rate. This distribution of lottery funds is unacceptable for several reasons: (1) the purpose of the lottery fund is first and primarily to fund education, not to promote gambling; and (2) our New York State higher education students need funding. Bringing back the scholarship fund would be a great step toward continuing commitment to education by the State Lottery.



The Executive Budget: HEALTH

- **Extension of the Medicaid Global Cap:** The Executive proposal continues the cap on Medicaid spending through the Department of Health (DOH) and limits these expenditures to \$17.95 billion in State Fiscal Year (SFY) 2016-17 and \$18.40 billion in SFY 2017-18.
- **Medicaid Redesign Team (MRT) Recommendations:** In addition to the initiatives implemented over the prior five years, the Executive proposes a cost-neutral series of new MRT initiatives for SFY 2016-17, which includes \$314.03 million in cost containment actions offset by \$183.03 million in new federal costs, \$87 million in new investments, and \$44 million in financial plan relief.
- **Local Share Growth for the City of New York:** The Executive proposes to reinstate the annual growth rate for New York City's local Medicaid share, which had been eliminated for all local social services districts on January 1, 2015. The New York City contribution level would be increased by a cumulative \$1.2 billion over the next three years. Conversely, counties outside New York City will save \$651 million over the same period.
- **Health Care Facility Transformation Program:** The Executive would repurpose \$300 million that had been appropriated in SFY 2015-16 to support a redesign of the Oneida County health care system to instead provide \$195 million to support health care transformation projects statewide, \$100 million to support projects at Nano Utica, and \$5 million for mobile mammography vehicles.
- **Early Intervention (EI) Program:** The Executive proposes to modify: insurance collections in the EI program, program screening and evaluation activities, and administrative reimbursement for providers. These proposals would result in a net state savings of \$5 million in SFY 2016-17.
- **HIV/AIDS Support:** To provide the initial installment of a five-year \$200 million commitment to help fight the HIV/AIDS epidemic, the Executive proposes \$10 million for improved HIV/AIDS services and \$30 million for dedicated housing opportunities.

The People’s Budget: HEALTH

Medicaid in New York City

The Executive Budget erodes access to health care for many New Yorkers by eliminating the State’s commitment to pay for the rising local Medicaid cost for New York City. The proposed change in policy is unique to New York City and does not apply to any other local government. It is anticipated to cost the City an estimated \$1.2 billion over the next three years—an added expense that could lead to a reduction in available services.

The disparate treatment of Medicaid costs that is included in the Executive Budget would undercut the essential health care services that tens of thousands of New Yorkers rely upon. In another move that would have adverse consequences upon those who utilize Medicaid for their health care services, the Executive Budget would also rescind the “prescriber prevails” protections from fee-for-service Medicaid and Medicaid Managed Care for all drug classes except atypical psychotics and antidepressants. This would adversely impact access to needed medications for many New Yorkers including those living with HIV/AIDS and lupus. It would also dramatically impact the quality of care for those on Medicaid who are undergoing organ transplants or living with blood disorders.

The Caucus advocates for the full restoration of Medicaid funding to New York City, and calls for provisions that specifically restore “prescriber prevails” for all classes of prescriptions for Medicaid recipients. Due to the significant concentration of Medicaid recipients in New York’s urban communities, key hospitals, nursing homes and health care providers such as Bronx Lebanon Medical Center serve a disproportionately large share of the Medicaid population and have not been receiving adequate reimbursements since the Medicaid Redesign Team began its work five years ago. The Caucus supports an appropriate adjustment in the Medicaid rates paid to these vital health care providers, as well as the funding necessary to implement the Delivery System Reform Incentive Payment (DSRIP) system as New York transitions to a more affordable model of care.

Prescription Drugs

The Caucus is concerned with Executive Budget proposals that will remove certain prescription drug patient protections from the state’s Medicaid program. We oppose the proposal to curtail prescriber prevails in Medicaid fee for service and managed care. We also oppose allowing the Department of Health to circumvent current review systems and unilaterally prior authorize drugs in the Clinical Drug Review Program (CDRP) before the Drug Utilization Review Board (DURB) has conducted an evaluation.



Additionally, we support expanding prescriber prevails to all drug classes in Medicaid managed care. We also support improvements to the existing managed care prescriber prevails statute to ensure that health care providers have the final say in their patients' prescription drug regimens.

Prescriber prevails is intended to help ensure that patients receive the most appropriate medications to treat their conditions. Health care providers know that patient adherence is critical to improving outcomes, and they rely on prescriber prevails to help meet treatment goals.

According to expert analysis, prescriber prevails is utilized less than one percent of the time. It is a time consuming process, which is why health care providers will only persist when they truly believe that a patient needs a particular medicine. Prescriber prevails is a cost-effective means to produce better patient outcomes, reduce inpatient and emergency room care, and improve patient quality of life.

Currently, prescriber prevails is available for all drug classes in fee for service and nine classes in managed care. The limitations in managed care have helped protect some patients, but not all. Drug effectiveness varies among patients and can be influenced by factors, such as race, ethnicity, and illness complexity. Therefore, prescriber prevails protections should be extended to all drug classes and language should be added to ensure that a prescriber's determination is final.

The Executive Budget proposal to alter DURB processes is also problematic. New York's Medicaid DUR program has a long and successful history of making recommendations to the Commissioner regarding the state's preferred drug program. We continue to believe that review by independent experts is the best way to ensure that Medicaid recipients have access to the safest and most effective treatments available.

The Executive Budget must be amended to ensure that the state's most vulnerable populations have access to care best suited to treat their illnesses.

Beyond the Affordable Care Act

The Caucus is proposing to expand health care coverage for New Yorkers by: (1) committing \$10 million for Essential Plan coverage for immigrants who are permanently residing under color of law (PRUCOL) individuals who would otherwise be eligible for state-funded Medicaid, but who cannot enroll because their income is too high; and (2) establishing a state-funded Essential Plan for all New York State residents, and ensuring there is sufficient funding to cover the additional costs.

New York State's implementation of the Affordable Care Act (ACA) has benefitted many lawfully present immigrants who are among the 2 million New Yorkers who have enrolled in private and public insurance plans. But the work of covering all NYS residents is not done. An estimated 457,000 state residents are uninsured because they are barred from ACA programs.

New York State's commitment to improve population health, transform health care delivery, and eliminate health disparities requires a coverage solution for everyone, regardless of status. Ensuring that everyone has access to quality, affordable care will benefit NYS health care providers and will make it easier for the state to control costs and manage health outcomes for all. Closing coverage gaps will strengthen the fiscal health of NYS health care providers, especially in the wake of hospital funding cuts projected in the ACA. Facilitating coverage is important for integrating immigrant families into our communities, and strengthening their ability to work, be productive, and contribute to the economy. The Division of Budget estimates savings of \$645 million from covering lawfully-present immigrants through the Essential Plan, thereby creating cost savings for the state. These savings can be directed to cover those who remain uninsured because of their immigration status.

Kidney Transplant Access

The Caucus supports legislation that would extend public healthcare coverage to the undocumented for the purposes of receiving a kidney transplant. Beyond this being the moral thing to do, the policy presents a real cost savings to New York State as the undocumented currently receive painful emergency dialysis treatment, often twice a week, at a cost to New York State. While the upfront cost of a kidney transplant may appear high, the eventual cost savings far outweigh the price of continued dialysis that results in a poor quality of life.

Hunger and Food Insecurity

There is a need for an immediate additional \$16.5 million to support the Hunger Prevention and Nutrition Assistance Program (HPNAP). HPNAP is an essential source of funding for thousands of emergency food providers across New York State.

Through lines of credit at food banks and the United Way, HPNAP enables local emergency food providers – soup kitchens, food pantries and shelters - to distribute millions of pounds of nutritionally balanced food to New Yorkers in need. According to the New York State Department of Health, last year HPNAP funding provided more than 225 million meals to New Yorkers in need. Unfortunately, funding levels have not kept pace with rising need in our state.

New York State currently faces a Meal Gap of approximately 485 million meals – that is, New York State residents who experience food insecurity fall short of an adequate diet by 485 million meals in a single year – more than the state's entire emergency food system provides.



Increasing funding to HPNAP by \$16.5 million, for a total of \$51 million, will allow the state to significantly reduce that Meal Gap.

The \$16.5 million in additional resources needed was calculated by factoring in the increase of New York State residents in poverty, rising food costs, and the shortfall of pantry bags to meet the State's nine meal standard (on average, a pantry bag provides just under six meals).

HPNAP was created in 1984, when an emerging hunger crisis spurred then-Governor Mario Cuomo and the State legislature to action. Through their leadership, New York State became one of the first states in the nation to provide direct support to local hunger relief efforts. Since then, HPNAP has become one of the most successful anti-poverty and nutrition programs in the state.

The additional \$16.5 million is needed in the State Fiscal Year 2016-2017 budget to support rising need for HPNAP. Hunger is felt in all corners of our great state - from Suffolk County to the Bronx to Auburn to Rochester to Plattsburgh. By coming together, we can work to reduce this problem and help New Yorkers in need.

Tobacco Usage

Major disease prevention groups and leading immigrant advocacy organizations have called on NYS to use the federal Tobacco Settlement funding in the way it was intended: to fight tobacco use. Smoking rates in immigrant communities are substantially higher than the general population and smoking-related illnesses are over-represented in these communities. The latest research by Dr. Simona Kwon, assistant professor and director of the NYU Center for the Study of Asian American Health, tell us that 11 percent of all Asians in NYC reported smoking. However, smoking rates differ significantly by Asian subgroup – for example -- 23 percent of Koreans reported smoking (36% among males and 11% among females), and 11 percent of Chinese reported smoking (18% among males and 4% among females). New York State has only used a small percentage (16%) of the millions it gets yearly to fight smoking and to fund smoking reduction programs. Those programs are absent from minority communities as are anti-smoking media campaigns. Given that the state receives over \$2 billion in tobacco revenues annually, anti-smoking groups and service providers believe adequate revenues are readily available to beat this deadly addiction. According to a report released in 2013 by the National Center for Health Statistics, eighteen percent of American adults were cigarette smokers in 2012, down from 18.9 in 2011.

Currently, 18.1 percent of African American adults are current smokers. Smoking among African American men is higher than among African-American women (22.1% vs. 14.8%). Of critical importance is the fact that one in every 10 pregnant African American women reports smoking during pregnancy.

Minority youth are targeted disproportionately by the media. Instead of contributing to this health disparity, programs and media campaigns should be presented with cultural and linguistic relevance in order to promote health equity across all communities. Some, 24,000 lives are prematurely lost each year due to tobacco use in New York, while tobacco costs our State an estimated \$8.17 billion in health care costs, including \$2.7 billion in Medicaid expenditures by state and local governments.

Department of Health (DOH) – Outreach to Minority Communities

Currently, ethnic and racial data collected by ACA Health Exchange is incomplete as many of the newly insured under the New York State Health Benefit Exchange have not been required to self-identify their racial and/or ethnic background. Without such information it is impossible to gauge the impact of outreach funding to encourage and help enroll traditionally uninsured ethnic and racial minorities.

Nutrition

The lack of access to healthy foods in underserved areas is a problem in New York and the nation. New York State residents struggle to access affordable, healthy food. This is particularly true for those living in low income communities where the only food available is from fast food restaurants or corner stores. Inadequate access to fresh food has been linked to poor health outcomes in these neighborhoods, including high rates of obesity and diabetes. In fact, New York State's Medicaid system has over 500,000 patients which have been diagnosed with Type 2 Diabetes, including some 10,000 children under 18 years of age.

New York Healthy Food Healthy Communities Fund (HFHC Fund)

The HFHC Fund was a \$30 million public-private partnership, seeded with \$10 million in New York State capital, that provides grants and loans to supermarkets, grocery stores, farmers markets, mobile markets and other healthy food retailers in underserved communities statewide. As of June 2014, the HFHC Fund had closed loans totaling over \$24 million and issued grants totaling over \$2 million for projects in urban and rural communities of New York. To date, five projects have been funded in New York City and nine projects have been funded or approved in other communities, including Buffalo, Rochester, Poughkeepsie, Syracuse, Mount Vernon, Red Creek, Highland Falls, Conklin and Broome County.

The \$30 million program was capitalized with \$10 million from New York State and \$20 million from Goldman Sachs Bank. In addition, the Fund received operating grants from New York State, the New York State Health Foundation, and Goldman Sachs Urban Investment Group.

The HFHC Fund has been both a public health and economic success – however after 5 years funding is totally depleted. This year's budget needs to include \$15 million to continue the vital work of the program.



As before, this program should require a public-private partnership with state funds being matched by private industry. Additionally, in order to meet the varied needs of New York communities, we respectfully ask that an additional \$3 million in state funding be dedicated to improving healthy food options in small retail settings including convenience stores, bodegas and corner stores.

Addressing New York's obesity crisis will require a multi-faceted approach. Improving access to fresh foods is an essential step. There is strong evidence that increased fruits and vegetable consumption can decrease risk of high blood pressure, stroke and heart disease. Based on the proven success of the HFHC Fund and the continued need to improve access to healthy foods for New Yorkers, we believe that this is an impactful investment in the health of underserved communities and one that helps leverage private funding for a greater impact.

Organ Donations

New York currently ranks last in the nation for per capita registered organ donors, and annually faces hundreds of deaths by persons who are waiting to receive an organ. Organ donation legislation would provide a simple method to increase registrations for the Donate Life Registry by adding a checkbox to become a donor on several State forms, including annual tax returns, professional license applications and public college applications.

HIV/AIDS

The Caucus is encouraged by the governor's pledge to end the HIV/AIDS epidemic. Specifically, we advocate for the full implementation of the budget proposals outlined by the End AIDS NY 2020 Community Coalition.



The Executive Budget: MENTAL HYGIENE

- **OMH Facility Downsizing and Reinvestment:** The Executive proposal includes \$6.35 million in savings related to the elimination of 100 additional OMH State-operated inpatient beds. To increase services in the areas impacted by this downsizing, \$5.5 million is provided for community reinvestment, or \$110,000 per bed. The Executive also includes \$2.43 million in savings related to the transition of 100 long-stay individuals from OMH facilities into alternate settings provided through the Medicaid Managed Long Term Care program.
- **Jail-Based Restoration Programs for Felony Defendants:** The Executive proposal includes \$3 million in savings related to the development of specialized units in local jails to restore felony-level defendants to competency, which would provide a less costly alternative to state psychiatric facilities.
- **OPWDD Service Expansions:** The Executive proposal includes an increase of \$30 million to support the creation of up to 6,000 new service slots for individuals with disabilities living at home or in residential school settings and a new \$3 million to support community-based services for 152 additional individuals that are expected to transition out of institutional settings.
- **OPWDD Affordable Housing Program:** The Executive proposal includes \$10 million in capital investments to support the development of affordable housing units that are specifically constructed to provide for the specialized needs of individuals with disabilities.
- **Opiate Abuse Prevention and Treatment Programs:** The Executive proposes a total \$141 million to support heroin and opiate abuse prevention, treatment and recovery programs. This funding level reflects the reallocation of \$6 million under OASAS to support additional opiate and heroin abuse services.



The People's Budget: MENTAL HYGIENE

Mental Health Equity

New Yorkers who have private insurance or are employees of the state or local government can rest assured that they will obtain needed mental health services from licensed providers. However, this population is the only one for which the insurance companies will reimburse.

Unfortunately, predominantly poor and underserved New Yorkers who rely on programs regulated, operated, or funded by the exempt agencies—Office of Mental Health (OMH), the Office for People With Developmental Disabilities (OPWDD), the Office of Children and Family Services (OCFS), the Department of Health (DOH), the State Office for the Aging (SOFA), the Department of Corrections and Community Supervision (DOCCS), the Office of Alcoholism and Substance Abuse Services (OASAS), and local mental hygiene or social service districts—do not receive services solely from licensed providers.

It is critical that every person—not just those that afford better care, or those in an exempt agency—in need of mental health services be diagnosed by a provider who is licensed to diagnose. Despite attempts to address concerns raised by the agencies, the Executive Budget proposes to grant another extension until July 1, 2021 for the exception of a licensing requirement for mental health providers.

It is important that the final budget language:

- Provide clarification of tasks not requiring a license
- Provide further clarification of tasks that may be delegated to a multi-disciplinary team member
- Clarify that any individual rendering a diagnosis of a serious mental illness must have (at a minimal) one face-to-face interaction with the client, and be appropriately authorized to provide such a diagnosis
- Provide further exemptions for some professions
- Provide for an additional grand-parent provision
- Call for funding to support ESL and culturally sensitive test preparation

Mental Health First Aid Training

At least 15 U.S. states have appropriated annual funding to train law enforcement, teachers, or health care workers in Mental Health First Aid (MHFA) this year. President Barack Obama called for MHFA training for teachers and school staff as a way of preventing gun violence in the wake of the Sandy Hook school shootings in Connecticut, and has appropriated \$15 million in federal funding for such training since 2014. However, no national legislation calling for MHFA training has been passed.



With over 200,000 New York children and teens having a mental health diagnosis, and with another 20 percent of youth suffering with mental disorders that impair their daily lives, schools need to understand that the implementation of MHFA is a benefit for the student and for the classroom. In many cases, MHFA can be the difference between life and death as teen suicides and suicide attempts are on the rise.

Why a “first aider” approach is vital to the community:

- Mental health problems are common
- People with mental health problems often face negative attitudes and discrimination
- Many people are not well informed about mental health issues
- Professional help is not always readily available
- People often do not know how to respond or react
- People with mental health problems often do not seek help

A continuing education curriculum will assist in educators responding to their students by:

- Assessing for risk of suicide or harm
- Learning to listen with a non-judgmental attitude
- Sharing reassurance and information with knowledge and confidence
- The correct way to encourage appropriate professional help
- Persuade self-help and other support strategies

Suicide Prevention

Rising rates of minority suicides must be addressed with increased funding. Funding that was made available under the 2012-2013 budget is no longer available.

A study published in 2015 in the journal, JAMA Pediatrics, found that the suicide rate had risen so steeply among black children from 1993 to 2012 (from 1.36 per million, to 2.54), that it was substantially above the rate among white children by the end of the period. The rate for white children fell from 1.14 per million to 0.77. According to the Center for Disease Control in 2015, among Hispanic students in grades 9-12, the prevalence of having seriously considered attempting suicide (18.9%), having made a plan about how they would attempt suicide (15.7%), having attempted suicide (11.3%), and having made a suicide attempt that resulted in an injury, poisoning, or overdose that required medical attention (4.1%) was consistently higher than white and black students.

The Caucus advocates for \$1.5 million to create and support a NYS Suicide Prevention Council. The Council would work with the Office of Mental Health (OMH) and the legislature to develop a NYS Suicide Prevention plan that aligns best practices of suicide prevention with the National Strategy for Suicide Prevention.



Funding should be utilized to expand the work of the Suicide Prevention Center of NYS in providing community and clinical trainings for the five OMH Satellite Offices.

Mental Hygiene Treatment for the Incarcerated

The Executive Budget includes \$3 million in savings pertaining to the development of specialized units in local jails to restore felony-level defendants to competency, which would provide a less costly alternative to state psychiatric facilities. This allocation impacts thousands of prisoners awaiting drug treatments, and mentally ill individuals that were placed in prison due to deinstitutionalization.

In 2013, a report by the Treatment Advocacy Center found that there are more people with severe mental disabilities in prisons than in hospitals. Funding in the mental hygiene budget should be allocated to increasing services for New York State residents that are currently being affected by this hardship. The root cause of the problem is the continuing closure of state psychiatric hospitals. Prior to 1970, the practice of routinely confining the mentally ill to prison was regarded as inhumane and problematic. In today's society, deinstitutionalization has been re-implemented and funded by both state and federal governments. Many of our jails and prisons house the population of mentally ill patients that were affected by the closing of psychiatric hospitals. In order to address the current problem, correctional facilities should be required to follow state-regulated mandates to provide hospital level care to these individuals.

A decrease in funding to mental health facilities would cause a downward spiral for mentally ill patients that were placed in prison and entitled to receive proper treatment. Many correctional facilities are not equipped to provide adequate care for their mentally ill inmates. Certain measures must be implemented to ensure that all mentally ill New York State residents receive the appropriate level of care. That begins with increasing funding directly to our mentally ill inmates. We cannot prosper knowing that thousands of mentally ill inmates are living in deplorable conditions while under the supervision of the New York State government.

The Executive Budget: HUMAN SERVICES

- **Minimum Wage:** The Executive proposes to increase the minimum wage to \$10.50 per hour in New York City and \$9.75 per hour in the remainder of the State, effective July 1, 2016. Incremental increases would continue until the minimum wage reaches \$15 in New York City on December 31, 2018 and in the remainder of the State on July 1, 2021.
- **House NY 2020:** The Executive Budget proposes \$1.97 billion for House NY 2020, a new five-year housing plan that would construct or preserve 100,000 affordable housing units across the State, construct 6,000 new supportive housing units, and create 1,000 new emergency shelter beds.
- **Temporary Assistance for Needy Families (TANF) Spending:** The Executive provides \$31 million for the Summer Youth Employment Program and \$3 million for Non-Residential Domestic Violence Services, and eliminates \$19.5 million in support for TANF initiatives advanced by the Legislature in SFY 2015-16.
- **Paid Family Leave:** Legislation is included to create a program to allow employees to qualify for 12 weeks of paid family leave to care for an infant or an ill family member. The maximum benefit would be set at 50 percent of the State's Average Weekly Wage by 2021, and would be funded entirely through employee payroll deductions.

Human services agencies in New York State provide for the needs of vulnerable populations and ensure safety and equality for all New Yorkers.

Programs funded through the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA) include supportive services for individuals and families living in poverty, services for children in foster care or in need of protective interventions, support for adults and disabled individuals who are unable to work, and child care subsidies for working families.

The Department of Labor protects the rights of the workforce and promotes employment opportunities for out-of-work individuals. The Division of Housing and Community Renewal creates and maintains opportunities for affordable housing.

The Division of Human Rights addresses discrimination against protected classes in education, employment, housing, and public accommodations. The Office of National and Community Service utilizes grants that promote various services including assistance to individuals with disabilities and disaster preparedness.



Pay for Success initiatives call on community nonprofit service providers, philanthropic, and private sector organizations to perform services usually associated with government institutions.

Homeless Programs: The Executive proposes to create 6,000 new supportive housing units, which would be funded out of capital appropriations in the Division of Housing and Community Renewal. Additionally, 1,000 new emergency shelter beds in high need areas within the state are proposed, which would be funded through public assistance appropriations. The Executive also proposes \$17.7 million, an increase of \$11.3 million, which would support OTDA oversight of homeless shelters and may include additional health and safety inspectors.

The Executive proposal would maintain SFY 2015-16 funding levels for existing homelessness programs including \$34.2 million for the New York State Supportive Housing Program, Solutions to End Homelessness Program, and Operational Support for AIDS Housing; \$15 million for the New York City Rental Assistance Program; and \$1 million for the Emergency Homeless Services Program.

Community Initiatives: The Executive proposal eliminates \$2.3 million in funding for various local initiatives, including the United Way Anti-Poverty Task Forces in Rochester, in the amount of \$500,000, and Broome County in the amount of \$100,000, as well as reducing the Disability Advocacy Program by \$1 million from the SFY 2015-16 level.

Empire State Poverty Reduction Initiative: The Executive budget proposes \$25 million for a new initiative to combat poverty in ten high-need communities: Albany, Binghamton, Buffalo, Elmira, Jamestown, Oneonta, Oswego, Syracuse, Troy, and Utica. Of this amount, \$5 million would be split evenly between the ten communities with the remaining \$20 million available in the form of capital grants to match private sector and foundation funding.

Fair Hearings Chargeback: The Executive proposes an increase of \$10 million related to the expiration of language authorizing reimbursement by local social services to the state for the cost of fair hearings based on performance criteria.

The Executive proposes Article VII language that would authorize the 2017 Federal Supplemental Security Income (SSI) Cost of Living Adjustment.

Office of Children and Family Services

The Executive proposes an All Funds appropriation of \$3.89 billion, a net decrease of \$124.1 million or 3.1 percent from SFY 2015-16 level.



The Executive recommends funding support for 2,954 full-time equivalent (FTE) employees, an increase of 79 FTEs, and reflects additional direct care staff at OCFS youth facilities and an increase in staffing for the Human Services Contact Center.

Child Care: The Executive Budget provides \$917.9 million for child care. This is a net decrease of \$14.7 million from SFY 2015-16, which is related to the elimination of Facilitated Enrollment and SUNY/CUNY child care funding, as well as the reduction of a portion of funds added by the Legislature in SFY 2015-16 to provide additional child care subsidies. Federal appropriations for TANF child care subsidies would be increased by \$100 million, while General Fund appropriations would be reduced by \$96.5 million.

The Executive Budget proposes \$10 million in funding to support mandated child care provider site inspection activities that are necessary to comply with the reauthorization of the Federal Child Care and Development Block Grant (CCDBG).

Minimum Wage: The Executive proposes an increase in the minimum wage from the current \$9.00 per hour to \$10.50 for New York City and \$9.75 in the remainder of the State, effective July 1, 2016. The Executive proposes incrementally increasing the rates to reach a \$15 minimum wage in New York City by December 31, 2018, and in the rest of the state by July 1, 2021.

Apprenticeship Training Council: The Executive proposes expanding membership to the Apprenticeship Training Council to include up to three representatives from State and/or City University of New York community colleges, or Boards of Cooperative Educational Services.

Paid Family Leave: The Executive proposes to create a program for paid family leave, allowing employees to qualify for 12 weeks of paid leave to care for an infant or ill family member. The maximum benefit would be set at 50 percent of the State's Average Weekly Wage by 2021.

Division of Housing and Community Renewal (DHCR)

The Executive proposes an All Funds appropriation of \$2.25 billion, an increase of \$1.54 billion or 219.5 percent over SFY 2015-16. This increase is primarily attributable to the inclusion of \$1.97 billion in capital appropriations for a proposed "House NY 2020" housing plan. The Executive recommends support for 683 Full Time Equivalent (FTE) positions, unchanged from SFY 2015-16.



House NY 2020: The new \$1.97 billion capital appropriation supports a five-year, \$20 billion House NY 2020 plan, which includes:

- \$10 billion for affordable housing which would be used to build 50,000 new units and preserve 50,000 existing units; and
- \$10 billion for supportive housing and emergency shelter beds, including \$2.6 billion for the construction and operations for 6,000 supportive beds and 1,000 shelter beds. The balance of funds would support existing shelter beds and supportive housing units statewide.

Other Housing Programs: The Executive proposal also includes funding for affordable housing, supportive housing, capital improvements to housing stock, rental subsidies, and rental assistance. For these purposes the Executive proposal recommends \$271.7 million. This includes Capital appropriations of \$97.2 million, Aid to Localities appropriations of \$24.5 million, and off-budget, Mortgage Insurance Fund (MIF) allocations totaling \$150 million. These funds are committed as follows:

Proposed Housing Program Allocations			
Program	SFY 2015-16 \$ millions	SFY 2016-17 Executive \$ millions	Change \$ millions
Affordable Housing Corporation	29.0	26.0	-3.0
Access to Home	1.0	1.0	0.0
Public Housing Modernization Program	6.4	6.4	0.0
Low Income Housing Trust Fund	47.7	54.2	6.5
Homes for Working Families Program	17.5	26.8	9.3
Housing Opportunities for the Elderly	6.4	1.4	-5.0
Mitchell-Lama Housing Project Rehabilitation	42.0	42.0	0.0
Rural Rental Assistance Program	21.6	22.3	0.7
Rural and Urban Community Investment Fund Program	17.0	35.3	18.3
Main Street Program	9.7	4.2	-5.5
Neighborhood Preservation Program/Rural Preservation Program	20.3	18.0	-2.3
Homeless Housing: NYSSHP/STEHP/AIDS Housing	34.2	34.2	0.0
Total	252.8	271.7	18.9

The People's Budget: SOCIAL SERVICES

There are many positive elements to the governor's agenda to address poverty in New York. The governor acknowledges that high levels of poverty and growing inequality are holding back the state's future economic growth. Funding for supportive housing for the homeless, increasing the eligibility level for Supplemental Nutrition Assistance Program benefits (SNAP, formerly known as Food Stamps), the poverty reduction initiative, and raising the minimum wage are steps in the right direction to addressing the problem of uneven growth.

The most important priority to put New York on a sensible budget footing in regard to needed human service investments is to raise or eliminate the two percent operating spending limit. Staying under the self-imposed two percent spending limit means continued chipping away at programs that should be expanded in order to help the poor get back on their feet and to make real headway in improving life chances for all New Yorkers.

Public Assistance

The Executive Budget incorporates an assumed reduction of 7,279 recipients in the public assistance caseload statewide, and reduces funding for public assistance by \$1.3 million to just \$477.8 million. This assumes a continued positive trend in the rate of growth in job creation during SFY 2016-17 that may not be sustainable, and it is important for the state budget to fully fund the public assistance needs of all New Yorkers during this period of sustained economic stress.

The Caucus stands united in supporting fiscal policies that do not turn our proverbial backs on the Empire State's neediest families and we advocate for sufficient state funding to ensure that the public assistance caseload is supported as needed.

Child Care

Quality child care contributes to child development, child safety, and the state's economic development; the latter by helping low-income parents participate in the workforce. Funding for childcare subsidies remains flat compared to FY 2016 (a reduction in General Fund support would be offset by an increase in federal appropriations for TANF child care subsidies). Current funding only covers 22 percent of the eligible children (130,000 children). Flat funding addresses neither the rise in the cost of child care in the state, nor the increase in need. Only \$10 million of the \$90 million needed has been added to support child care provider inspections required under the federal Child Care and Development Block Grant Act.



New York should be doing much more to step up its investment in early childhood development. There is an urgent need to increase funding to expand the number of child care subsidies, and to reduce and equalize parent copayments, as well as to ensure that provider inspections and other federal requirements are fully funded.

Child development advocates state that at least an additional \$190 million is needed in the SFY 2016-2017 budget (\$90 million for required provider inspections and \$100 million to add subsidized child care slots), but the state can reasonably sustain at least \$300 million more annually to begin making up for years of under-investment in child development. Also, subsidy levels and child care contract funding should be increased to ensure that all pre-school and child care teachers and support staff are adequately compensated, particularly if there is an increase in the statewide minimum wage. The state's refundable Child and Dependent Care Tax Credit should be modified to increase benefits for households with incomes up to \$80,000, such benefit increases will be particularly needed as the minimum wage rises to \$15 an hour.

Underfunded Services

- The Executive Budget eliminates funding for 15 programs that were supported with OTDA-administered TANF initiative funds, totaling over \$19 million in SFY 2016-2017. These include the Advanced Technology Training and Information Network (ATTAIN), the Emergency Homeless Program and Career Pathways.
- Funding for the Summer Youth Employment Program (SYEP) would increase by \$1 million to account for the proposed increase in the state minimum wage. This level of funding may not be sufficient to serve the same number of youth as in previous years.
- The Youth Development and Delinquency program is flat funded at \$14.1 million from current funding of \$15.4 million.
- Funding for Hunger Prevention and Nutrition Assistance Program (HPNAP), would remain at the FY 2016 level of to \$34.5 million.
- The budget provides \$1.4 million for cost-of-living adjustments for non-profit human services providers to fund the 0.2 percent increase provided in statute. This increase along with the two percent increases provided over the last two years are overdue but are far from sufficient to offset five years of freezes.

Poverty

The governor's budget includes a \$25 million Empire State Poverty Initiative modeled after the Rochester Anti-Poverty Task Force. A preliminary report by the Rochester Task Force identified numerous barriers that keep people in poverty, including: lack of social and infrastructure development in neighborhoods of concentrated poverty; inequality caused by structural and institutional racism, or from racial, ethnic, social, or gender bias; lack of knowledge, skills, and credentials to get or maintain a job; limited access to or eligibility for public and private supports, services, and programs and insufficient community capacity for child care and transportation.

The expanded initiative would initially provide \$500,000 planning and implementation grants to 10 cities—Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy, and Albany. The cities would also be eligible for state funding from a \$20 million grant pool to be used with matching private funding for anti-poverty programs. While well intentioned, this initiative falls far short of the funding needed to begin to put a dent in the astronomical child poverty rates that exist in these communities.

The \$25 million in funding for this initiative comes from the pool of \$2.3 billion in bank settlement funds. Other proposed uses include a questionable plan to provide \$340 million in Thruway toll credits, and \$170 million in Upstate Revitalization Initiative funding. It would be preferable to redirect some of these funds to support innovative approaches that combine child development investments, work and family supports, and greater economic opportunities to alleviate the concentrated poverty plaguing the target cities. The need to repair and enhance our human infrastructure should be as high a priority as the need to invest in our physical infrastructure.



The People's Budget: FAMILY WELFARE

The budget cuts state operating funds for social welfare programs in SFY 2016-2017 by 4.6 percent after adjusting for inflation. This comes on top of a 12 percent decrease since the governor took office in 2011. In addition, these programs will almost necessarily be subject to additional budget cuts in future years if the governor sticks to his self-imposed two percent cap on spending increases. State operating fund support for social welfare agencies for SFY 2016-2017 would remain more than \$500 million below FY 2011 levels in inflation-adjusted terms.

Paid Family Leave

The governor's budget proposes a new paid family leave insurance program that would be funded by employee-paid withholding. Paid leave would allow parents time to bond with a new child, and for family members to care for ill relatives or to meet added responsibilities when a family member is absent due to military service. The 12-week benefit would start at 35 percent of a worker's weekly salary in 2018 and increase to 50 percent in 2021.

It is encouraging that Governor Cuomo has put Paid Family Leave high on New York's agenda for 2016. But the state needs to make sure that the bill passed this year creates a Paid Family Leave program from which all families will be able to benefit.

To be useful to all New Yorkers, a strong bill must contain five essential components:

- 12 weeks of leave to care for a new child or seriously ill family member
- Job protection throughout the leave
- Coverage for all private sector workers, no matter the size of the business
- A wage replacement rate of 2/3 of a worker's average weekly wage, which will ensure that low-wage workers are not prohibited from taking the leave
- Modernizing the Temporary Disability Insurance program covering a worker's own illness or off-the-job disability, which has been frozen at the 1989 level of \$170/week

Farm to School Program

New York schools serve 1.7 million school lunches and 500,000 breakfasts each day. We should promote programs that provide healthy food to children while supporting the school nutrition programs that serve them. The budget should include a plan that would increase school meal reimbursements (which have held static at .06 cents per meal for the past 40 years) by incentivizing schools to purchase locally by tying their reimbursement to the percentage of local food they purchase. This program would invest an additional 5 to 25 cents per meal to schools to purchase fruits, vegetables, dairy products and other healthy foods grown in New York while creating economic benefits for farms and assorted food processors, which generate more than \$46 billion in economic activity in the State.

Children who lack healthy meals at home are significantly more likely to be in poor health, be at risk for developmental delays, and experience childhood food insecurity.

Investing in New York's Aging

The Executive Budget includes \$27.8 million in funding for Community Services for the Elderly, leaving a significant need unaddressed for those elderly who are essentially trapped on ongoing waiting lists as they await the services they need to stay in their homes. By raising the SFY 2016-17 funding level to \$46.3 million, the estimated 7,600 New York seniors on those waiting lists could be served. The Caucus supports funding Community Services for the Elderly at \$46.3 million during SFY 2016-17 to alleviate the waiting lists of frail elderly New Yorkers seeking service.



The People's Budget: HOUSING

Housing in New York State is an issue of critical importance. More than just a unit of housing for people and families, our homes are the backbone of our communities and the foundation of our neighborhoods.

With rents rising and incomes holding even at best, the number of housing cost-burdened residents in New York continues to rise. Despite the State Legislature's efforts to provide affordable housing and despite growth in the state's real estate market, too many people are still struggling to pay for housing or left homeless. For constituents of color statewide, the majority of households live on \$50,000 a year or less and a third live on \$30,000 dollars or less. Many communities of color and low-income neighborhoods remain severely distressed.

The Caucus will work to ensure that housing remains a top priority of this Legislature. The Legislature has consistently supported affordable housing activities and should continue to expand those activities to increase opportunities for families across the state. This includes effective, targeted efforts to reduce homelessness, create supportive housing, preserve existing affordable housing, build new deeply and permanently affordable units, protect and foster low-to middle-income homeownership, and support public housing. It is crucial that New York State work in partnership with local municipalities to achieve these goals. The Caucus believes each unit preserved, each new homeowner, and each new housing development is an opportunity, to not only create affordable housing, but to reinvest in a neighborhood and its community.

Homelessness

Reducing Homelessness

Communities throughout the state have seen significant increases in homelessness. The homeless population includes those struggling with addiction, victims of domestic violence, those with mental illness, and others with special needs, including single adults, families and an alarming number of children. In New York City alone, more than 25,000 children are homeless sleeping in municipal shelters each night. This unprecedented homelessness crisis demands bold action. The Caucus will aggressively work to reduce homelessness across New York State.

The steps taken in the governor's proposed budget are significant, but the Caucus maintains that the New York's efforts to address homelessness are not sufficient enough to address the problem. The lack of access to affordable housing is core to addressing our state's homelessness crisis. For those with limited housing options, one event can start them down a path to homelessness.



In the face of rising rents, landlord harassment, eviction, an unexpected medical expense, or the loss of a job our lowest income residents are often unable to find new alternative affordable housing options. Policies that broadly and effectively support affordable housing must be a major part of a strategy to prevent homelessness.

Supportive Housing

The Caucus applauds the proposed Executive Budget's impressive commitment to addressing homelessness by committing to fund the creation of 20,000 new units of supportive housing statewide in the next 15 years. The governor's proposed budget commits \$2.6 billion over the next five years to build 6,000 new units of supportive housing, a powerful start towards the 20,000 unit goal. Congregate supportive housing, which offers both the affordability and special social services that many homeless individuals and families need, is a proven and central strategy for addressing homelessness.

The Caucus maintains that it is crucial that this supportive housing funding not be in competition with our other affordable housing goals, for example funding for permanently affordable housing or deeper affordability levels. We will carefully watch for this as the details of the Executive Budget are finalized.

Homeless Schoolchildren

The affordable housing crisis and burgeoning homeless population in New York City and our state's other major urban centers has had a dramatic impact upon the academic performance of students living in homeless shelters. The development of a more nurturing and encouraging environment both in the classroom and at their current home will achieve substantial results, and help ensure that no seat is left empty in our schools. A clear recognition of the impact of homelessness on school performance, the development of after school programs tailored to the unique needs of homeless students, and the holistic integration of the programs and resources of the New York City Department of Education, the Department of Homeless Services and the Human Resources Administration are essential responses to the needs of approximately 118,600 schoolchildren living with homelessness. The budget should include a clear commitment in the amount of \$12 million to fully fund the cost of developing after school programs tailored to the unique needs of homeless students and the integration of governmental agencies to more effectively serve schoolchildren living in shelters and encourage learning.



Preservation

Rent Regulation

New York State's Rent Regulation laws provide protection to approximately 2.5 million residents throughout the State. In New York City alone, approximately one million units are rent-regulated. These units are a core part of our state's affordable housing, and their preservation and protection is critical for the Caucus.

The renewal of the Rent Regulation laws at the end of the 2015 legislative session ensured that these protections will remain in place in the coming years. This Caucus' work, in partnership with our fellow Legislators, helped to secure stronger protections for New York State's renters.

Over the past 30 years, there has been a net loss of about 231,000 regulated units, with a significant portion of those units coming out of the system in the last eight years through vacancy deregulation, rent increases for major capital improvements and individual apartment improvements, preferential rents, and other allowable rent increases. Further improvements and strengthening of rent regulation laws are necessary to help curb loss of affordable units, and curb the harassment and mistreatment too many of our tenants still face. The preservation of New York's rent regulated housing will continue to be a priority for the Caucus in order to ensure the stability and affordability of homes for millions of New Yorker families.

Tenant Protection Unit

In 2011, Governor Cuomo, the Caucus, and the Legislature took critical action to better protect rent-regulated tenants by creating the Tenant Protection Unit (TPU) to act as a proactive law enforcement office within New York State Homes and Community Renewal. The TPU is tasked with ensuring landlords are in compliance with the Rent Regulation laws, and that tenants' rights and affordable housing regulations are being upheld by detecting and curtailing patterns and practices of landlord fraud and harassment through audits, investigations, and impactful legal actions.

Since its inception, the TPU has achieved significant milestones in enforcing New York State's Rent Regulation laws. In 2015 alone, the TPU recaptured 11,433 wrongfully deregulated apartments, bringing the total units returned to rent stabilization to over 47,000. It has saved the state over \$2 billion in costs for the construction and rehabilitation of a similar amount of affordable rental housing and it has returned over \$220,000 in rent overcharges to tenants. Currently, the Tenant Protection Unit is funded through executive re-appropriations. The Caucus requests that funding for the TPU come from a dedicated line item in the State budget, and that the budget commitment be increased to \$10 million per year. We find that the TPU has proven itself as an effective and efficient agency for protecting the homes of tenants throughout the State, and believe it should be further expanded to have a broader impact.

Mitchell-Lama

The Mitchell-Lama program has been a crucial source of affordable housing for moderate- and low-income New Yorkers since its creation in the 1950s. Approximately 250 Mitchell-Lama developments throughout New York State provide housing for nearly 120,000 families. Unfortunately, that represents only a portion of the Mitchell-Lama housing New York once had. As market-rate housing has become increasingly lucrative, owners of many developments have left the Mitchell-Lama program, thereby terminating the affordability restrictions in their buildings. These “buy-outs” often result in steep rent increases and can be devastating for families when the rent subsidies cease.

As a Caucus that represents thousands of low- and middle-income constituents, we view the preservation of the state’s Mitchell-Lama housing as a key priority. By providing incentives for owners to refinance their properties within the Mitchell-Lama program, many buildings have already been preserved as affordable housing for years to come. We must explore solutions to encourage more owners to preserve the affordability of Mitchell-Lama developments, while ensuring that needed rehabilitation and capital needs are met. Further, it is critical that we protect Mitchell-Lama tenants by ensuring that all developments adhere to the rules of the program and increasing penalties for those that violate the law and wrongfully force tenants out of their homes or endanger the long-term viability of their properties.

New Construction

Deeper Affordability

Inequality is one of the most pressing issues facing New York State. Even as some areas have begun to see economic recovery, not all New Yorkers have benefited equally. Statewide, 44 percent of New York’s households make less than \$50,000 a year. In New York City, over a third of households live off of less than \$35,000 a year, and more than 1.1 million households are rent burdened. These numbers are even more alarming in communities of color. In New York City, 46% of Asian families, 58% of Black families, and 65% of Hispanic and Latino families are trying to get by on less than \$50,000 a year in one of the nation’s most expensive places to live.

The Caucus applauds the governor and the Legislature’s commitment to affordable housing. But we need to find better ways to target the state’s affordable housing resources to those who need them most. We must ensure that our affordable housing investment reaches the communities and families that we are trying to serve by creating and preserving more housing for the lowest-income New Yorkers.

The Caucus will push to direct more housing resources to create and preserve deeply affordable housing unit for the more than 3.1 million New York families that earn less than \$50,000 a year.



Long-Term and Permanent Affordability

The Caucus also maintains that that state must take the needed steps to ensure that our affordable housing investment achieve long-term affordability through permanently affordable housing. Over the past few years, the state has taken some key steps to extend affordability for new construction and preservation projects. All 9 percent state tax credit projects are now required to provide a minimum of 50 years of affordability but there is still a need for a crucial step forward to truly modernize our affordable housing production policy.

The state has yet to shift its philosophy and institute permanent affordability to more effectively leverage taxpayer dollars when public land, subsidy or other incentives are used. The Caucus recommends that the State commit to a comprehensive policy of permanent affordability in either its new construction or preservation programs to ensure that the next generation of subsidized housing does not face a similar expiring-use crisis.

Tax-Exempt Private Activity Bonds

New York State’s federally-enabled supply of tax-exempt private activity bonds (known as “bond cap”) is an essential element of affordable housing financing. The Governor’s Executive Budget proposed a change to the long-standing method of allocating bond-cap by inserting a new decision-making role for the Public Authorities Control Board (PACB) and the Empire State Development Corporation (ESDC). The new provision would put every individual housing development deal up for review by the PACB, essentially giving any of the three board members veto-power over any local development. It would also allow the ESDC to override decisions by local municipalities about how they distribute their bond cap allocation.

While we appreciate the governor’s efforts towards increased transparency and oversight of State resources, we are concerned about the impact of the proposed changes would have on the ability local governments to effectively plan affordable housing projects, and on their efforts to create comprehensive community-wide strategies instead of isolated project deals. This would most strongly impact New York City, which has historically had the greatest ability to make effective use of State bond cap allocation through the widely-respected NYC Housing Development Corporation (HDC).

The Caucus has significant concerns about this proposal and the unintended effects it will have on affordable housing production. The proposed change reduces local municipalities’ ability to set their own priorities, and adds a significant new element of unpredictability into the affordable housing development and finance process. The veto potential from a sometimes highly political atmosphere in Albany would introduce a new element of uncertainty into the affordable housing development process – one that generally requires up to two years of pre-development planning and investment.

The Caucus opposes the current proposal changes as they would run counter to the principles of good community planning and local governance, and would unnecessarily add risk and cost of affordable housing development, a price that in the end will be paid by our communities in the form of less housing.

Property Tax Incentives

The end of the 2015 legislative session included new regulations for one of the state's largest property tax incentives, the 421a Real Property Tax Exemption. The current suspension of this program left many surprised, but has also created an opening. The Caucus believes that this is an opportunity for the Legislature to reevaluate and rethink its property tax incentives. We can and we should set new goals that address the challenges our communities face in 2016. The Caucus looks to concerned stakeholders in the development and policy community to offer suggestions on innovative methodologies and financing tools to spur the creation of new units supported by responsible tax incentives.

Not-For-Profit Developers & MWBEs

Affordable housing is an ever-present need, and state resources are ever limited. For this reason, the State should seek to maximize the community impact of every affordable housing development, and seek the most cost-effective deal for the taxpayer. The Caucus recommends supporting opportunities for not-for-profit developers, who are mission-driven, and therefore committed to extending the affordability of the housing they own beyond the minimum requirements of the original financing. Just as the affordability crisis is becoming more severe, the 30 year affordability restrictions of our past affordable housing investment are expiring. Not-for-profit developers work with the state to preserve the affordability of expiring units and directly reinvest their development fees and revenues back into the community in the form of social services and deeper affordability in their buildings.

The Caucus also strongly supports growing immigrant, minority, and women-owned businesses (MWBEs). MWBE companies have historically been underrepresented in development projects and contracts for affordable housing. We believe that the state must ensure that MWBE entities have the opportunity, the capital, and the support to help grow their communities across the state.

Low-Income Housing Tax Credit

The Executive Budget proposes holding the State Low-Income Housing Tax Credit (SLIHTC) amount steady at \$8 million a year for each of the next five years. The Caucus recommends increasing SLIHTC, to expand the available funding for affordable development. The Caucus also supports an increase in the amount of federal low-income housing tax credits allocated to New York City, where both the need and ability to effectively use the federal tax credit is greatest.



Homeownership

Access to Homeownership

Under the right conditions, homeownership can provide a path to building wealth and increasing stability for low- and moderate-income families and communities. New York's gap between white homeownership and homeownership by households of color is one of the widest in the country, with households of color being 2.27 times less likely to own their home than white households. The Caucus supports efforts to make homeownership available to more New Yorkers through pre-and post-purchase housing counseling; access to legal services; and expanded down payment and closing cost assistance programs, especially in high-cost markets.

The Caucus will support efforts to hold banks accountable for meeting these needs by encouraging more lending and responsible lending through their products, financial assistance, and participation in government programs that target and assist low- and moderate-income first-time homebuyers. The Caucus will encourage banks to open new branches in low- and moderate-income areas, many of which are communities of color, through the Bank Development Districts program and other initiatives, in order to make banking and credit more accessible to these often underserved communities. We will also support efforts to enforce fair lending laws and combat redlining.

Homeownership, Mortgage Foreclosure Prevention

While New York may have fared better than some other states, the foreclosure crisis persists and there are many communities that are still suffering from significant number of foreclosures. In addition to the personal economic loss families suffer because of foreclosure, the presence of foreclosed homes also has a widespread effect on surrounding neighborhoods. Foreclosed homes can depress property values, decrease municipal income, and, when abandoned for long stretches of time, attract criminal activity. Communities of color were some of the hardest hit by the foreclosure crisis. For example, at the peak of the foreclosure crisis, black households in New York City that earned more than \$68,000 a year were almost five times more likely to hold high-interest subprime mortgage than whites of similar incomes.

The Caucus will support families struggling to keep their homes from being foreclosed on. We will also look for creative solutions to eliminate long-term vacancies in and misuses of properties that have already foreclosed, including holding banks and servicers accountable for contributing to prolonged foreclosure processes. In cases where the homeowner cannot remain in their home, or has already abandoned it, we will support efforts to convert foreclosed properties into affordable homeownership opportunities for lower-income New Yorkers.

The Caucus urges the state to prioritize programs that reduce the foreclosure crisis and support low-income homeowners including:



- Funding housing counseling and legal services for prospective home-buyers and homeowners for services such as pre-purchase housing counseling and guidance, foreclosure prevention assistance, and resiliency retrofitting.
- Supporting the NYS Mortgage Assistance Program which has received almost \$40 million in applications in just 9 months. NYS MAP provides 0 percent, 30-year foreclosure prevention loans of up to \$40,000 to reinstate delinquent mortgages, pay down principal on first or second liens, and pay delinquent property taxes or other debt impeding mortgage resolution.
- Supporting the NYS Community Restoration Fund which provides up to \$60,000 per unit to support the resolution of distressed liens for homeowner retention or property acquisition for affordable homeownership, rental, or demolition of blighted structures.

Community Development Financial Institution Program (CDFI)

Community Development Financial Institutions (CDFIs) serve economically disadvantaged communities through loans, grants and targeted investments. Many are locally-based nonprofits that provide financial services, loans, and training for first-time homebuyers and small businesses. CDFI's large and small contribute to larger economic development initiatives. The Caucus aims to maximize the CDFI program to increase private investment in distressed communities and build the capacity of these federally designated institutions.

Preventing Investor-only Homeownership in NYC

As the real estate market throughout the state continues to change, we must revisit our assumptions and the value of every part of housing stock. Our lower density housing stock, the one to four family walk ups and split-entries, have long been considered affordable homeownership opportunities. Families bought these homes, rented out the additional units to make the mortgage more affordable, and at the same time provided affordable units to the other households renting in their building.

However in New York City this dynamic is rapidly changing. Private equity firms have been buying up large numbers of 1-4 unit buildings, and 2-3 family homes. The goal of these investments is to reap high returns by turning the properties into high-end rentals. Such transactions are usually made entirely in cash and the primary purpose of these investment purchases is as an income-producing property.

The result in New York City is that fewer first-time homebuyers, and especially low- to middle-income homebuyers, can compete in this type of market. This deepens the lack of affordable homeownership opportunities and raises housing prices for both the homebuyer looking for a place to purchase and their potential renters, who face higher priced rental units.



In Brooklyn and in Queens this new investor-driven market has changed the character and makeup of many neighborhoods, often pushing perspective buyers farther away from communities and sometime out of the state all together.

The Caucus requests the Legislature investigate how small buildings (1 to 4 family homes) purchased by large scale investment-driven buyers are taxed in New York City. We believe we must update our tax classifications so that the state no longer gives an unfair advantage to large-scale investor corporations purchasing small homes, at the expense of protecting and building homeownership in our state.

Public Housing

Invest in Public Housing and its Families

The public housing units operated by Housing Authorities across the state are one of our state's most critical affordable housing resources. Public housing provides some of the deepest affordable housing units, and also a community for its residents. Despite its great value to New York State, public housing is extremely underfunded and under-resourced. Many public housing developments have serious structural deficits, with hundreds of thousands of outstanding repair work orders.

The Caucus calls for the state to set aside baseline funding for critical public housing infrastructure, year after year. We also want to see the state take steps to ensure that every public housing authority across NY is fulfilling its economic development obligation, by creating job and training opportunities for public housing residents. In spite of its financial challenges, NYCHA housing is successful and in great demand with a tenant waiting list that is many years long. We must secure funding to strengthen public housing so it can improve the key services it provides to the New Yorkers who need it most without resorting to the sale of its assets.

Support for NYCHA

The New York City Housing Authority's (NYCHA) apartments are among the greatest affordable housing resources of the city, with over 178,000 apartments located in over 300 developments, that provide housing for over 400,000 New Yorkers. NYCHA housing is truly the most dependable affordable housing we have for the people who need it most. While 5 percent of New Yorkers live in NYCHA housing, these developments house 14 percent of New York City's poor.

Unfortunately, NYCHA housing has long been underappreciated and underfunded. NYCHA lacks the necessary funding to repair aging, deteriorating buildings with crumbling facades, mold and insect infestations, failing elevators, and leaking roofs.



The Caucus calls for the state to make a clear commitment to NYCHA that specifically can be used for capital program activities. After more than a decade of state disinvestment, the state must contribute to addressing NYCHA's \$16 billion backlog in major infrastructural improvements and work with the Authority to avoid funding strategies that include the selling of its assets.



The People's Budget: LABOR

Minimum Wage

In New York, as is the case nationally, wages for most workers have stagnated or declined in inflation-adjusted terms in recent years. Median household incomes in New York State fell five percent on an inflation-adjusted basis over the past decade. Real hourly wages have fallen by six to 10 percent for the typical New York worker since 2001. Child poverty in the major upstate cities is at crisis levels, partly because many of these children are in families with a severely underpaid working parent.

Considerable research supports the conclusion that businesses can reasonably accommodate a phased-in \$15 minimum wage and that it would be sound public policy for New York. A key issue is the need for state funding and budget action to ensure that the higher wage floor benefits the many non-profit sector workers providing state human services under contract or paid through Medicaid reimbursements.

Following a wage board recommendation to phase in a \$15 minimum wage for fast-food workers at restaurants that are part of large chains, Governor Cuomo has proposed legislation for a \$15 across-the-board minimum wage for all New York workers. The minimum wage would be phased in to reach \$15 in New York City by the end of 2018, and by mid-2021 for the rest of the state.

The governor acted administratively to establish a \$15 minimum wage for all state employees and employees at SUNY institutions. The Caucus strongly supports the minimum wage increase for government and non-government employees. Further, while we are inclined to support the \$15 minimum wage being applicable to tipped workers, we recognize that legislative deliberations will entail considering the likely impacts on workers, businesses, the overall economy, and the state budget.

Minimum Wage for Non-Profit Workers

The budget must include increased funding for non-profits licensed by the state to allow them to continue to exist while paying their workers the new, required minimum wage.

Wage Theft

This year's budget should implement a well-resourced effort to eliminate wage theft in our state. We can support and protect workers who report wage theft by substantially increasing penalties for retaliation, including revoking the right of exploitative employers to do business, and by adequately staffing the NYS Department of Labor (DOL). The DOL requires increased staffing to effectively carry out its wage theft enforcement and sanctions mandate; for a historical comparison, it would take the addition of 200 investigators to return to 1960's and 1970's staffing levels. Moreover, the agency should be resourced to allow it to investigate the full 6 year statute of limitations period for all workers.

Workplace Schedules

The Caucus supports legislation that aims to aid the lives of low- to mid-wage workers by providing them with at least seven days advanced notice of work schedules. This advance notice allows workers to plan for childcare, healthcare and other important family matters in a way that they may not currently be able to under current New York State law. At hiring, workers would also be provided with a statement as to the minimum monthly hours for which they would be scheduled to better plan for the financial aspects of their lives. Employers would face penalties from DOL and private causes of action for their failure to adhere to these provisions.

Retirement

Today, about 52 percent of New York's private sector employees do not have access to employer-based retirement plans. Worse, those employed by small businesses with less than 100 employees are 71 percent less likely to offer retirement savings programs. The lack of retirement savings expands across all age groups, earnings and education levels, and is heightened by race and ethnicity. Minorities comprise nearly 47 percent of those in New York State without a retirement plan. It is projected in New York State that almost 34 percent of those nearing retirement are at risk of living in poverty. The Secure Choice Savings Act would provide employees of smaller businesses access to much needed retirement saving options.



The Executive Budget: ENVIRONMENTAL JUSTICE

- **Environmental Protection Fund (EPF):** The Executive proposes to fund the EPF at \$300 million, a \$123 million increase from State Fiscal Year (SFY) 2015-16 levels. The Executive proposes creating a new Climate Change Mitigation and Adaptation Account within the EPF with an appropriation of \$32.5 million. Other EPF allocations include \$33.9 million for solid waste programs, \$76.8 million for parks and recreation, and \$156.9 million for open space programs.
- **Water Infrastructure Improvement Act of 2015:** The Executive Budget proposes an increase of \$100 million to the Water Infrastructure Improvement Act of 2015 for a total of \$300 million over three years.
- **State Superfund Program:** The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, including funding for the Environmental Restoration Program.
- **Transfer of the Canal Corporation:** The Executive proposal would transfer the New York State Canal Corporation from the New York Thruway Authority to the New York Power Authority.

Department of Environmental Conservation (DEC)

The Executive Budget proposes an All Funds appropriation of \$1.32 billion, an increase of \$69.21 million, or 5.53 percent from the State Fiscal Year (SFY) 2015-16 level. The Executive recommends support of 2,946 full time equivalent (FTE) positions, unchanged from the SFY 2015-16 levels.

Water Infrastructure Improvement Act of 2015: The Executive Budget proposes an increase of \$100 million to the Water Infrastructure Improvement Act of 2015 for a total of \$300 million over three years. The program began with \$50 million in SFY 2015-16 and the Executive proposal would provide \$125 million for SFY 2016-17 and \$125 million for SFY 2017-18, increasing each fiscal year's original appropriation by \$50 million.

State Superfund Program: The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, ten percent of which is allocated to the Environmental Restoration Program (ERP).

Environmental Protection Fund (EPF): The Executive proposes \$300 million for the EPF, an increase of \$123 million from SFY 2015-16 levels.



Of this increase, \$120 million would come from settlement funds and \$3 million from an increase from the general fund. The Executive proposes creating a new Climate Change Mitigation and Adaptation Account within the EPF funded at \$32.5 million for SFY 2016-17. The Executive proposal would also transfer several programs into the EPF totaling \$2.42 million, for a net increase of \$120.58 million.

Regional Greenhouse Gas Initiative (RGGI) Transfer: The Executive Budget includes legislation that would transfer \$38 million from RGGI to fund the State University of New York Clean Energy Workforce Opportunity Program (\$15 million) and carbon tax programs (\$23 million).



The People's Budget: ENVIRONMENTAL JUSTICE

Environmental Protection Fund (EPF)

The 2016-17 Executive Budget proposes to raise the EPF to \$300 million dollars which is a \$123 million increase. This increase will create a new Climate Change Mitigation and Adaptation Account and will continue to support programming for solid waste, parks and recreation, and open spaces.

We need to support the budget increase as well as a proposal to combat climate change and improve the economy by investing in clean and renewable energy sources. Under this proposal, the increase in funding ensures New York's commitment to participate in a global effort to reduce greenhouse gas emissions and prevent the world's temperatures from rising more than 2 degrees Celsius. This also speaks directly to the state's commitment to mandate that 50 percent of all electricity consumed in New York by 2030 result from clean and renewable energy sources.

The United States Environmental Protection Agency defines Environmental Justice as "the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies...for all communities..."

Because the country is dependent on fossil fuels and restricted energy consumption, this behavior has a serious negative impact on our environmental justice. We need to make sure that any planning and coordinating associated with the allocated funds are conducted equitably, and that low-income and communities of color do not continue to bear an overwhelming burden.

In many cities across our state, it is projected that current energy companies will not have the capacity to meet the peak energy needs, in certain neighborhoods, which will lead to brown outs and black outs. This can and will be detrimental for residents and businesses.

The increase in budget and investments in grant opportunities specific to renewable energy concepts will not only help reduce the energy loads, it will increase air quality and provide opportunities for economic development. The Caucus supports and applauds the Executive Budget's efforts on the issue of environmental justice.



The Executive Budget: TRANSPORTATION

- **Department of Transportation (DOT) Capital Plan:** The Executive proposes a five-year Capital Plan of \$22.1 billion, on an obligations basis, spanning State Fiscal Years (SFY) 2015-16 to 2019-20. This reflects an increase of \$3.8 billion and would be funded in part with \$13.9 billion of State funds including \$2 billion for the Thruway Authority.
- **MTA Capital Support:** The Executive proposal includes Article VII legislation to authorize \$7.3 billion in support for the MTA's 2015-19 capital program. This authorization is in addition to \$1 billion appropriated in the SFY 2015-16 Enacted Budget, making total state support \$8.3 billion.
- **Transit Operating Assistance:** The Executive proposes \$4.99 billion in support for transit systems, including the MTA, reflecting an increase of \$27 million or 0.54 percent.
- **Thruway Capital Support and Toll Reduction Tax Credits:** The Executive proposal includes a new capital appropriation of \$700 million to prevent toll increases until 2020. The Executive proposal would also create two new tax credits which would reimburse half the value of tolls paid by frequent travelers of the Thruway and the full value of tolls paid by all farm vehicles.
- **Continued Local Capital Construction Programs Funding:** The Executive proposal would continue appropriation levels of \$438.1 million for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program. Funding of \$50 million for extreme weather recovery that was distributed through the CHIPS program in SFY 2015-16 is not continued.
- **Airport Revitalization Competition:** The Executive proposal would appropriate \$200 million for upstate public-use airports to be awarded to five revitalization projects through a competitive process.



The People's Budget: TRANSPORTATION

Limited Purpose Driver's Licenses

The Caucus supports legislation that would allow the Department of Motor Vehicles to issue limited use driver's licenses to the undocumented, which would not be allowed for federal purposes (e.g., air travel). Where the undocumented are already on New York roads and driving, this legislation would allow for a path to legal vehicle operation while also ensuring that the undocumented are subject to the same driver education and insurance regimens that are in place for other New York State drivers.

Second Avenue Subway

The Caucus supports the restoration of \$1 billion in funds which were removed from the 2015-2019 MTA Capital Plan for the Second Phase of the Second Avenue Subway. Removal of this funding essentially stalls the progress of this vital project and threatens the likelihood of future phases ever being completed. The second phase, which runs from 96th Street to 125th street, would connect a lower-income community with job centers and other avenues of opportunity. Restoring this commitment is a critical investment in infrastructure which will reduce overcrowding on the Lexington Avenue Line—the most heavily-used line in the United States—but will also provide mass transit opportunities to a growing and diverse community.

Hoverboards & Electric Unicycles

In light of recent reports that NYPD officers have been issuing summonses in varying amounts for the illegal operation of hoverboards and electric unicycles in New York City, the State should act to legalize the use of these devices and add safety protections. Legislation should provide for the use of devices in parks, as well as add fines for the reckless use of hoverboards and electric unicycles on sidewalks – modeled after the current law surrounding the use of skateboards and inline skates in the City.

Additionally, manufacturers and retailers that sell devices that explode or otherwise ignite should face fines of \$1,000 for each incident in which this occurs, losing the ability to distribute hoverboards and electric unicycles in New York State on the third occurrence. While it remains to be determined, disparity in enforcement of current law through summonses throughout the City's neighborhoods could be an issue of concern.



The Executive Budget: ECONOMIC DEVELOPMENT

- **New Capital Initiatives:** The Executive proposes \$904.8 million in appropriations for capital project investments throughout the State. This reflects a \$1.4 billion decrease over the prior year due to the absence of the one-time \$1.5 billion Upstate Revitalization Initiative that was enacted in SFY 2015-16.
- **Continuation of the Upstate Revitalization Initiative:** The Executive proposal includes a new, \$200 million grants initiative to upstate regions that did not win last year's competitive Upstate Revitalization Initiative. This initiative would allocate \$50 million each to the Mohawk Valley, North Country, Capital District, and Mid-Hudson regions to develop regional investment plans.
- **Downtown Revitalization Initiative:** A new \$100 million allocation is included for a new Downtown Revitalization Initiative, which will target ten downtown areas, one in each economic development region, that is either suffering from a population loss or economic distress. Projects that increase economic activity, create new housing, or improve transportation within the downtown area would be eligible.
- **Expansion of SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering (CNSE):** A total \$540 million is included for projects under the direction of CNSE, including: \$200 million for a new commercialization center in Chautauqua County; \$200 million for Nano Utica; \$125 million for a new industrial scale research and development facility in Clinton County, and \$15 million for projects at the CNSE campus.
- **Tourism and Economic Development Promotion:** The Executive proposal includes \$66.5 million to support efforts which promote New York State as a tourism destination, as well as for efforts to attract and expand business investment and job creation.



The People's Budget: ECONOMIC DEVELOPMENT

New York State and its local governments currently spend approximately \$8 billion annually on a broad array of economic development programs throughout the state. There are dozens of different economic development programs intended to provide a myriad of benefits such as cash grants, tax exemptions, tax credits (including many that are refundable and paid in cash), and tax-exempt bonds. The vast majority of these benefits go to big businesses in the name of job creation and economic growth, but the results leave much to be desired.

Research on the programs in question reveals that we are not getting a good return on our investment. For example, a detailed study of New York's business tax credits prepared in 2013 by economists Donald Boyd and Marilyn Rubin noted that "there is no conclusive evidence from research studies conducted since the mid-1950s to show that business tax incentives have an impact on net economic gains to the states above and beyond the level that would have been attained absent the incentives."

Transparency and accountability are also a serious issue. Tax reduction measures enacted last year reflected both extremes of the spectrum. On the positive side, Empire State Development (ESD) will now be required to submit an annual report in connection with the commercial production tax credit that indicates the name of each production company receiving the credit, the amount of the credit, the estimated number of employees, and the amount of credit-eligible wages paid. At the other extreme, the proposal appearing on legislators' desks on the very last day of the session included both a yacht and a private jet sales tax credit, measures that had not been mentioned in the Executive Budget nor publicly discussed in the final weeks of the session.

Similarly, numerous audits from the Office of the State Comptroller (OSC) also question whether the state is getting its money's worth from Industrial Development Agencies (IDA). A 2013 report from OSC revealed that of the 4,486 current IDA projects, 1,161 do not promise to create a single job. Sixty-eight percent of the 407 IDA projects that ended in 2011 lost jobs, did not create jobs, or did not meet their job creation targets, falling a total of 32,153 jobs below their targets.

More recent audits have found deficiencies in IDA processes related to approving projects, monitoring the project performance against goals, and recouping benefits from projects that failed to meet promised economic and job targets. Several audits also highlighted deficiencies in the monitoring of the tax exemptions given to IDA projects or the PILOTs the projects were required to pay to local governments and school districts in lieu of forgone property taxes. This is particularly troubling given that local governments and school districts are being squeezed by the state's local property tax cap.

Summary of State and Local Economic Development Costs

Rather than chasing smokestacks or throwing tax cuts at business, the state’s economic development policy should be focused on smart investments with careful accounting of benefits to local communities. The goal must be overall economic growth, not the mere shifting of activity from one area or one state to another.

Regional Economic Development Councils and the Upstate Revitalization Initiative

According to Governor Cuomo, “REDCs have awarded nearly \$4 billion for job creation and community development projects that will create or retain over 200,000 jobs.” The governor proposes continuing this regional economic development approach with \$150 million in the 2017 state budget to support a sixth round of the REDC awards and URI runners-up awards. Round VI of the REDC initiative will include \$150 million to be split competitively among each of the state’s 10 regions (along with \$70 million in Excelsior Tax Credits). Also \$200 million in settlement funds is allocated to fund top projects for the runners up from last year’s Upstate Revitalization Initiative, referred to as the Upstate Hunger Games Competition by some, where seven regions competed for three pots of \$500 million.

While the state continues to attempt to improve the REDC reporting requirements, it is still falling short in a number of different ways. Since job results are currently reported in aggregate, not by individual project, there is no way to determine the performance of individual firm-specific projects relative to their job creation and retention projections. As is the case with many economic development programs, New York needs to collect and publish actual firm-specific data on total costs, jobs created, and jobs retained to be able to judge the efficacy of these efforts.

START-UP NY

START-UP NY was established in 2013 to “transform” SUNY, CUNY, and private college and university campuses, as well as communities across the state, into tax-free zones, ostensibly to attract new businesses and to encourage existing businesses to expand. In April 2015, Empire State Development released a preliminary START-UP NY review, which showed very poor results: 76 jobs were created compared to \$53 million in tax dollars spent on advertising costs—\$697,000 per job before even counting the foregone tax revenue. The report was released four months late and just after legislators approved spending another \$50 million in advertising costs for the program in the state budget. This spending might not have been approved had legislators seen the program’s weak initial results prior to approving the budget.

The program’s focus on clustering businesses around universities makes sense. What is fundamentally misguided is the idea that creating tax-free zones might be sound economic development policy.



A substantial body of research suggests that local taxes are not a primary determinant of business investment decisions, and that instead, prominent factors include the quality of the labor force, the quality of life and the efficiency of a locale's physical infrastructure.

Raising further red flags, the governor expanded the program to cover some local airports and even some prisons. The state's experience with Empire Zones should be a strong cautionary tale. Established in the late 1980s, Empire Zones were initially intended to help distressed areas of the state by giving benefits to companies that located there. Over the years, however, the number of Empire Zones multiplied, until every county, regardless of its poverty status, had at least one zone and eventually zones were designed around existing companies. Expanding START-UP NY zones to new areas is not only a mistake, but it also underscores a problem with creating different state tax zones for different parts of the state as a way of approaching economic development. Tax-free status for some companies serves to put a greater burden on all other taxpayers.

According to recent reports from the governor, a total of 155 businesses have been approved for START-UP NY participation and are projected to create over 4,200 net new jobs and nearly \$221 million in promised investment. We have not seen these jobs materialize, nor have we seen this level of investment as these are merely promises. The state has appropriated over \$200 million for TV ads promoting this program (and other Open for Business/Tourism ads) across the country. The governor proposes appropriating an additional \$66.5 million for another round of Open for Business marketing ads. Since the state currently spends more on ads than we may ever get back in investments, one has to question the justification of continuing such a program.

Business Subsidy Transparency

Thanks to the historical decision by the Government Accounting Standards Board, 2016 begins a new era for collecting business subsidy data. The new standard, covering GAAP-compliant budgets started in mid-December 2015, requires all states and local governments to report how much revenue they lose to tax abatements or economic development tax expenditures. The policy creates a tremendous opportunity in New York. The governor should join the state comptroller to leverage a comprehensive, national standard on economic development transparency. New York has recently improved the transparency and coordination of business subsidy programs, but these undertakings failed to produce a holistic view of how \$8 billion of tax dollars are being spent.

New York State has recently improved the transparency and coordination of numerous business subsidy programs. Project-specific information for Excelsior, Brownfields, and ReCharge NY is now published on the Open NY portal in a machine readable, downloadable, format. The state has also simplified the process of applying for subsidies with the Consolidated Funding Application (CFA).



However, project information for a range of major initiatives is not published, is incomplete, or is not machine readable, including subsidies provided by the REDCs, SUNY Poly, SUNY RF and nonprofit entities controlled by the state. Some published data are fragmentary and not useful—like datasets of START-UP NY and Film/TV locations without a project PIN or subsidy amount. Only limited information from the CFAs is made publicly available.

We propose creating a single “database of deals,” managed by ESD for all state subsidies to businesses, including grants, loans, tax credits, tax-exempt financing, and discounted energy. Businesses often receive subsidies from multiple programs, but it is difficult for the public to tally the full cost to the state. A new portal will provide a clear picture of the state’s economic development projects, as well as enhance the state’s ability to track the return on its investments.

Use of Settlement Funds for Economic Development

Last year’s \$5.4 billion surplus in bank settlement funds was unprecedented. Yet, this year the state has an additional \$2.3 in unallocated bank settlement funds to spend. Last year the Fiscal Policy Institute was critical when the governor proposed using \$1.5 billion of these funds for an upstate economic development competition otherwise known as the Upstate Hunger Games. FPI’s position was that the funding would have been better used for infrastructure investments.

This additional settlement surplus is occurring at a time when, under the governor’s tight spending restraints, state operating fund disbursements are increasing by less than two percent. New Yorkers desperately need these funds to be used wisely to address glaring unmet needs

It should be noted that the entire surplus is related to a series of financial settlements with banks in response to legal actions taken by the state in response to violations of state and/or federal laws. The bank settlement surplus results from these legal actions; it is not due to the state raising more revenues than are required to meet its spending needs.

The vast majority of these funds will be spent on capital expenditures with some exceptions. A better use of the Thruway toll credit funds (\$340 million) and Upstate Revitalization Initiative funding (\$170) would be to support anti-poverty initiatives identified in the budget. The current funding level of the anti-poverty initiative (\$25 million) is insufficient to adequately address the extremely high child poverty rates throughout many of the target cities. Using \$500 million to fight poverty in our major cities is a smart and strategic investment in repairing our ailing human infrastructure that is just as in need of attention as our physical infrastructure.



The Executive Budget: CRIMINAL JUSTICE & LEGAL SERVICES

- **Raise the Age of Juvenile Jurisdiction:** The Executive proposal includes language to raise the age of juvenile jurisdiction from 16 to 17 on January 1, 2018, and to 18 on January 1, 2019 as well as increase the lower age of juvenile jurisdiction from age seven to 12 on January 1, 2018. A new \$22 million is included to continue the transition of 16 and 17 year olds out of adult jails and prisons and into a designated facility by August 2016.
- **Alternatives to Incarceration (ATI) and Re-Entry Services:** The Executive proposal would provide \$1 million to expand ATI programs to serve individuals in upstate counties who are at high risk of being incarcerated. The Executive also includes \$1 million to support the expansion of County Re-Entry Task Forces, and \$5.8 million to connect recently released individuals with employment opportunities.
- **Grand Jury Reform:** The Executive proposal would establish an independent counsel, appointed by the Governor, to review cases in which a police officer or peace officer is accused of causing the death of an unarmed civilian in the line of duty.
- **Indigent Legal Services Settlement:** An additional \$12.4 million is provided to the Office of Indigent Legal Services to continue implementation of the *Hurrell-Harring* settlement agreement, including support for the development of caseload standards, defense counsel for indigent clients at arraignment, and the annualization of additional staff.
- **Equipment and Technology Upgrades:** A new \$25 million is included to provide certain state correctional facilities and staff with fixed cameras, thermal imaging, heartbeat monitors, and body cameras.
- **Counter-Terrorism Activities:** The Executive proposal includes \$40 million to expand the current deployment of National Guard and State Police officers at New York City transit hubs and other critical infrastructure, and to establish a permanent State Police presence in New York City to support counter-terrorism activities.

Department of Corrections and Community Supervision

Raise the Age of Juvenile Jurisdiction: The Executive proposal includes language to raise the age of juvenile jurisdiction from age 16 to 17 on January 1, 2018, and to 18 on January 1, 2019 as well as increase the minimum age of juvenile jurisdiction from age seven to 12 on January 1, 2018. The Executive Budget would invest a new \$22 million in Department of Corrections and Community Supervision capital funds to continue renovations at Hudson Correctional Facility to complete the transition of 16 and 17 year olds out of adult jails and prisons by August 2016. The Executive proposal includes an additional \$1 million to support 20 FTEs at DOCCS and \$492,000 to support nine FTEs from the Office of Mental Health to provide services for the youths transitioning into Hudson from other facilities.

Solitary Confinement: The Executive proposal includes \$1.5 million to support 20 new FTEs and \$1.5 million for training to implement policies and procedures related to the agreement between the State and the New York Civil Liberties Union regarding the use of solitary confinement in state correctional facilities. The Executive would also reassign an additional 50 FTEs to support this proposal from within the current DOCCS system.

College in Prison: The Executive proposal would use \$7.5 million in criminal forfeiture funds obtained by the Manhattan District Attorney's Office to expand college in prison programming in state correctional facilities. These funds are not appropriated in the Executive proposal but would be administered by the Manhattan District Attorney.

Equipment and Technology Upgrades: The Executive proposal includes \$25 million in capital funds to provide certain state correctional facilities and staff with various equipment and technology upgrades, including fixed cameras, thermal imaging, and heartbeat monitors. Under the proposal, DOCCS would also launch a pilot program for the use of body cameras by correctional officers.

Video Visiting Programs: The Executive proposal includes an additional \$300,000 to expand family televisiting programs between incarcerated parents and their children at certain state correctional facilities.

Increased Health Costs: The Executive Budget provides an additional \$24 million for increased drug and hospital costs.

Workforce: The Executive proposal includes \$13.89 million for negotiated salary increases, which would be offset by \$11.38 million in savings related to reduced overtime and vacancy controls. DOCCS also would realize \$75 million in savings related to the elimination of the non-recurring 27th institutional pay period in SFY 2015-16.



Division of Criminal Justice Services

Legal Services Assistance Fund (LSAF) Allocations: The Executive proposes the elimination of LSAF support for various programs as noted below:

DCJS LSAF Allocations		
(\$)		
Program	SFY 2015-16	SFY 2016-17
Aid to Prosecution	2,592,000	2,592,000
Aid to Defense	2,592,000	2,592,000
HESC Loan Forgiveness Program	2,430,000	2,430,000
Civil Legal Service Grants	2,830,000	-
Prisoners Legal Services	2,200,000	2,200,000
Domestic Violence Related Legal Services	950,000	-
Indigent Parolee Program	600,000	-
Various Civil and Criminal Legal Services	-	4,380,000
Grand Total	14,194,000	14,194,000

Prisoner’s Legal Services: The Executive proposal continues \$2.2 million for Prisoner’s Legal Services support through the LSAF, including \$1.2 million that was added by the Assembly in SFY 2015-16.

ATI and Re-Entry Services: The Executive proposal provides \$1 million to expand upstate ATI programs that provide services such as defendant screening, assessment, referral, monitoring, and case management. The Executive proposal consolidates \$14.61 million in specialized ATI funding into a single ATI appropriation. The Executive proposal includes \$1 million to support the expansion of County Re-Entry Task Force activities in new or existing counties to enhance re-entry coordination activities.

Criminal Justice System Reform: The Executive recommends Article VII language that would:

- Create an Executive-appointed “independent monitor” who could be tasked to review evidence and grand jury proceedings when a grand jury does not indict a police or peace officer who, while acting in an official capacity, allegedly caused the death of an unarmed person;
- Allow issuance of a special report by a grand jury, or a letter by the district attorney, when a grand jury declines to return an indictment in such a case;

- Authorize a motion seeking leave to appeal to the Court of Appeals from a determination of the Appellate Division concerning a pretrial motion for a change of venue;
- Require annual reports from law enforcement agencies to DCJS that include information on certain violation and non-penal law misdemeanor arrests, and demographic information on the subject of each arrest and appearance ticket or summons issued by the agency;
- Require reports by law enforcement agencies concerning deaths of civilians occurring during police activity and deaths occurring while a person is in law enforcement custody;
- Establish a “use of force” policy for state and local law enforcement agencies, to be created by the Municipal Police and Training Council; and
- Require that every application for a search warrant include information concerning whether a request for a warrant had previously been submitted to another judge and, if so, the result of that previous submission.

District Attorney Settlements: The Executive recommends Article VII language that would extend for an additional year, until March 31, 2017, the current provisions relating to the distribution of certain monies recovered by county district attorneys of the City of New York in settlement agreements signed before the filing of an accusatory instrument.

Division of Homeland Security and Emergency Services

The Executive proposes All Funds appropriations of \$1.52 billion, an increase of \$583.1 million or 62.3 percent from the SFY 2015-16 level. The Executive recommends support for 478 FTE positions, an increase of 12 FTEs from the SFY 2015-16 level.

Disaster Assistance: The Executive proposes a \$600 million increase in appropriations in disaster assistance to allow the Federal Emergency Management Agency to grant funds to municipalities, non-profit organizations, and other government entities in the event of a natural or man-made disaster.

Security Assessments: The Executive proposal includes \$1.3 million to increase the number of annual security assessments on critical infrastructure conducted by Division’s Critical Infrastructure Protection Unit in each of the state’s 16 Counter Terrorism Zones.



Office of Indigent Legal Services

The Executive proposes All Funds appropriations of \$99.4 million, an increase of \$12.4 million or 14.3 percent from the SFY 2015-16 level. The Executive recommends support for 19 FTE positions, unchanged from the SFY 2015-16 level.

Indigent Legal Services Settlement: The Executive Budget includes \$12.4 million in additional funding for implementation of the *Hurrell-Harring* settlement agreement with Onondaga, Ontario, Schuyler, Suffolk, and Washington counties, including: \$10.4 million to support the implementation of new criminal caseload standards; \$1 million to provide indigent clients with defense counsel at arraignment; \$800,000 to ensure that existing grants for counsel at arraignment are not reduced due to increased participation in the program; and \$200,000 to support the annualization of additional oversight staff. This proposal would bring total funding for the settlement to \$16.4 million in SFY 2016-17.

Judicial Commissions

The Executive proposes All Funds appropriations of \$5.65 million, unchanged from the SFY 2015-16 level. The Executive recommends support for 50 FTE positions, unchanged from the SFY 2015-16 level.



The People's Budget: CRIMINAL JUSTICE & LEGAL SERVICES

Introduction

In 2015, the Caucus announced our “Before, During & After” Criminal Justice legislative package to signify how we seek reforms to the Criminal Justice system before, during, and after someone is incarcerated. This vision continues this year and will not stop until we have improved conditions and livelihoods for all people who are a part of the process. From incarcerated individuals to correction officers, from Grand Jurors to District Attorneys, from non-profit organizations providing economic opportunities, to those who are leading re-entry efforts, it is critical for immediate, transformational, and sustained improvements.

Reform will be demonstrated by our decisions surrounding the budget and pending legislation. These decisions are tied to a name and a legacy, whether it is enacting Special Prosecutor and Grand Jury reform due to the injustice with Eric Garner, protecting the Correction Officers who are serving honorably yet get attacked, or demanding Raise the Age legislation in honor of Kalief Browder.

At this critical moment of needed reform, we stand up as your legislators to call for action now. As Governor Cuomo has presented his Executive Budget, it is our responsibility to respond to his proposals while equally conveying our priorities.

Criminal Justice Reform Act of 2016

The Executive has proposed Article VII legislation that is intended to institute a series of criminal justice reforms.

- Establishment of an “independent” counsel appointed by the governor to review cases in which a police officer or peace officer uses deadly force against an unarmed civilian and a grand jury does not indict such police officer or peace officer. The monitor would be able to review evidence and any grand jury proceedings and recommend the appointment of a special prosecutor by the governor.
- Allow a district attorney to issue a grand jury report where a grand jury dismisses charges or declines to indict a police officer or peace officer who uses deadly force against an unarmed civilian.
- Allow an appeal directly to the Court of Appeals where the appellate division declines a motion for a change of venue.



- Require all state law enforcement agencies to provide an annual report to the Division of Criminal Justice Services (DCJS) of the number of arrests, appearance tickets and summonses issued for violations and certain misdemeanors, including demographic information in certain circumstances. Further, this report would require all law enforcement agencies to inform DCJS about the number of instances where the death of a person may have been the result of police conduct while executing an arrest for a violation or misdemeanor.
- Require the Municipal Training Council (MPTC) to establish a law enforcement use of force policy that could be utilized by all law enforcement agencies in the state. All law enforcement agencies would be required to establish a use of force policy consistent with the MPTC policy, but it would not preclude a law enforcement agency from imposing further restrictions.
- Require that every application for a search warrant include a statement that informs the judge whether the warrant was previously submitted to another judge and if so, the result of the previous application.

Recent events have raised concerns and shaken the confidence of both communities and law enforcement. After the legislature was unable to enact meaningful reforms to the criminal justice system, the Governor issued Executive Order 147 in July of 2015 designating Attorney General Schneiderman as a Special Prosecutor to “displace and supersede the jurisdiction of the county district attorney” in cases where an unarmed civilian is killed by a police officer.

Although the intent of the governor’s Article VII proposal should be applauded, it would represent a step back from his own Executive Order issued last year appointing the attorney general as special prosecutor. In order to ensure effective investigation and prosecution in cases where a civilian death occurs as a result of police use of force, the governor’s Executive Order must be made permanent by enacting A.6509-A/S.5592-A (Wright/Hassell-Thompson). This bill would permanently establish an Office of Special Investigation within the Attorney General’s Office. Further, unlike the governor’s budget proposal to appoint a special counsel, the Office of Attorney General has the necessary experience and resources at its disposal to handle these types of cases and help to restore confidence in our criminal justice system.

In addition, the Executive proposal should be amended to incorporate the new reporting requirements on law enforcement from A.7698/S.6001 (Lentol/Squadron) which is more comprehensive and will allow policymakers and the public to effectively understand how our streets are being policed.



Further, the Caucus strongly supports additional reforms to the criminal justice system:

- Reduce the use of solitary confinement in prison and ensure that such confinement is used as a measure of last resort and for a minimal period of time necessary to maintain order and discipline. Further, prohibit segregated confinement of the juveniles under the age of 21 and any person with a mental illness or a developmental disability
- Allow for the sealing of certain criminal records for persons who have completed their sentence and have remained crime free.
- Strengthen laws that prohibit discrimination against a person based on a criminal record and require that the employer must find that there is a substantial connection between the job and the conviction AND that such a connection would create an unreasonable risk to property or public safety in order to deny employment.
- Enact “Ban the Box” legislation establish that it shall be an unlawful discriminatory practice to ask a job applicant about his or her criminal history without having made a conditional offer of employment.
- Expand the availability of youthful offender status for persons under the age of 21 convicted of crimes.

Juvenile Justice

Unfortunately, much of our juvenile justice reform priorities were stalled last session. Raising the age of juvenile jurisdiction still remains the most pressing juvenile justice issues in this state. Currently, New York is one of only two states that prosecutes all youth as adults when they’ve reached 16 years of age. New York still fails to recognize adolescents as children, and continues to prosecute and place them in the adult criminal justice system which is not in their best interest; nor does it improve public safety. We believe that a comprehensive approach to raising the age of juvenile jurisdiction to 18 is in the best interest of New York’s children and youth, communities and overall safety. Findings from the Commission on Youth, Public Safety and Justice last year have been the catalyst in making this change a reality in the State of New York.

The Executive Budget would raise the age of juvenile jurisdiction to 17 on January 1, 2018, and to 18 on January 1, 2019, and would provide services for 16 and 17 year olds who are involved in the juvenile justice system. However, we believe that more needs to be done to not only raise the age, but to provide resources and proper services to ensure that our children become productive adults.



Under the Executive proposal, newly sentenced youth would be placed in the Office of Children and Family Services (OCFS) facilities. The Executive provides \$110 million for additional OCFS facility capacity. We applaud the governor for not only putting in Article language to make raising the age a possibility, but also putting in the necessary funds to properly house and care for our children. Although OCFS facilities are better than adult correctional environments, we must also do a better job of evaluating the work of the close-to-home program, secure, and non-secure facilities.

Diversion programs are another essential tool of juvenile justice, as the mind of a child is not fully developed and they have a better chance to turn the course of their current trajectory. We are pleased that the governor's Article VII language includes the provision of "comprehensive diversion, and probation for juveniles in the system," but we would like to increase the services and budgetary resources for juveniles that have not yet fully entered the system, but are tethering on the line.

Parental Notification

Adolescents are much more likely to waive their right to remain silent and to confess to crimes quickly than adults during police interrogation. Their increased likelihood to comply with authority figures, to tell police what they think they want to hear, and to succumb to an impulsive decision to make a statement, even a false statement, if it will end an interrogation, places them and law enforcement at great risk for unreliable confessions. Unreliable confessions, in turn, create challenges in prosecution and can result in ongoing crime by the actual offender who remains in the community. Juveniles have protection against this vulnerability through existing law that requires police to make reasonable efforts to notify a parent at the arrest of a youth age 15 and under and to question those youth only in a room that is specially designed for questioning in an office-like setting. The protections of parental notification and use of questioning rooms for youth should be extended to 16- and 17-year-olds.

The Caucus also supports the following juvenile justice reform initiatives:

- Expand the use of videotaping of custodial interrogations of 16- and 17-year olds for felony offenses.
- Mandate diversion attempts for low-risk (per risk assessment) misdemeanor cases except where probation finds no substantial likelihood that youth will benefit from diversion in the time remaining for adjustment or if time for diversion has expired and the youth has not benefited from diversion services.
- Allow two additional months for probation diversion (beyond 120 days) if a documented barrier to diversion exists or a change in service plan is needed.
- Establish diversion services that range from minimal intervention for low risk youth to evidence-based services for high-risk youth.
- Establish family engagement specialists to facilitate adjustment.

- Expand Family Court jurisdiction to include youth ages 16 and 17 charged with nonviolent felonies, misdemeanors, or harassment or disorderly conduct violations. Provide access to bail for 16- and 17-year-olds in Family Court and allow Family Court judges to ride circuit to hear cases, at the discretion of the Office of Court Administration.
- Create new Youth Courts, with specially trained judges, in criminal court for processing those cases against 16- and 17-year-olds and other Juvenile Offenders who remain in criminal court.
- Provide juvenile probation case planning and services for cases pending in criminal court.
- Prohibit confinement of any minor in an adult jail or prison and, to the extent funding and operational considerations allow, permit youth to remain in youth settings until age 21.
- Reduce unnecessary use of detention and placement through:
 - Prohibition of detention and placement for youth adjudicated for first-time or second-time misdemeanors that do not involve harm to another person, and who are low-risk, except where the court finds a specific imminent threat to public safety.
 - Prohibition of placement for technical probation violations alone, except where 1) the court finds a specific imminent threat to public safety or 2) the youth is on probation for a violent felony offense and the use of graduated sanctions have been exhausted without successful compliance
 - Implementation of weekend arraignment for Family Court cases statewide where adult arraignment already occurs
- Develop effective community-based services at the local level to be used by probation, including expansion of The Juvenile Risk Intervention Services Coordination (JRISC), to maintain more high-risk youth in the community and reduce recidivism.
- Require that youth sentenced in the criminal courts and released from an OCFS facility receive post-release supervision from OCFS, instead of DOCCS, to facilitate better reentry planning and implementation.

Setting Bail

Since the 1970s, the legislature has periodically debated allowing judges to consider dangerousness as part of an assessment tool to determine an individual's "risk to public safety" while setting bail; but ultimately, has decided against it. There is no empirical data that New York has greater re-arrest rates than any other community with a dangerousness statute. Such statute could be used to jail a larger swath of people who have not been found guilty of any crime, and judges may be more inclined to remand defendants rather than allowing bail for fear that there could be political backlash. A youth with a history of non-violent misdemeanors could be deemed dangerous because of assessment criteria. The Caucus remains concerned with any potential legislative action that furthers this policy.



Prisoner's Legal Services

Since 1976, PLS has played a vital role in making New York prisons safer and more humane. Their work has resulted in positive changes in prisoners' attitudes and behavior, and has promoted constructive policy and programmatic modifications within DOCCS. PLS' work has also benefited the State Attorney General's Office and state and federal court judges by providing professional legal representation.

While the Executive Budget provides for \$2.2 million in funding, the Caucus recommends that PLS be allocated an additional \$1.3 million supported either through the General Fund, or some other Special Revenue Fund in the SFY 2016-17 budget. This would bring PLS' funding back to the level of the mid-1990s, but would still be an important step toward meeting the State's legal responsibility to provide meaningful access to the courts for individuals confined in our State's prisons. Additionally, we also recommend that PLS be required to increase their staff diversity and provide the legislature with a definitive plan to do so.

Alternatives to Incarceration (ATI) and Re-Entry Services

The Caucus has a long history of supporting ATI programs. These programs have been critical to the State's success in simultaneously reducing crime, reducing the prison population and saving taxpayers many millions of dollars, and are essential to continued success of Rockefeller Drug Law reforms and ending the cycle of addiction and crime. It is no coincidence that New York, with an effective network of ATI programs, has seen both crime and incarceration rates plummet simultaneously, without compromising public safety.

For several years, the State received federal money through the American Recovery and Reinvestment Act (ARRA) to support a variety of ATI, re-entry and substance abuse programs. Unfortunately, these federal funds are no longer available. This year, the governor has proposed an additional \$1 million for a "Defendant Screening and Assessment Project" focusing on upstate New York and has consolidated ATI appropriations in order to streamline the application process by standardizing the application dates, duration of contract and services necessary. However, these programs still require additional funding to meet the existing need. Therefore, it is critical that additional funding for ATI programs be provided.

Public Defense Services

New York State is in the midst of a foreseeable 51-year decline of due process of law. In 1963, the United States Supreme Court held in *Gideon v. Wainwright* that the right to counsel for one charged with a crime is fundamental, and that states need to supply lawyers for those unable to afford them. In 1965, New York delegated this state responsibility to counties. The decision to entrench responsibility at the county level now haunts New York.

The inefficient patchwork of services provided at the county level is deficient. Public defense services are inadequately financed by the State.

- People of color are disproportionately affected by this crisis.
- The Hurrell-Harring lawsuit brought against New York and settled in March 2015 has committed New York on a course to fix the problems in only 5 (five) counties; while the 57 other counties are left in the wanting.
- Legislation is needed to reverse this unfair equal protection violation.

New York State Defenders Association (NYSDA)

The State contracts annually with NYSDA to administer the nation's only Public Defense Backup Center, in ongoing recognition of public defense deficiencies statewide. However, the backup function is dramatically underfunded. The New York State Defenders Association (NYSDA), through its public defense backup center, provides assistance to lawyers providing representation to the poor in New York State. The Executive has provided funding for NYSDA in the amount of approximately \$1.089 million for SFY 2016-17. However, NYSDA needs a minimum of \$4.24 million to effectively continue its work to improve the quality and scope of publicly-supported legal representation for low-income people. It is recommended that the legislature increase funding for NYSDA for a total appropriation of \$4.25 million to bring it in line with funding needed to effectively serve the poor.

NYSDA's Veterans Defense Program

- \$1.1 million of the requested \$4.25 million is to sustain the new Veterans Defense Program (VDP) which provides comprehensive legal assistance to support zealous representation of veterans in the family and criminal court system, helping the most vulnerable of our veterans with service-related mental health illnesses, such as Post-traumatic Stress Disorder or Traumatic Brain Injury, and facilitating treatment and recovery. NYSDA received \$500,000 from the legislature last year, and needs \$1.1 million to continue to expand VDP's critically needed services.
- This expansion would allow VDP to open a New York City office, expand its staff in Batavia, and multiply its services for the many veterans who need VDP's help.

Indigent Legal Services Office

The Executive Budget proposes \$96.2 million in aid to localities for the Office of Indigent Legal Services. This holds flat aid to localities for the 57 other counties left out of the settlement, while providing \$15.2 million for Hurrell-Harring implementation.

In spite of the increase in the Executive's proposal, an additional amount of \$34 million is needed to continue the improvements being made incrementally to the State's public defense system, including assuring counsel at first appearance, quality improvement, and caseload reduction.



Solitary Confinement

The Caucus supports legislation that would address a fundamental human rights crisis in New York State. Presently, over 4,000 individuals—many of the most vulnerable and defenseless among us—are currently subject to state-sanctioned torture, in the form of solitary confinement.

We support the principle that solitary confinement is effectively torture in practice, and serves no useful or beneficial purpose whatsoever. Strong public safety legislation is needed that wisely substitutes a rehabilitative and therapeutic model in place of isolation and punishment; so that individuals can receive the programming, support and interventions needed to help them rehabilitate and grow.

Legislation should do five essential things:

- Move from an isolation model to a supportive treatment model, replacing SHUs with Residential Rehabilitation Units (RRUs)—providing for therapeutic interventions and six hours of out of cell programming daily;
- Drastically restrict placement in these RRUs to a very small population of individuals who need intense treatment that can help them heal and grow;
- Curtail and limit the use of long term placement in RRUs to no longer than 15 consecutive days and no more than 20 days in any 60 day period, which is the United Nations standard;
- Enact a complete bar on any type of isolation for vulnerable populations, including: youth, seniors, anyone with a physical, mental or medical disability, anyone who is pregnant or a new mother and anyone who is or is perceived to be LGBTI;
- Train officers to work with individuals and to provide supportive services to help them grow; provide due process protections for anyone placed in isolation and ensure greater transparency and accountability at our correctional facilities.

Fair Access to Education

Participation in higher education has proven to be an effective tool in reducing the rate of recidivism while increasing economic opportunities for individuals impacted by the justice system. While the Caucus supports the governor's partnership with the Manhattan District Attorney's Office to expand college access in prisons, it is also necessary for legislation that will amend the corrections and the executive law, in relation to college admission for persons previously convicted of one or more criminal offenses. Colleges would be prohibited from asking about an applicant's past arrest and/or conviction during the application and admission decision-making process. Additionally, a new subdivision would be added to section 296 of the Executive (Human Rights) Law to make it an unlawful discriminatory practice for colleges to ask about or consider prior criminal justice involvement during the application and admission decision-making process.

The People's Budget: IMMIGRATION

New York State DREAM Act

The DREAM Act would allow “dreamers”—undocumented immigrants who came to New York as children—to apply for the state’s Tuition Assistance Program. The governor’s inclusion of this measure in the Executive Budget is welcome. Leading it through the legislature would send the message that New York is a state in which talent does not go to waste, and signal to the world that we are a state that welcomes immigrants. This is a very small cost to the state that will have a very high return on investment.

Translation Services

Governor Cuomo’s Executive Order 26 was and is a welcomed change in state policy, especially for the majority of the non-English dominant, Spanish-speaking community of New York State. However, it has come to light that New York State is contracting for Spanish interpretation services off-shore, ignoring the incredible human resource among Latino New Yorkers and the Latino state workers.

NYS government should use the opportunity created by this change in policy to create a ladder of opportunity for its own Latino state workforce by offering translation training and payment incentives to workers. The latest studies of state workforce diversity demonstrate that a significant proportion of the state’s Latino workforce continues to languish at the lower end of the civil service grade spectrum, despite possessing (in many cases) a highly desirable language skill. A policy change which takes this into account and incentivizes in-house interpretation can kill two birds with one stone:

- Keeps interpretation jobs on shore;
- Provide promotional opportunity while leveraging the state’s human capital

Preventing Roadblocks to Employment

Immigrants and their children who have earned a college education should not face roadblocks that prevent them from finding jobs after college graduation. But this is exactly what is starting to take shape under a plan by private and public colleges to give a college exit exam. That grade can be requested by employers as a tool to measure job readiness. For hundreds of thousands of English language learners in New York, these tests are unfair and will create economic hardships. The push to establish a college exit exam that’s being marketed as a screening tool for employers is dangerous and discriminatory.



Legislation to ban the exam known as the Collegiate Learning Assessment (CLA), has been introduced and will be reintroduced in the 2016 Session. The legislation will allow, however, its confidential use by colleges if it is only used to improve student academic achievement through measuring how individual campuses can improve how well those schools are educating their students.

Aiding English Language Learners (ELL)

New York State has a high school graduation rate of 74 percent--allowing for thirty-one states to have higher graduation rates. But these numbers fail to show the crisis of the situation for English language learners who are dropping out of school in alarmingly high rates. About 34 percent of ELL students graduate high school, an overall drop of 4 percent from 2013. There are over 214,000 ELL students in New York, speaking over 160 different languages. Thus, the Caucus advocates for adequate funding of programs that support English-Language Learners.

Immigration Status

The Caucus supports legislation that prohibits state and local agencies from inquiring as to the immigration status of any person. Though some municipalities have taken action on this front, there remains a need for State-wide legislation on this issue.

Fake IDs

The Caucus advocates for legislation that increases penalties for those who prey upon the undocumented by providing them with fake IDs. Recent years have borne increased reports of ID dealers who put together packages of false identification that ultimately lands many vulnerable New Yorkers in trouble with the law, not to mention federal enforcement authorities. A bill should be passed to root out the problem by discouraging the continuation of this practice.

The People's Budget: EQUALITY

Minority and Women Business Enterprises

In our great State of New York, we continue to make impressive strides to increase economic opportunity and equality for women and diverse communities of color. With a population comprised of nearly 18% African American, more than 18% Hispanic, and over 51% women, New York has an incredible opportunity to diversify representation and increase access when it comes to doing business in the state. Moreover, there are tremendous opportunities to increase the amount of contracts, capital, and resources to our minority and women owned businesses. We are excited by the progress that began in 2011 when Governor Cuomo established a statewide team to eliminate barriers and expand participation of Minority and Women Business Enterprises (MWBEs).

The team set an ambitious goal of 20 percent for procurement. Moreover, further progress was demonstrated by the announcement in October of 2014 of having achieved an impressive 25 percent MWBE participation rate. The latest goal of 30 percent brings us even closer to achieving equal opportunity and equality for minority and women owned firms and create jobs in the great state of New York. We support the governor's proposal to require local governments receiving state funds to meet the statewide goal and have introduced legislation to that end.

Unfortunately, due to a lack of comprehensive data, mandatory oversight and required reporting, MWBE goals across all state funding streams are not at the levels we need for parity. We must also tackle the lack of transparency in order to capture the total impact of state funding and goal achievement on the MWBE business landscape. Moreover, the other sad reality is that fraud in misrepresenting a business owner as a MWBE firm occurs all too frequently. With no clear mechanism to penalize said firms, another opportunity is presented for positive reform to be enacted through budget and policy proposals.

The Executive notes the 30 percent goal for New York's MWBE state contract utilization is the highest in the nation. However, under state law, that goal only applies to contracts issued by state agencies and authorities. It does not apply to state funding given to localities such as cities, towns, villages and school districts. This amounts to approximately \$65 billion each year. The Executive proposes legislation to expand the MWBE goal to such localities and entities that subcontract with them. This, in turn, will leverage the largest pool of state funding in history to battle discrimination and create new opportunities for minority and women owned businesses. The Caucus supports this measure.



Given the aforementioned context, the desire for greater MWBE participation that leads to increased economic and social progress, the need for tangible reform of increased oversight, transparency, metrics-based reporting, accountability, penalty for fraud and deception and ensuring increased opportunity and resource distribution, we propose the following items:

1. Extend the authorization for the Minority and Women-owned Business Enterprise (MWBE) program.
2. Require localities receiving state funding to meet the 30 percent MWBE goal.
3. Set the 30 percent MBWE goal for all state funding including money management, all procurement, remaining federal package funding for reconstruction costs for Superstorm Sandy and future dispersal of federal and settlement funds. Moreover, we call for the same 30 percent MWBE goal on all emergency projects after the initial emergency has been stabilized due to not all agencies monitoring job order contracting (JOCs) to ensure MWBE utilization does occur.
4. Determine oversight and enforcement process of MWBE goals including but not limited to a dedicated procurement officer tasked with MWBE implementation, public hearings administered by the Committees on Governmental Operations and/or Oversight, Analysis and Investigation and monthly and annual metrics based reporting.
5. Determine oversight and enforcement to monitor all state agencies for compliance and make reports to legislature. The assigned procurement officer must have a direct reporting relationship to the Commissioner or the President of the overseeing entity.
6. Establish a third party entity in charge of reviewing MWBE data and set aside funding for said entity to conduct research, data analysis, reporting and recommendations for future actions based upon said metrics.
7. Pass and implement legislation to install penalties for MWBE fraud including a mechanism to identify and track said cases and the rescinding of contracts and rewards due to fraud.
8. Pass and implement legislation to install penalties for MWBE fraud including a mechanism to identify and track said cases and the rescinding of contracts and rewards due to failure to meet MWBE goals.
9. Require all procurement contracts to contain anti-discrimination clauses.
10. Increase transparency in the procurement and funding selection process including, but not limited to, considering implementing a “Rooney Rule” as exists in the National Football League so that one of the finalists must be a MWBE finalist.
11. Immediately review state contracts to determine how to unbundle state contracts to increase opportunities for MWBE firms.
12. Mandate utilization of joint ventures with MWBE participation to ensure that they are not only gaining increased access to capital and contracting but equally learning from other firms in order to grow in scale, strengthen expertise and promote collaboration.
13. Establish a MWBE goal and mandatory participation for firms utilizing 421A tax incentives and any project utilizing state tax credits or incentives.



14. Establish subcategory utilization goals and benchmarks to clearly identify the different data points for minority owned, minority woman owned, woman owned and lastly veteran owned business.
15. Develop a scorecard system to evaluate agency execution and attainment of established procurement goals.
16. Conduct an impact analysis of the State’s Strategic Sourcing initiative on the MWBE business community’s growth.
17. Extend the 30 percent mandate to increase MWBE participation in state contracting to the Tier 1 level for Public-Private Partnerships and super-sized contracts
18. Allow large-scale MWBEs that exceed the personal net worth and size threshold to qualify for the 30 percent state agency goal.
19. Increase the number of minority and women-owned firm participants in each pension fund by requesting the Office of the State Comptroller (OSC) work with the Division of Minority and Women Owned Business Development to recognize and accept the state’s MWBE certification.
20. Require the Division of Minority and Women Owned Business Development (“DMWBD”) to promulgate regulations requiring all state agencies to commission a three-year growth plan to increase MWBE utilization and release this report to members of the legislature.
21. Support the development of not-for-profit organizations that provide education and advocacy for socially or economically disadvantaged businesses in the construction industry, the investment management and financial industry, empowering them to grow and create good paying jobs. The education should include rationale on why emerging contractors have traditionally not qualified for surety and bank credit or RFP qualifications. Incubating strong, well-managed minority owned construction and investment management firms will have significant economic impact on communities of color across our state.
22. Establish loan programs that include access to bonding for those MWBEs that are unable to obtain them from private sources.
23. Establish a quick pay program that pays MWBEs in 15 days, decreasing the need for capital.
24. Provide procurement, bid packaging and bonding assistance.
25. Monitor and evaluate the number of contracts awarded to certified MWBEs by location annually.
26. Significantly increase the MWBE utilization with the Department of Corrections given the size of the contracts and funding.
27. Implement a Managed Services model so that smaller firms could potentially be bundled together, managed by a larger firm to increase the chances for competition.
28. Implement a “Design Build” strategy as a way to strengthen Public-Private Partnerships instead of a “Design Bid Build” approach.
29. Establish a prequalification system to strengthen MWBEs prior to the bidding and procurement process.



30. Establish a certification database to make it more easily accessible to learn of available firms and their qualifications.
31. Establish a mentor-protégé mechanism to help strengthen and grow emerging MWBEs so they are further prepared to become larger companies and increase their competitiveness.
32. Create a strategy to promote Mergers & Acquisitions to increase the size and competitiveness of MWBEs.
33. Establish a Working Group separate from the governor's taskforce to evaluate MWBE related procurement processes and implement best practices across all State Agencies.



The Executive Budget: TAXATION

The Executive Budget contains a variety of tax proposals that when fully phased-in lead to a revenue loss of \$596 million in State Fiscal Year (SFY) 2017-18 and a revenue loss of \$1.2 billion by SFY 2019-20.

- **Personal Income Tax (PIT):** The Executive proposes various education tax credits, credits for thruway tolls, various short-term and permanent extensions, as well as personal income tax cuts for small businesses. In addition, the Executive proposes converting the STAR benefit into a PIT tax credit, and would convert the NYC PIT STAR credit into a State PIT credit.
- **User Taxes:** The Executive would extend an alcohol beverage tax exemption for wine tasting as well as an extension of the beer production credit to include cider, wine and liquor. The Executive also proposes to simplify the taxation of remarketed rooms, extend the alternative fuels tax exemption for five years, expand jeopardy assessments to cigarette and tobacco, and conform state and local tax law with federal regulations related to aviation fuel.
- **Business Taxes:** The Executive proposes the enhancement of the Urban Youth Program, small business tax cuts and the extension of several programs; including: Hire-a-Vet, Excelsior Jobs Program, Alternative Fuels Exemption, and Commercial Production credit.
- **Other Executive Revenue Proposals:** The Executive proposal would provide for a variety of extensions to pari-mutuel law provisions, extend Video Lottery Terminal (VLT) rates for certain facilities, increase purse surcharges, and remove a restriction related to the single equine lab testing provider. In addition, the Executive proposes authorizing combative sports in the State of New York, modernizing certain tax law provisions, making permanent certain tax filing requirements, and eliminating charitable giving as a factor in determining domicile for the Estate tax.



The People's Budget: TAXATION

Income inequality has increased in New York during the recovery with income for the richest 1 percent growing faster than the average income for everyone else. New York's combined state and local tax structure is regressive and several rounds of substantial multi-year tax cuts in the past three years have done nothing, on net, to make the tax structure less unfair. When the current "millionaires' tax" expires at the end of 2017, it should be permanently replaced with the 1% Plan for New York Tax Fairness that will add four new, high-end tax brackets and continue the middle class tax cuts the governor initiated in 2012.

Since 2013, wage growth has started to pick up in New York after languishing in the early recovery years. Still, the average incomes of the richest 1 percent have grown four times as fast as the average incomes of the remaining 99 percent from 2009 through 2014. Adjusted for inflation, the incomes of the top 1 percent rose by 26 percent, while the average incomes of 99 percent increased by only six percent.

People in the bottom of the income distribution are struggling. Incomes for most low-income New York households have fallen since the Great Recession began. As one gauge of New York's challenge, according to a Brookings Institution analysis of the largest cities in the United States, inflation-adjusted 20th percentile household income—i.e., incomes for households earning more than only 20 percent of all other households—fell between 2007 and 2014 by four percent in Albany, six percent in Buffalo, nine percent in Rochester and New York City, and 15 percent in Syracuse.

At the same time, those at the top are seeing extraordinary gains. In the United States overall, the richest 1 percent claimed 21 percent of all income in 2014. In New York State, with its concentration of both high- and low-income households, the top 1 percent received 30 percent of all income. And, in New York City, the top share was a staggering 39 percent in 2014.

New York Incomes—Unequal by Class and by Race

- The average income of New York's richest 1 percent of tax filers was \$2 million in 2014, compared to \$47,300 for the remaining 99 percent.
- The average 1-percent income was nearly 43 times the average income of the 99 percent in 2014, up from 40 times the year before, and considerably greater than in 1979 when top incomes were about 13 times greater than the average incomes of everyone else.
- New York families headed by a person of color were one-and-a-half times more likely than families headed by a white person to have very low incomes, according to data from the American Community Survey 2013 3-year data. (Very low income here refers to those in the bottom 20 percent of all families, or earning less than \$29,200).

- Roughly two-thirds of black and Latino families were in the bottom half of the income distribution (64 percent of black families and 71 percent of Latino families).
- White families were four times more likely to be among the richest 10 percent of New York’s families as black and Latino families.

New York’s Tax Structure Further Benefits the Wealthy

Those in the wealthiest 1 percent are taking home the lion’s share of income gains, yet they nevertheless pay a smaller share of their income in combined state and local taxes than lower and middle-income families. New York households with incomes under \$100,000 pay higher effective state and local tax rates (ranging from 10.4 percent to 12 percent) than the richest 1 percent of households (who pay 8.1 percent).

One reason the cumulative impact of state and local taxes is regressive is that most low- and middle-income New York families pay a greater percentage of their income in sales and property taxes than they do in income taxes. New York State income tax is mildly progressive, but not progressive enough to offset the effects of highly regressive sales and local property taxes.

Recently Enacted Tax Cuts

Governor Cuomo has made a point of cutting taxes rather than maintaining services when revenues exceed his self-imposed two percent spending cap. This essentially means that budget cuts each year are used to pay for tax cuts. Tax cuts enacted in the last three years are reducing tax collections in the current 2016 fiscal year by an estimated \$1.3 billion. Because some of these tax cuts are designed to increase each year, like the property tax relief credits adopted last June or the estate tax cut phased in beginning in 2014, the total amount of the already-enacted tax cuts will rise to \$2.0 billion in FY 2019 and \$2.3 billion in FY 2020.

Sometimes the governor has included tax policy measures in a budget package that result in a net gain in tax collections. For example: moves to limit the deductibility of charitable contributions by high-income taxpayers, or to close the resident trust loophole that was enacted in March 2014. However, in recent years revenue-raising measures have been far eclipsed by tax cuts.

Tax cuts in the past few years have mainly been either some form of business tax reduction or property tax relief. Two years ago, business tax cuts predominated, with the net 2020 value of that package amounting to nearly \$700 million. That package included the elimination of the separate bank tax and a “corporate tax reform” that included a reduction in the corporate tax rate, the elimination of the capital base alternative tax, along with eliminating the tax on manufacturers and providing property tax relief to manufacturers.



Education Tax Proposals

The Executive Budget adds two new features this year: a \$200 refundable tax credit for teachers making out-of-pocket purchases of classroom supplies, and a refundable \$500 credit per dependent for qualified private elementary or secondary school tuition geared to households with adjusted gross income of \$60,000 or less.

Millionaires' Tax

The best response to the regressivity of New York's overall state and local tax system is to make the personal income tax more progressive. To do that, New York should build on the current tax structure originally proposed by Governor Cuomo in December 2011, and that is set to expire at the end of 2017. The state should increase the number of brackets from eight to 12 and make the new structure permanent. This proposal, outlined in this chart, would retain the slight middle-class tax breaks the governor introduced then, and increase tax rates slightly for the richest 1 percent of New York's taxpayers, i.e., those with incomes over \$665,000. The Fiscal Policy Institute labels this the "1% Plan for New York Tax Fairness."

The Fiscal Policy Institute estimates that the 1% Plan would raise income tax revenues by \$2.2 billion, with 17 percent of that amount paid by out-of-state residents. If the "millionaires' tax" is not extended, New York State would suffer a net \$2.7 billion revenue drop that would entail a \$1 billion tax increase for moderate- and middle-income families with incomes from roughly \$40,000 to \$300,000, while the richest 1 percent would get a \$3.7 billion windfall.