

# **2016-17 Executive Budget Summary**

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## **Overview**

Once again, Governor Andrew Cuomo combined his annual State of the State address and the Executive Budget presentation at the Empire State Capital. The proposed 2016-17 Executive Budget projects all funds spending at \$145 billion, which includes spending from capital funds and Federal funds.

The Governor proclaimed that the theme of his agenda is “Built to Lead,” in recognition of New York’s heritage as a standard bearer throughout US history, the significant progress achieved in the state over the past five years, and New York’s inherent capacity to lead the nation in addressing some of today’s most pressing challenges. The Governor’s presentation broadly focused on eight proposals including: fiscal discipline and government efficiency; built to lead infrastructure program; supporting schools and education investment; a cleaner greener New York; public safety; social and economic progress; public health; and public integrity, ethics and government reform.

The Governor is proposing funding for signature infrastructure projects supported by AGC NYS including redeveloping Penn Station, expanding the Long Island Rail Road, redeveloping the Javits Center, and an \$8.3 billion state funding commitment for the Metropolitan Transportation Authority (MTA). However, the Governor’s proposal falls short of real parity between the New York State Department of Transportation (NYSDOT) and MTA capital programs, as well as, funding for the State University of New York (SUNY) capital program. Legislative proposals such as linking mandated project labor agreements to design-build authorization for public authorities, creation of a New York State Design and Construction Corporation (DCC) as a new subsidiary of the Dormitory Authority, mandated paid family leave, and extending the Minority and Women Owned Business Enterprise (MWBE) 30 percent goal to “state funded” projects for municipalities and localities are of great concern.

The following preliminary summary provides a broad overview of projected capital appropriations and required legislation for infrastructure and general business proposals. The AGC NYS team will keep you apprised of negotiations with the Executive Chamber, Legislature, industry groups and forthcoming amendments to the Executive Budget. Upon final approval AGC NYS will provide a complete summary of the 2016-17 New York State Budget.

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## Statewide Capital Spending

Statewide capital spending for FY 2017 is estimated to total approximately \$22.6 billion, including \$11.9 billion of State spending and \$10.8 billion of public authority spending (not captured in the State budget). The following table shows the capital spending projections for State agencies and public authorities in FY 2017. It is compiled based on several sources and assumptions. (The projections are for fiscal years ending in 2017, except where noted.) For more information on capital spending, please refer to the Five-Year and Agency Capital Plans sections of this report.

<b>ESTIMATED CAPITAL SPENDING INCLUDED IN STATE BUDGET</b> (thousands of dollars)		<b>ESTIMATED CAPITAL SPENDING BY AUTHORITIES NOT INCLUDED IN STATE BUDGET</b> (thousands of dollars)	
<b>State Agencies</b>	<b>State Disbursements FY 2017</b>	<b>Public Authorities <sup>3</sup></b>	<b>Authority Disbursements FY 2017</b>
City University of New York	535,000	Albany Port District Commission	3,899
Department of Agriculture and Markets	4,001	Battery Park City Authority	58,394
Department of Correctional Services	298,088	Buffalo and Fort Erie Public Bridge Authority	35,906
Department of Environmental Conservation	659,251	Capital District Transportation Authority	5,000
Department of Health	285,289	Central New York Regional Transportation Authority	12,949
Department of Law	5,000	Development Authority of the North Country	5,281
Department of Motor Vehicles	204,488	Homes and Community Renewal <sup>1</sup>	1,256,644
Department of Transportation	4,173,965	Job Development Authority	27,000
Division of Housing and Community Renewal <sup>1</sup>	176,227	Long Island Power Authority	508,578
Division of Military and Naval Affairs	72,707	Metropolitan Transportation Authority <sup>1&amp;4</sup>	3,309,600
Division of State Police	32,141	New York Power Authority	478,601
Empire State Development Corporation	1,073,915	New York State Bridge Authority	14,729
Energy Research and Development Authority	23,450	Niagara Frontier Transportation Authority	74,437
Higher Education Facilities Capital Matching Grants	20,000	Ogdensburg Bridge and Port Authority	36,098
Homeland Security and Emergency Services	47,500	Port Authority of New York and New Jersey	3,499,925
Judiciary	5,100	Port of Oswego Authority	27,181
Metropolitan Transportation Authority <sup>1</sup>	493,229	Rochester-Genesee Transportation Authority	8,876
NYS Economic Development Programs	8,433	Thousand Islands Bridge Authority	4,555
Non Profit Capital Investment Program	13,000	Thruway Authority <sup>2</sup>	1,395,673
Office for People with Developmental Disabilities	86,099	United Nations Development Corporation	10,784
Office of Alcoholism and Substance Abuse Services	64,523		
Office of Children and Family Services	20,931	<b>Total- Public Authorities</b>	<b>10,774,110</b>
Office of General Services	129,883		
Office of Information Technology	155,250		
Office of Mental Health	319,610		
Office of Parks, Recreation and Historic Preservation	133,150		
Office of State Comptroller	4,600		
Office of Temporary and Disability Assistance	63,400		
Olympic Regional Development Authority	7,500		
Power Authority of New York	2,500		
Special Infrastructure <sup>2</sup>	1,101,448		
State and Municipal Capital Facilities	160,000		
State Education Department	411,923		
State Equipment Financing	50,000		
State University of New York	980,999		
Workers Compensation Board	10,000		
World Trade Center	24,000		
<b>Total- State Agencies</b>	<b>11,856,600</b>		

<b>TOTAL ESTIMATED CAPITAL SPENDING IN FY 2017</b> (thousands of dollars)	
Total- State Budgeted Capital Spending	11,856,600
Total- Public Authorities (Not in State Budget)	10,774,110
<b>Total</b>	<b>22,630,710</b>

<sup>1</sup> These agencies have both state and authority disbursements.
<sup>2</sup> Thruway Authority has both state and authority disbursements. On the state side they are captured in the Special Infrastructure agency.
<sup>3</sup> Authority numbers are from the NY Works Statewide Capital Plan. Excludes conduit financing entities: DASNY and EFC.
<sup>4</sup> MTA authority disbursement number is for FY 2016.

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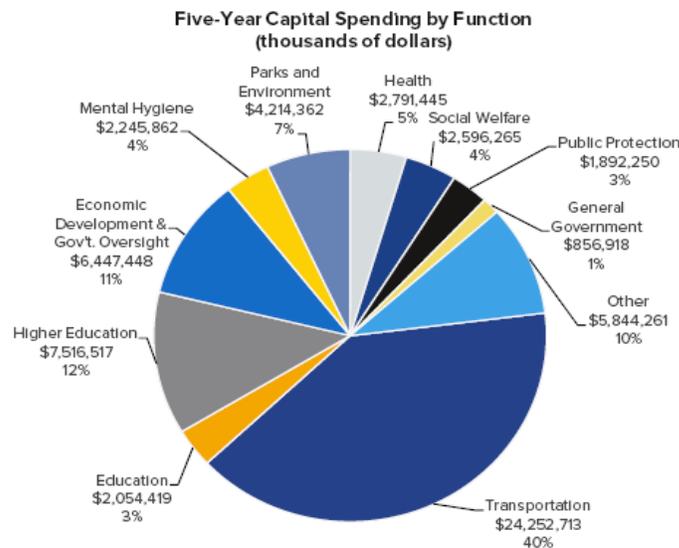
## Multi-Year Capital Projects Spending

Over the five years of the Executive Capital Plan, capital spending is projected to total \$60.7 billion, the majority of which will support transportation projects (40 percent) and higher education (12 percent).

CAPITAL SPENDING BY FUNCTION AND FINANCING SOURCE						
CAPITAL PROGRAM AND FINANCING PLAN						
FY 2016 THROUGH FY 2021						
(thousands of dollars)						
Spending	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Transportation <sup>(1)</sup>	5,357,524	4,871,682	4,761,342	4,911,255	5,072,238	4,636,196
Education	267,732	411,923	678,947	508,749	437,400	17,400
Higher Education	1,491,691	1,535,999	1,530,399	1,495,899	1,489,619	1,464,601
Economic Development & Gov't. Oversight	713,308	1,119,799	1,318,648	1,328,021	1,381,082	1,299,898
Mental Hygiene	437,638	470,232	482,646	430,328	431,328	431,328
Parks and Environment	704,290	792,401	894,203	911,052	851,853	764,853
Health	144,500	285,289	660,289	865,289	425,289	555,289
Social Welfare	160,562	273,558	440,942	648,273	666,123	567,369
Public Protection	447,033	450,436	398,949	355,717	346,074	341,074
General Government	158,678	295,133	229,836	144,583	108,683	78,683
Other	886,070	1,350,148	1,359,834	1,014,453	1,053,021	1,066,805
<b>Total</b>	<b>10,769,026</b>	<b>11,856,600</b>	<b>12,756,035</b>	<b>12,613,619</b>	<b>12,262,710</b>	<b>11,223,496</b>
Off-Budget Spending <sup>(2)</sup>	(758,750)	(852,504)	(862,607)	(795,849)	(770,500)	(770,500)
<b>Net Cash Spending</b>	<b>10,010,276</b>	<b>11,004,096</b>	<b>11,893,428</b>	<b>11,817,770</b>	<b>11,492,210</b>	<b>10,452,996</b>
Financing Source	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Authority Bonds	4,799,066	5,648,488	6,308,342	6,502,979	6,569,863	6,342,408
Federal Pay-As-You-Go	2,146,237	1,626,560	1,634,034	1,642,131	1,710,426	1,710,078
State Pay-As-You-Go	3,349,617	3,982,065	4,164,128	3,979,973	3,567,749	3,136,476
General Obligation Bonds	474,106	599,487	649,531	488,536	414,672	34,534
<b>Total</b>	<b>10,769,026</b>	<b>11,856,600</b>	<b>12,756,035</b>	<b>12,613,619</b>	<b>12,262,710</b>	<b>11,223,496</b>

<sup>(1)</sup> Acceleration of Federal transportation spending causing a year-over-year decline in FY 2017. State and Federal appropriation levels for DOT increase by over \$500 million in FY 2017 to support a \$22.1 billion five-year transportation program.

<sup>(2)</sup> Represents spending which occurs directly from bond proceeds held by public authorities.



## Monetary Settlements

The State expects to receive a total of \$8.3 billion from monetary settlements reached by the Department of Financial Services, Department of Law, and Manhattan District Attorney's Office with financial institutions in FYs 2015, 2016, and 2017. The following table outlines the proposed uses:

<b>USE OF MONETARY SETTLEMENTS</b> (thousands of dollars)			
	<b>FY 2016 Enacted Budget</b>	<b>FY 2017 Executive Budget</b>	<b>Two-Year Total</b>
<b>Capital Purpose</b>	<b>4,550,000</b>	<b>1,960,000</b>	<b>6,510,000</b>
Thruway Stabilization Program	1,285,000	700,000	1,985,000
Upstate Revitalization Initiative	1,500,000	170,000	1,670,000
Affordable and Homeless Housing	0	590,000	590,000
Broadband Initiative	500,000	0	500,000
Health Care	355,000	0	355,000
MTA Capital Plan (Penn Station Access)	250,000	0	250,000
DOT Capital Plan Contribution	0	200,000	200,000
Municipal Restructuring and Consolidation	150,000	20,000	170,000
Security and Emergency Response	150,000	0	150,000
Long Island Transformative Projects	150,000	0	150,000
Environmental Protection Fund	0	120,000	120,000
Upstate Infrastructure and State Fair	115,000	0	115,000
Other Economic Development Projects	0	85,000	85,000
Southern Tier & Hudson Valley Farmland	50,000	0	50,000
Emergency Homeless Housing Response	0	50,000	50,000
Empire State Poverty Reduction Initiative	0	25,000	25,000
Community Health Care Revolving Loans	19,500	0	19,500
Roswell Park Cancer Institute	15,500	0	15,500
Behavioral Health Care Grants	10,000	0	10,000
<b>Non-Capital Purposes</b>	<b>1,482,000</b>	<b>340,000</b>	<b>1,822,000</b>
Federal Audit Disallowance	850,000	0	850,000
Thruway Toll Credit	0	340,000	340,000
Financial Plan/Budgetary Relief <sup>1</sup>	627,000	0	627,000
OASAS Services	5,000	0	5,000
<b>Total</b>	<b>6,032,000</b>	<b>2,300,000</b>	<b>8,332,000</b>

<sup>1</sup> This spends out as \$275 million in FY 2015, \$250 million in FY 2016, and \$102 million in FY 2017.

## Built to Lead Infrastructure Program

The focus of Governor's "Built to Lead Infrastructure Program" is to remain competitive, promote economic development, and create jobs, by rebuilding and modernizing roads, bridges, broadband networks, public buildings, and other critical infrastructure across the state. The Governor has helped jumpstart long-stalled or long-overdue projects, such as the replacement of the Tappan Zee Bridge, the redevelopment of LaGuardia and JFK Airports, and the Gateway Tunnel project between New York and New Jersey.

These projects include, but are not limited to, the following proposals:

- **Long Island Transportation:** The proposal includes a major expansion and improvement project for the Long Island Rail Road between Floral Park and Hicksville. No funding included.
- **Water Infrastructure:** \$250 million in support for drinking water and wastewater infrastructure projects across the state, predominantly in Upstate communities.
- **Thruway Authority:** \$700 million to freeze New York State Thruway tolls for all drivers until at least 2020.
- **Roads and Bridges:** \$22 billion multi-year capital plan to upgrade critical roads, bridges and other vital transportation infrastructure throughout the state, especially in Upstate New York. (Details below)
- **Penn Station:** \$3 billion to transform Penn Station and the historic James A. Farley Post Office into a world-class transportation hub.
- **Broadband:** Expand and improve access to high-speed Internet in communities statewide.
- **Javits Center:** \$1 billion to redevelop the Jacob K. Javits Convention Center.
- **MTA:** \$8.3 billion for the Metropolitan Transportation Authority.
- **Upstate Airports:** \$200 million competition to revitalize Upstate airports.

## Department of Transportation

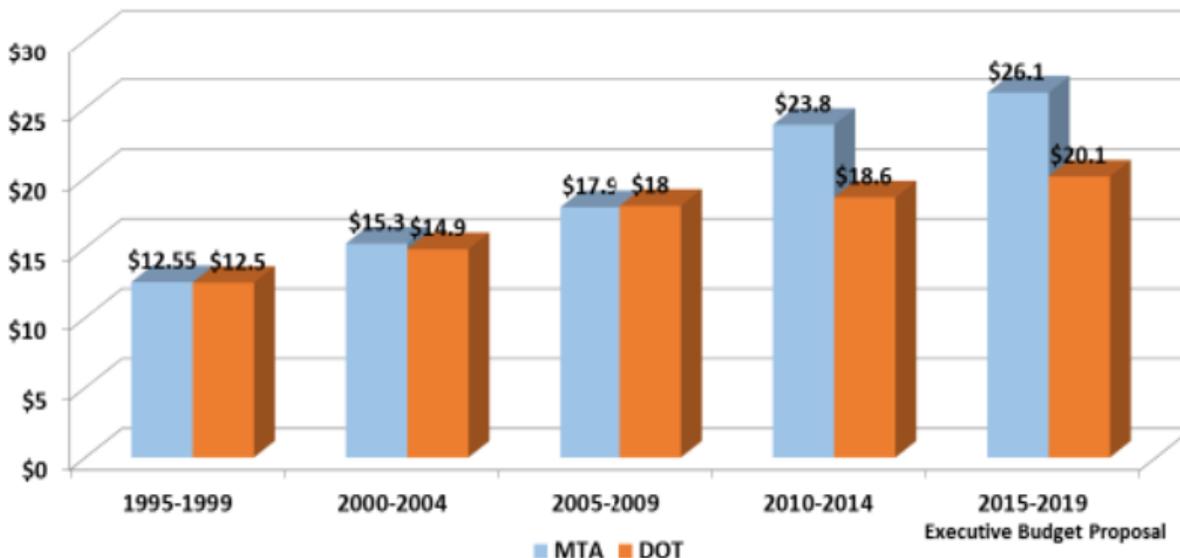
For the first time since 2009, the Governor's DOT Capital Program is a five-year plan running from 2015-16 to 2019-20. This is an important step for the long-term planning needs of DOT, general contractors, small businesses, local governments, urban planners, and provides drivers with much needed investment in our roads and bridges. The proposed state five-year plan combined with the federal bipartisan five year transportation reauthorization will provide a stable source of revenue for New York's mounting transportation infrastructure needs.

Funding for the proposed five-year DOT capital program is \$20.1 billion up from the projected \$18.3 billion for 2015-20. The increase is attributable to a combined \$700 million from the federal government and \$1.1 billion from the state. Included in the proposal are the \$1 billion PAVE NY and \$1 billion BRIDGE NY programs with funding evenly split between state and local governments. Funding for CHIPS/Marchiselli is \$478 million, down from the \$528 million approved in 2016.

In his State of the State address, Governor Cuomo committed to achieve parity between the capital plans of the DOT and Metropolitan Transportation Authority (MTA). However, the Governor's road and bridge program does not achieve real parity between the New York State Department of Transportation (NYSDOT) and MTA capital programs. Proposed funding for the NYSDOT five year program is \$20.1 billion and the MTA is projected at \$26.1 billion. This is the largest funding disparity ever between the two programs.

As you can see in the included graph, in 1995, 2000 and 2005 there was true funding parity between the DOT and MTA capital programs. In 2010, the Executive and Legislature broke traditional parity and enacted a five-year capital program for the MTA but not the DOT. The Governor's 2016-17 DOT proposal is \$6 billion less than the MTA's.

### MTA & DOT Parity 5-Year Capital Programs



## **Metropolitan Transportation Authority**

The MTA's proposed 2015-2020 Capital Program is \$26.1 billion, which includes an \$8.3 billion state contribution from the Governor's Executive Budget and \$2.7 billion from the City of New York. It provides the resources to build upon the achievements of prior capital programs that will sustain the system's legacy for future generations and to avoid a repeat of the disinvestment and resulting crises of the past.

The MTA's planning and budgeting process provides lawmakers and commuters with a blueprint to provide safe and reliable service to the growing ridership. The MTA Capital plan includes replacement of 3,100 buses and 1,400 subway cars, \$2.8 billion for station improvements, extending the 2<sup>nd</sup> Avenue Subway to East Harlem, builds a new LIRR station in Elmhurst, constructs four new Metro-North stations in the Bronx, and other proposals. The MTA is seeking innovative methods such as design-build, negotiated procurement processes and public-private partnerships to operate more efficiently, spread risk more broadly, and take advantage of innovative techniques.

AGC NYS commends the Governor for taking the lead on the MTA capital planning and budgeting process and recommends full funding at \$26.3 billion over five years.

## **Environmental Conservation/Parks**

Over the five year capital plan, core DEC Capital Projects Fund spending averages \$22 million annually to meet health and safety requirements; ensure compliance with State and Federal environmental mandates; maintain and upgrade campgrounds, environmental centers and camps, fish hatcheries, and other Department-owned buildings and facilities; maintain flood control structures; fund wastewater infrastructure oversight; and fund shore protection projects for communities threatened by coastal erosion.

The Executive Budget increases EPF appropriations to \$300 million annually, a \$123 million increase, and includes an additional \$100 million in appropriations for clean water infrastructure grants. The Budget also continues to support the 10-year, \$1 billion State Superfund Program for the remediation of hazardous waste and hazardous substance sites across the State, as well as funding for the Environmental Restoration Program to address municipally-owned brownfields. The Budget includes a \$100 million appropriation in the current year for this purpose.

The Executive Budget includes a new round of capital appropriations under the New York Works program to provide \$40 million in new State funding to DEC for flood control, air monitoring infrastructure, information technology, and repair and maintenance of dams, State lands and fish hatcheries. New funding of \$90 million from New York Works is provided in the OPRHP budget for capital rehabilitation and improvement of State parks and historic sites, as well as \$3 million for improvements at facilities operated by ORDA.

## **Economic Development**

The FY 2017 Executive Budget includes over \$900 million in new appropriations for regional economic development initiatives. The new funding provides an additional \$30 million for the Upstate Revitalization Initiative, which along with \$170 million from the Special Infrastructure Account, will add \$200 million to the program; \$100 million for an economic development at Nano Utica; \$150 million for competitively determined economic development projects through the Regional Councils; \$33.5 million for the New York Power Electronics Manufacturing Consortium; \$110 million for a new round of NYSUNY 2020 and NYCUNY 2020 grants, \$55 million for each university system; \$12 million for the Clarkson-Trudeau Partnership to grow the biotech industry in the North Country; \$99 million for the New York Works Economic Development Fund; \$10 million for the Brookhaven National Laboratory in Stony Brook; \$10 million for the Buffalo High-Tech Manufacturing Innovation Hub at Riverbend in Buffalo; \$15 million for the Albany Nano G450C facility; and \$8 million for Market New York projects.

## **State University of New York/City University of New York**

The FY 2017 Executive Budget provides SUNY and CUNY with more than \$3.1 billion in new appropriations during the upcoming five-year period. New capital funding will allow the university systems to maintain existing capital infrastructure in a state of good repair as well as advance priority projects.

The FY 2017 Executive Budget includes the continuation of a \$1.5 billion, five-year capital maintenance plan (\$1 billion SUNY and \$515 million CUNY) to support the ongoing preservation of existing infrastructure at State-operated and senior college campuses. For FY 2017, the Executive Budget provides \$554 million in new bonded spending authority which includes; \$200 million for SUNY State-operated campuses, \$175 million for SUNY hospitals, of which \$75 million is to be used as potential matching funds, \$103 million for CUNY senior colleges and \$76 million (\$23 million for SUNY and \$53 million for CUNY) in new authority to support capital projects at community college campuses.

The Executive Budget includes \$30 million in new HECap Program funding to be awarded to eligible private colleges and universities through a competitive process.

### *SUNY Hospitals*

\$100 million for capital projects at Upstate University Hospital (\$50 million) and Stony Brook University Hospital (\$50.0 million).

\$75 million is provided for the Upstate Medical University Hospital as a contingency appropriation that can only be accessed to serve as a match for a potential \$75 million award through the State's Capital Restructuring Financing Program (CRFP). If awarded, this \$150 million would be used to for the construction of a new ambulatory care center.

### *Community Colleges*

\$23 million representing the State's 50 percent funding share for 41 projects at 16 colleges that obtained local sponsor support. A number of projects initially requested were not funded after reviews by the Division of the Budget that determined a lack of proper local sponsor matches or resolutions.

## Other

The Executive Budget does not extend provisions related to procurement flexibility enacted in 2011 that are scheduled to expire in June 2016. As a result of the sunset clause, the following State University of New York and State University Construction Fund contracts will require Attorney General and Office of the State Controller review and approval for formal execution beginning July 1, 2016

## **Legislation**

### Creation of a New York State Design and Construction Office

The Executive Budget includes a proposal to create a New York State Design and Construction Corporation (DCC), a new subsidiary of the Dormitory Authority of the State of New York (DASNY).

According to the Governor, the DCC's primary purpose will be to provide additional project management expertise and oversight on significant public works projects undertaken by state agencies, departments, public authorities and public benefit corporations throughout the state. The DCC will be able to collaborate with agencies and authorities to ensure that construction projects are managed efficiently and comply with construction deadlines and budget limits specified at the onset of these projects. Adding this layer of management will provide the state with additional costs savings on many of its large scale publicly funded construction projects.

AGC NYS will pursue a broader discussion about the structural impediments to successful projects like the Wicks Law and limited contracting tools afforded the agencies in procurement and project delivery should be explored. While the Governor touts "Build to Lead", NYS stands as one of the most backward states in the nation when it comes to these issues. Particularly with projects of the size referred to here, the focus should be on giving the agencies the tools for success, not placing another impediment in their way.

### Expand MWBE Goals to State-Funded Projects

Governor Cuomo will propose legislation during the 2016 session that will expand the MWBE Program to more contracts entirely funded by the state. The legislation will require MWBE goals on state funds used for contracting purposes on the local level. The Governor said that the MWBE proposal could triple opportunity, but under the current program for fully state funded contracts, the capacity of certified firms cannot fulfill the lofty goals. AGC NYS will urge the Governor and members of the Legislature to work towards increasing the capacity of certified MWBE firms, improving the quality and utility of the New York State MWBE database, and protecting good contractors from unscrupulous business practices.

### New York State Canal Corporation

The Executive Budget proposes to transfer the New York State Canal Corporation from the Thruway Authority to the New York Power Authority. AGC NYS supports this proposal.

### Thruway Toll Reduction Plan

The Governor is proposing a three-part Thruway Reduction Plan and Protection Plan, that will keep tolls flat until at least 2020 for all users, cut tolls in half for nearly one million, frequent travelers, and eliminate tolls for farm vehicles. AGC NYS is opposed to this proposal.

### Paid Family Leave

The Governor has proposed a Paid Family Leave (PFL) plan granting employees up to 12 weeks of leave time on an annual basis. All private employees would be covered and State and local government employers would be able to opt-in to coverage through collective bargaining or other agreements. Benefits would be phased in over a four years beginning in 2018 when employees would be eligible to receive 35 percent of their average weekly wage to a maximum benefit of 35 percent of the State's average weekly wage. The PFL benefit would be fully phased-in by 2021.

THE PFL plan would mandate coverage to be provided by insurance carriers, the State Insurance Fund (SIF), or self-insured employers. In order to limit premium volatility, the Superintendent of Financial Services will determine whether coverage provided by carriers and SIF will be experience rated or community rated.

AGC is opposed to the Executive Budget proposal mandating PFL.