



NYSAC
NEW YORK STATE
ASSOCIATION OF COUNTIES

Final 2018-19 New York State Budget **Initial County Impact Summary**



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

April 3, 2018

Hon. MaryEllen Odell, NYSAC President
Stephen J. Acquario, Executive Director

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Introduction

The legislature adopted an on-time budget, but a lot of questions remain as to how the financial plan satisfies the state's self-imposed 2 percent spending cap. The budget increases spending significantly across several programs, including school aid, economic development and health care, but does not impose significant funding cuts elsewhere, nor raise significant new revenues as proposed by the Governor. This plan will be implemented under a \$4.5 billion deficit.

NYSAC will continue to analyze the 3,372 pages of budget documents for a more detailed breakdown and the potential impact on counties. Our initial review below highlights the top issues directly and indirectly impacting counties – more information will follow over the next few weeks.

Revenue Actions

The Governor proposed 35 separate revenue and tax conformity actions in his Executive Recommendation, estimated to raise about \$1 billion in revenue for the pending state fiscal year 2018-19. The Senate and Assembly both rejected many of the Governor's proposals, while offering dozens of their own revenue items.

The final budget included about 40 separate revenue actions, many of which were extensions of existing tax provisions. Below are highlights of key provisions. More details will be provided as the state more fully defines these proposals.

Outcome of Revenue Actions Having a Direct County Impact:

Internet Sales Tax Conformity – Rejected

The Governor proposed a much-needed update to New York's tax laws to ensure that sales taxes owed are collected regardless of the method of purchase. This proposal would have eliminated certain tax advantages provided to businesses located out of New York State and leveled the competitive playing field for in-state businesses.

A significant amount of sales taxes owed under state law remain uncollected when transactions are conducted over the Internet. The proposal would have required large Internet marketplace providers that conduct more than \$100 million annually in transactions over their platforms to collect sales taxes on behalf of all of their vendors. Many of these marketplace hosts already collect sales tax for their own products, but not for third party vendors. For Amazon, more than half of all transactions they process are for third party vendors – most of these transactions do not collect sales tax.

In the first full year the state projected that \$132 million in local sales tax would be collected under this tax conformity and fairness plan. The final budget did not include this proposal.

Elimination of the Energy Services Company Sales Tax Exemption - Rejected

The Executive Budget proposed to eliminate the sales tax exemption for gas and electric services associated with gas and electricity purchased from an energy service company (ESCO). The exemption was enacted in the late 1990's to provide an incentive for customers to purchase gas and electricity from third party energy service companies. It eliminated the collection of sales taxes on the transportation, transmission or delivery of gas and electricity when it is sold separately from the commodity. The Governor's proposal concluded the incentive is no longer necessary as the ESCO industry has matured in the state over the last two decades.

For counties that apply a local sales tax on residential energy, repealing the exemption was expected to increase local sales tax collections by \$38 million in 2019 and \$76 million in 2020. The final budget agreement did not include this provision.

Increase in Vending Machine Sales Tax Exemption - Rejected

The Executive Budget proposed to increase the sales tax exemption for certain food and drink items from \$1.50 to \$2.00 from vending machines that are capable of accepting payment in a form other than coin or currency. The proposal also would exempt bottled water sold from a vending machine. The exemption for any food or drink sold from any type of vending machine would expire on May 31, 2020.

These changes were expected to increase local sales tax revenues by \$3 million annually after 2021, but the final budget agreement did not include this proposal.

Modifies State-Owned Lands Assessment Process - Rejected

The Executive Budget proposal would require that, on and after April 1, 2018, the taxes payable on a taxable parcel of state land shall be equal to (1) the taxes that were payable on that parcel in the prior year multiplied by (2) the "allowable levy growth factor" determined under the property tax cap statute. This formula would not apply to the initial payment of taxes on taxable state land. This means that in a case of newly-acquired taxable state land, or previously-exempt state land that becomes taxable, the initial payment would be calculated in the traditional manner – each year thereafter the new tax cap growth rate process would apply.

There were concerns that this proposal could reduce the value of certain properties and lower revenue collections over time for local governments. The final budget rejected this proposal.

Employer Compensation Expense (Payroll) Tax – Accepted

In response to changes in the federal tax code, the Governor proposed and the Legislature accepted the creation of an employer compensation expense tax, or payroll tax, as a partial alternative to the income tax. The general concept of the proposal is that employers could institute a multi-year transition to a 5 percent payroll tax for their employees that would partially offset the state income tax liability for workers. Under

the federal tax changes, payroll taxes would be deductible for the employer, and the payroll tax paid on behalf of the worker would provide a state income tax credit to the employee to offset a portion of their state income tax liability.

The state tax law change is targeted to employees with annual wages in excess of \$40,000 and in most cases, would not fully eliminate an employee's state tax liability. The imposition of the employer compensation expense tax is optional for employers.

Currently there is no official position from the IRS on whether this payroll tax model would satisfy federal tax criteria for deductibility against an individual's federal income tax liabilities.

Charitable Trust for State Government Programs – Accepted

Again, in response to changes in the federal tax code the Governor proposed and the Legislature accepted the creation of new charitable trusts at the state government level to partially offset state income tax liability.

The final budget allows the state to create charitable trusts to benefit statewide health and education programs. Taxpayers making contributions to the state administered charitable trusts would be provided an 85 percent credit against their state tax liability in the following tax year. Any donations require the State to provide a tax receipt.

Currently there is no official position from the IRS on whether donations to this type of state administered charitable trust would satisfy federal tax criteria for deductibility against an individual's federal income tax liabilities.

Charitable Trust for Local Government Programs – Accepted

The enacted state budget allows school districts and general municipal governments to establish charitable trusts for purposes related to their operations. The rules are generally the same but vary slightly regarding the timing for spending and the use of donated funds. In each case, the local government is required to provide a tax receipt to the donor.

School Districts

Again, in response to changes in the federal tax code, the Governor proposed and the Legislature accepted the creation of new charitable trusts at the local government level to partially offset local property tax liabilities. The proposal allows school districts to establish charitable trusts, with proceeds being available for the school districts general education purposes.

“At such time and in such amounts as determined by the board, the monies of such charitable fund shall be transferred to the school district's general fund for expenditure consistent with the charitable purposes of the fund, provided that the amount of taxes to be levied by the school district for any school year shall be determined without regard to any such transfer.”

School districts establishing charitable trusts would be authorized to provide a credit up to 95 percent of an individual's property tax liability for contributions made by the individual in the tax year the contribution was made.

“At the end of the fiscal year, the governing board of the county or New York City, within sixty days of the close of the fiscal year, shall transfer the funds to the general fund or other fund of the municipal corporation, so that the funds may be used for charitable purposes.”

New York City and Counties

New York City and counties are also authorized to establish charitable trusts. For New York City and counties:

If New York City or a county establishes a charitable trust, it would be authorized to provide a credit up to 95 percent of an individual's property tax liability for contributions made by that individual in the tax year the contribution was made.

All Other Cities, Towns and Villages

New York City and counties are also authorized to establish charitable trusts. For New York City and counties:

“At the end of the fiscal year, the governing board of the town, village or city, within sixty days of the close of the fiscal year, may transfer the funds to the general fund or other fund of the municipal corporation, so that the funds may be used for charitable purposes.”

If a city, town or village establishes a charitable trust, it would be authorized to provide a credit up to 95 percent of an individual's property tax liability for contributions made by that individual in the tax year the contribution was made.

Currently there is no official position from the IRS on whether donations to these types of local government charitable trusts would satisfy federal tax criteria for deductibility against an individual's federal income tax liabilities.

Outcome of Other Major Revenue Proposals

The Executive Budget includes a wide variety of other revenue proposals, including:

Decouples the State Tax Code from the Federal Tax Code

Many provisions of the state tax code are directly tied to the federal tax code. As the federal code changed it caused a variety of impacts on individual and corporate state income tax liabilities. The budget includes several provisions to delink the state tax code from the federal tax code in order to cut off the prospect of large state income tax liabilities or windfalls for individuals and businesses.

- **Decouple from Federal State and Local Tax Deduction Cap**

The federal law caps the aggregate itemized deduction for state and local taxes, including property taxes, at \$10,000. Because New York requires state itemized deduction calculations to start with the deductions claimed on the companion federal return, the new federal cap on state and local tax deductions has the potential to substantially lower the amount of itemized deductions claimed at the state level.

The enacted budget decouples this provision from federal law in order to avoid a \$441 million state tax increase that would result from the flow-through of the new federal cap to state income tax returns.

- **Maintain the Standard Deduction for Single Filers**

Under current law, New York offers state dependent exemptions that can be used to reduce adjusted gross income for state tax purposes. However, the state exemption can be claimed only for dependents, not for taxpayers and spouses. In 2018, the state dependent exemption is equal to \$1,050. Federal suspension of personal exemptions is not expected to impact the State's dependent exemption. However, suspension of federal personal exemptions will have a direct impact on the availability of the state standard deduction for single filers. Under current state law, a taxpayer is eligible for the standard deduction for single filers only if the individual "is not married nor the head of a household nor an individual whose federal exemption amount is zero...."

This language is intended to preclude joint filers, head of household filers, and taxpayers that are claimed as dependents on other taxpayers' returns from claiming the single filer deduction (\$8,000 for 2018).

Absent a state statutory change, single taxpayers will be required to claim the lower deduction intended for dependent filers (\$3,100 in 2018), generating an expected \$840 million annual tax savings for New Yorkers.

- **Decouple from the Federal Code to Maintain Current Empire State Child Tax Credit**

The federal tax law changes significantly enhanced and expanded the federal child tax credit. The state's Empire Child Tax Credit is linked to the federal credit. By delinking the state and federal child credit's the state will prevent a large revenue loss related to the federal changes.

This change keeps the Empire State Tax Credit at its current levels and preserves \$503 million in state revenues annually.

Mandating that Enhanced STAR recipients use the Income Verification Program

This proposal is estimated to save the state \$35 million and was accepted.

Establishment of an Opioid Surcharge

While the Governor's original budget proposal was not accepted as presented, a modified version was enacted that will require opioid manufacturers to contribute to a fund that is capped at \$100 million.

Capping the annual growth rate in STAR benefits to zero percent

This proposal was projected to save the state \$49 million, but was rejected.

Windfall Profit Tax on Health Insurers

The Governor proposed a 14 percent tax on insurers as a claw back mechanism for the state related to federal corporate tax cuts. This proposal was estimated to raise \$140 million but was rejected.

Direct Local Government Assistance

AIM and Other Direct Aid

Direct local government assistance has increased compared to last year, mainly due to the addition of \$225 million in state matching funds related to the Countywide Shared Services Initiative (CWSSI) plan submissions for 2018. This funding will be allocated to CWSSI panel municipalities that demonstrate actual savings at the end of 2018. In addition, Native American gaming compact revenue appropriations have been boosted to allow for the flow of withheld Seneca Nation funds if an agreement is reached with the State. Commercial gaming revenue estimates have been reduced by nearly one half, based on the performance of these facilities to date. The commercial gaming facility in Sullivan County opened earlier this year, but the overall revenues are still lower than last year, even with this new facility opening.

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	2017-18 Enacted	2018-19 Exec. Proposed	Final
AIM	\$715,000,000	\$715,000,000	\$715,000,000
Citizens Reorganization Grants	\$35,000,000	\$35,000,000	\$35,000,000
Local Govt. Efficiency Grants	\$4,000,000	\$4,000,000	\$4,000,000
County Wide Shared Services	\$0	\$225,000,000	\$225,000,000
<i>Small Govt Assistance</i>			
Essex	\$124,000	\$124,000	\$124,000
Franklin	\$72,000	\$72,000	\$72,000
Hamilton	\$21,300	\$21,300	\$21,300
VLT	\$28,885,313	\$28,885,313	\$28,885,313
Madison	\$2,250,000	\$2,250,000	\$2,250,000
Onondaga Co.	\$2,000,000	\$0	\$2,000,000
+School demo-Syracuse	\$115,000	\$0	\$0
Cayuga	\$83,350	\$0	\$92,500
Seneca	\$310,000	\$0	\$340,000
Franklin	\$310,000	\$0	\$310,000
Niagara County IDA	\$1,440,000	\$0	\$1,600,000
N.A. Gaming Compact	\$129,000,000	\$186,000,000	\$186,000,000
Commercial Gaming	\$88,000,000	\$60,000,000	\$60,000,000
Power Plant Closing Fund	\$45,000,000	\$45,000,000	\$69,000,000
TOTAL	\$955,945,967	\$1,301,352,613	\$1,305,695,113

Power Generation Plant Closing Fiscal Assistance to Local Governments

Last year, \$45 million was appropriated to provide fiscal assistance to municipalities negatively impacted by the closing of power plants that created large revenue losses for them because of lost property taxes. The program was expanded in this budget by adding an additional \$24 million, for a total of \$69 million. Assistance is available to impacted municipalities where the closure of a power generating facility leads to a reduction in property tax (or PILOT) payments in excess of 20 percent owed by the generating facility. Payments are limited to no more than seven years as presented in the following schedule:

Award Year	Maximum Potential Award
1	No more than 80 percent of loss of revenues
2	No more than 70 percent of loss of revenues
3	No more than 60 percent of loss of revenues
4	No more than 50 percent of loss of revenues
5	No more than 40 percent of loss of revenues
6	No more than 30 percent of loss of revenues
7	No more than 20 percent of loss of revenues

State and Municipal Facilities (SAM)

The State Capital Projects budget continues this program for a sixth year and provides up to \$475 million (a \$90 million increase from the prior year) to fund capital costs of construction, improvement, rehabilitation or reconstruction of facilities owned by eligible entities (including the state and any municipal entity, among other public entities). This funding can also be used for the acquisition of capital assets with a useful life of not less than 10 years. For SFY 2018-19, out of this appropriation \$40 million is set aside for expenses related to Lake Ontario-St. Lawrence Seaway Flooding that may have been incurred prior to April 1, 2018. Total funding appropriated for SAM since inception now stands at \$2.4 billion.

Road construction, off ramps, and similar transportation infrastructure has also received funding through this program. In addition, projects related to county-owned properties such as parks, airports, memorials, arts and cultural facilities, and arenas have been funded. Priority will be given to projects that meet certain economic development goals that will create or retain jobs. Project awards have ranged from \$50,000 to over \$10 million.

Three years ago, the program was modified to expand the types of projects eligible to include fixed capital assets, as well as items including but not limited to heavy duty road maintenance and construction vehicles, pavers, snowplows, street sweepers, heavy duty fire & emergency response vehicles, and law enforcement vehicles.

This program is controlled by state elected representatives and *we urge county leaders to compile lists of appropriate potential project and equipment needs and work with your state elected representatives and the Governor's Office to secure funding for your projects.*

Agriculture

Local, Farm-fresh Products Incentives in Schools¹

The enacted budget will incentivize school districts to use more local farm-fresh products by increasing the reimbursement schools receive for lunches from the current 5.9 cents per meal to 25 cents per meal for any district that purchases at least 30 percent of their ingredients from New York farmers, growers, producers, or processors. This applies to lunches served during the school year commencing on July 1, 2019 and each school year thereafter. School food authorities will have to apply for this subsidy annually.

Funding for Local Agricultural Assistance Programs

Numerous state funding cuts proposed by the Governor were rejected and overall grant funding increased slightly compared to last year. The chart below highlights these actions:

Agriculture Grant Programs	2017/18 Enacted Budget	2018/19 Enacted Budget
Ag. Child Care (Migrant)	\$9,275,000	\$9,275,000
Core Diagnostic Lab	\$5,425,000	\$5,425,000
Quality Milk (Mastitis)	\$1,174,000	\$1,174,000
NYS Cattle Health Assurance	\$360,000	\$360,000
Johnes Disease	\$480,000	\$480,000
Rabies Prevention	\$610,000	\$610,000
Avian Disease	\$252,000	\$302,000
Farm Family Assistance	\$800,000	\$872,000
Geneva Experiment Station – Hop Testing	\$200,000	\$300,000
State Seed Inspection Program	\$0	\$0
Golden Nematode	\$62,000	\$62,000
Future Farmers of America	\$842,000	\$842,000
Ag in Classroom	\$380,000	\$380,000
Ass'n of Ag Educators	\$416,000	\$416,000
NYS Apple Growers Association	\$750,000	\$750,000
Wine / Grape Foundation	\$1,020,000	\$1,023,000
Farm Viability Institute	\$1,900,000	\$1,900,000
Pro Dairy	\$150,000	\$150,000
Cornell - Pro Dairy	\$1,200,000	\$1,201,000
Agriculture Domestic Arts	\$500,000	\$500,000
TASTE NY Program	\$1,100,000	\$1,100,000

¹ ELFA, Part B

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School Local Food Prog. Competitive Fund	\$750,000	\$750,000
Maple Producers Association	\$215,000	\$225,000
Tractor Rollover Program	\$250,000	\$250,000
NYS Apple Research and Devel. Program	\$500,000	\$500,000
Cornell Maple Research	\$125,000	\$125,000
FVI Berry Industry Programs	\$60,000	\$60,000
Cornell Berry Research	\$260,000	\$260,000
Christmas Tree Farmers Assn	\$125,000	\$125,000
NY Corn and Soybean Growers	\$75,000	\$75,000
Cornell Honeybee Research	\$50,000	\$150,000
Cornell Onion Research	\$50,000	\$50,000
Cornell Vegetable Research	\$100,000	\$100,000
Cornell Veterans to Farms	\$115,000	\$115,000
Cornell Farm Labor Compliance	\$200,000	\$200,000
Cornell Farmer Muck Boot Camp	\$100,000	\$0
Long Island Deer Fence Grants	\$200,000	\$200,000
Eastern Equine Encephalitis	\$175,000	\$175,000
FVI – Dairy Profit Teams	\$220,000	\$220,000
Genesee-Livingston-Steuben-Wyoming Academy	\$100,000	\$100,000
Long Island Farm Bureau	\$100,000	\$100,000
Island Harvest	\$20,000	\$20,000
North Country Vaccine Prog.	\$25,000	\$25,000
North Country Farm to School	\$300,000	\$300,000
North Country Ag Academy	\$200,000	\$200,000
Northern NY Ag Development	\$600,000	\$600,000
NYS Turfgrass Assn.	\$150,000	\$150,000
Wood Products Council	\$100,000	\$100,000
Farmers Market Federation	\$138,000	\$138,000
Senior Farmers Market Nutrition	\$500,000	\$500,000
Farm to Table Trail	\$50,000	\$50,000
School Gardening Programs	\$100,000	\$100,000
State Brewers Association	\$10,000	\$75,000
NY Cider Association	\$10,000	\$75,000
State Distillers Guild	\$10,000	\$75,000
Chautauqua Beekeepers Association	\$10,000	\$0
Cornell Sheep Farming Program	\$10,000	\$0
Cornell Hard Cider Research	\$0	\$200,000
American Farmland Trust	\$0	\$400,000
Cornell Concord Grape Research	\$0	\$300,000
Cornell - Salmonella Dublin Bacteria	\$0	\$200,000

NY State Fair - Wool Center	\$0	\$25,000
Total	\$32,899,000	\$34,435,000

Community Colleges

State Funding

Funding for Community College state base aid is reduced by just over \$7.6 million. The chart below provides a breakdown of proposed funding changes.

Description	SFY 2017-18 Enacted	SFY 2018-19 Proposed	Final
State Base Aid	\$461,134,000	\$441,420,000	\$453,484,000
Next Gen Job Linkage	\$3,000,000	\$3,000,000	\$3,000,000
Rental Aid	\$11,579,000	\$11,579,000	\$11,579,000
Contract Courses and Workforce	\$1,880,000	\$1,880,000	\$1,880,000
High Need Degrees	\$1,692,000	\$1,692,000	\$1,692,000
Child Care	\$2,099,000	\$1,001,000	\$2,099,000
Low Enrollment Assistance	\$940,000	\$940,000	\$940,000
Graduate Achievement & Placements	\$1,500,000	\$0	\$0
Apprenticeship/EOC	\$3,000,000	\$3,000,000	\$3,000,000
High Enrollment Aid	\$2,000,000	\$0	\$0
SUNY Orange bridge	\$0	\$0	\$100,000
TOTAL STATE FUNDING	\$488,921,000	\$464,512,000	\$477,774,000

Chargeback Methodology Change - Rejected

The final budget agreement repeals a statutory requirement for SUNY to develop a new methodology for calculating county chargeback rates to ensure equity between the local sponsor contribution per student and the chargeback rate per student charged to other counties. The implementation of the new methodology was previously delayed for two years (to become effective in the 2018-19 academic year) and this new provision repeals the proposal in its entirety.

Criminal Justice System

The criminal justice reform proposals in the Executive Budget were not included in the final State Budget. These proposals would have had direct impacts on counties and included:

- 1) reforming monetary bail,
- 2) changing the discovery process,

- 3) speedy trail modifications, and
- 4) asset forfeiture system changes.

There is an expectation that these issues will continue to be under consideration during the remainder of the legislative session.

Early Childhood Development and Children with Special Needs

Early Intervention Reforms - Rejected

The final budget rejected a series of reforms to the Early Intervention (EI) program proposed by the Governor that were designed to streamline the eligibility process and ensure appropriate health insurance reimbursements for covered EI services. The proposals revise the definition of “evaluation,” “evaluator,” “partial evaluation,” “multidisciplinary,” and “screening.” There were also extensive changes intended to better define health insurer requirements and increase the enforcement capacity of the Department of Financial Services.

These changes were estimated to save counties nearly \$10 million annually upon full implementation. The enacted budget did not include these proposals.

Economic Development

REDC Funding

The enacted budget includes core capital and tax credit funding that will be combined with a wide range of existing agency programs for an eighth round of REDC awards totaling \$750 million.

Establish \$175 Million Workforce Initiative²

The enacted budget establishes a new approach for workforce investments that support strategic regional efforts to meet businesses’ short-term workforce needs, improve regional talent pipelines, expand apprenticeships, and address the long-term needs of expanding industries, with a particular focus on emerging fields with growing demand for jobs like clean energy and technology. Funds will also support efforts to improve the economic security of women, youth, and other populations that face significant barriers to career advancement. The Department of Labor, in consultation with the State Workforce Investment Board (SWIB), will administer the \$175 million in workforce development money.

² Cuomo’s press release and NYATEP

Launch Round III of the Downtown Revitalization Initiative³

More than 100 communities in all ten regions of the state competed for the first 20 DRI awards to boost their local economies and transform downtown neighborhoods. The Enacted Budget will continue the initiative with an additional \$100 million, providing up to \$10 million for awards in each region.

Establish the New York State 2020 Complete Count Commission

The enacted budget creates a commission to identify issues that may have led to past Census undercounts in New York State and to make recommendations to ensure an accurate count in the 2020 Census. The commission will consist of sixteen members that reflect the diversity of New York State residents. It can hold public hearings and events, as well as establish committees and workgroups.

The commission will produce a report by January 10, 2019 that contains an overview of the issues that may have led to undercounts in the past and a comprehensive plan for state and local governmental and non-governmental agencies to work together to ensure an accurate county in the 2020 Census. By January 10, 2020, the commission will issue a second report that details the actions taken by the commission since the initial report and how any appropriations made for the 2019-20 fiscal year will be used to meet the recommendations and action plan in the initial report. The commission will exist until December 31, 2020.

Brownfield Opportunity Area (BOA) Reform⁴

The Brownfield Opportunity Area Program provides financial and technical assistance to municipalities and community-based organizations. Communities and organizations can apply for designation and receive the accompanying brownfield development tax credits. The enacted budget makes enhancements to the BOA program to enhance efficiency and allow plans that are financed with local or other state funding to also apply for designation. It also adds public participation measures and expands state financial assistance related to nominations to designate brownfield opportunity areas and predevelopment activities within a designated brownfield opportunity area.

Eliminate the 25% Local Match for Community Service Block Grant Funds⁵

The Community Service Block Grant (CSBG) is a federal anti-poverty program administered by the Department of State. The enacted budget eliminates the State law requirement that recipients of CSBG funds secure a 25 percent local match, effective October 1, 2018.

Create the Community Development Revolving Loan Program⁶

The enacted budget includes language to create a Community Development Revolving

³ Capital Projects, DOS

⁴ TED, Part U

⁵ TED, Part V

⁶ TED, Part SS

Loan Program to support loans for small businesses and other entities in underserved areas.

Extend and Strengthen the Historic Rehabilitation Tax Credit

The enacted budget reauthorizes the State Commercial and Homeowner rehabilitation tax credit programs through 2025 and allows the State commercial credit to be used independently of the federal credit.

Reauthorize MWBE Program Legislation⁷

State agencies and authorities are charged with establishing business participation goals for businesses owned by minorities and women under the State's Minority and Women-owned Business Enterprise (MWBE) Program. The Enacted Budget extends the MWBE Program, which is due to expire this year, for one year.

The Executive Budget proposed to expand program requirements to include all municipalities on contracts that include the appropriated state dollars. The Enacted Budget rejects this proposal.

Charges for Fiber Optic Right of Way on DOT Property⁸ - Rejected

The Executive Budget proposed to authorize the DOT to rationalize rents charged for fiber optic cables installed along State highway right of way to ensure upstate investment continues under the New NY Broadband Program. The proposal is not in the Enacted Budget.

Regional Economic Development Projects

Create Photonics Attraction Fund in Rochester

The enacted budget dedicates \$30 million to a Photonics Attraction Fund, administered through the Finger Lakes Regional Economic Development Council, to attract integrated photonics companies to set up their manufacturing operations in the greater Rochester area.

Advance Industrial Hemp Production

The enacted budget continues state investment in hemp research, production, and processing. The Budget provides \$650,000 for a new, \$3.2 million industrial hemp processing facility in the Southern Tier. New York State will invest an additional \$2 million in a seed certification and breeding program to begin producing unique New York seed. Finally, New York will host an Industrial Hemp Research Forum in February that brings together researchers and academics with businesses and processors to develop ways to further boost industry research in New York.

Investment in Life Sciences

⁷ REV, Part 000

⁸ TED, Part F

The enacted budget includes \$600 million to support construction of a life sciences public health laboratory in the Capital District that will promote collaborative public/private research and development partnerships.

Invest in the Olympic Regional Development Authority (ORDA)

The enacted budget includes \$62.5 million in new capital funding for ORDA, including \$50 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.

Enhance North Country Lodging

The State will provide the North Country with tools and resources to bolster tourism and catalyze private investment in lodging. Empire State Development will commission a study to identify lodging development opportunities in the Adirondacks and Thousand Island regions and provide \$13 million in capital funding through the Regional Economic Development Councils (REDCs) and Upstate Revitalization Initiative to spur development activity.

Education: Pre-K through 12

K-12 State Aid Funding

The enacted budget increase State aid for K-12 education funding by just under \$900 million according to the school aid runs. The Governor and Legislature quote a higher number of \$995 million in increased aid. The chart below highlights funding based on estimated school aid runs for 2018-19.

State School Aid Funding 2008 through 2019			
Year Ending in	Funding Level	Dollar Change*	Percent Change
2008	\$19.3 billion		
2009	\$20.7 billion	\$600 million	5.0%
2010	\$20.4 billion	-\$300 million	-1.6%
2011	\$19.9 billion	-\$500 million	-2.1%
2012	\$19.4 billion	-\$500 million	-2.9%
2013	\$19.9 billion	\$500 million	2.7%
2014	\$20.8 billion	\$900 million	4.6%
2015	\$21.8 billion	\$1 billion	4.6%
2016	\$22.9 billion	\$1.1 billion	5.0%
2017	\$24.3 billion	\$1.4 billion	5.9%
2018	\$25.2 billion	\$900 million	3.7%
2019	\$26.1 billion	\$900 million	3.6%

*Dollars rounded to nearest \$100M

Preschool Special Education

The Governor proposed an increase in universal prekindergarten funding of \$15 million targeted to high need districts with an emphasis on classrooms that integrate special education students with their peers. This was adopted as part of the final budget.

Elections

Increase Transparency of Online Political Advertisements

The enacted budget expands New York State's definition of political communication to include paid internet and digital advertisements, requires digital platforms to maintain a file of all political advertisements purchased by a person or group for publication on the platform, and requires online platforms confirm that foreign individuals and entities are not purchasing political advertisements to influence the American electorate.

Bolster Election Infrastructure to Defend Against Cyberattacks

The enacted budget includes \$5 million to implement a four-pronged strategy to further strengthen cyber protections for New York's election infrastructure: create an Election Support Center, develop an Election Cyber Security Toolkit, provide cyber risk vulnerability assessments for State and County Boards of Elections, and require County Boards of Elections to report data breaches to State authorities.

Institute Early Voting - Rejected

The Executive Budget included a proposal to allow for early voting in all special, primary, and general elections to make it easier for New Yorkers to vote. The enacted budget rejects this proposal.

Voter Registration Reforms - Rejected

The Executive Budget proposed to adopt an automatic voter registration system by automatically sending voters' information from relevant agencies directly to the County Board of Elections. The Executive Budget also proposed to allow New York State citizens to register and vote on the same day. The enacted budget rejects both proposals.

Institute Public Financing & Enact Additional Campaign Finance Reforms - Rejected

The Executive Budget proposed to reform the State's campaign finance system by requiring disclosure of certain campaign contributions, reducing campaign contribution limits, and enacting a voluntary public campaign finance system. The enacted budget rejects these proposals.

Environment

Modifies State Aid to Soil and Water Conservation Districts

The enacted budget amends the soil and water conservation districts law to provide that financial assistance be distributed equally to districts that qualify pursuant to performance standards, including but not limited to: 1) demonstrating the extent and

sufficiency of district board activity, including board operations, financial oversight, and training; 2) district reporting requirements, including annual reports, responding to the state committee, and public outreach, and education activities; 3) the quality of the delivery of state natural resource conservation programs, including appropriate certifications, training, timely completion of projects, and compliance with reporting; 4) the ability of the district to use such funding to leverage additional funds from local, federal, and private sources; and 5) the ability to promote partnerships and assist local governments and non-governmental organizations.

[Voluntary public water system consolidation study⁹](#)

The enacted budget requires the Department of Health to establish a study to evaluate the feasibility of voluntarily joining public water systems in order to improve water quality. The Department will be required to submit a report with recommendations to the Governor and Legislature by January 1, 2020.

[Attack Harmful Algal Blooms¹⁰](#)

The State will implement a \$65 million initiative to combat harmful algal blooms (HABs) in Upstate New York water bodies using resources from the Clean Water Infrastructure Act and the Environmental Protection Fund. The resources will be used to develop action plans to reduce sources of pollution that spark algal blooms, and provide grant funding to implement the action plans, including the installation of new monitoring and treatment technologies.

[Renew Funding for the Environmental Protection Fund \(EPF\) T A T F](#)

The enacted budget continues funding for the EPF at \$300 million.

[Paint Stewardship - Rejected](#)

The Senate and Assembly budgets included different proposals for the creation of a statewide paint stewardship program to reduce local government costs related to the disposal of leftover paint. The enacted budget rejects both proposals.

[Create the Empire Forests for the Future Initiative¹¹ - Rejected](#)

The Executive Budget proposed to modify the existing forestry property tax law to create a new property tax incentive for privately-owned forests and open space and to encourage timber sales in support of biomass energy and wood-products industries in the state. NYSAC voiced concern that this would result in property tax losses for counties. The enacted budget does not contain this proposal.

⁹ HMH, Part LL

¹⁰ Cuomo's press release, Capital Projects DEC

¹¹ TED, Part Z

Food Waste Management - Rejected

The Executive Budget proposed language that would have phased in a requirement for high-volume food waste generators to divert excess food and food scraps to food banks, animal feed operations, anaerobic digesters, or other composting and organics recycling facilities. The enacted budget rejects this proposal.

Regional Environmental Projects

Continuing Relief and Recovery Efforts along the Lake Ontario and St. Lawrence River Shoreline¹²

The Enacted Budget includes an additional \$40 million, bringing the total commitment to \$95 million, to help the families along the Lake Ontario and St. Lawrence River shoreline recover from flooding. The impacted counties include Jefferson, Monroe, Niagara, Orleans, St. Lawrence, Wayne, Cayuga, and Oswego.

Complete the Hudson River Park¹³

The Enacted Budget includes \$50 million in capital funding to help complete the Hudson River Park. The Budget includes language to ensure that New York City makes its own phased and matched investments.

Overhaul Niagara Falls Wastewater Treatment Facility¹⁴

The Enacted Budget provides \$20 million to launch phase one of the comprehensive infrastructure and operational improvements at the Niagara Falls Wastewater Treatment Facility.

Contain and Treat “Grumman Plume”

The enacted budget includes funding to construct a well system to contain and treat a contaminated groundwater plume in order to protect the quality of drinking water on Long Island.

Ethics - Rejected

The Governor proposed a series of ethics reforms for elected officials – they were all rejected.

Gaming and VLT Revenue Sharing

Revenue Sharing

The enacted budget provides \$60 million to counties and host communities for commercial gaming activities. This is a reduction from the prior year funding level of \$88 million that accounts for lower than expected revenues.

¹² REV, Part DDD

¹³ Cuomo’s press release

¹⁴ Cuomo’s press release

The spending plan also provides \$186 million for counties and host communities related to Native American compact gaming operations. This is an increase from the prior year funding level of \$129 million to accommodate the timing of a *possible* settlement between the State and Seneca Nation over withheld gaming payments. Additionally, the budget provides \$28.9 million for VLT host communities, including revenue sharing for Yonkers at \$19.6 million and Upstate host communities at \$9.285 are level funded.

The chart below details the differences in appropriations and revenue sharing for both commercial gaming and Native American compact regions.

Commercial Gaming Revenues – SFY 2018-19 Budget Proposal		
Description	SFY 2017-18	SFY 2018-19
Catskill (Hosts & Counties)	\$34 million	\$20 million
Capital District (Hosts & Counties)	\$34 million	\$20 million
Southern Tier (Hosts & Counties)	\$20 million	\$20 million
Total Revenue Sharing	\$88 million	\$60 million

Native American Gaming Compact Revenues – SFY 2018-19 Proposed		
Description	SFY 2017-18	SFY 2018-19
Mohawk (Hosts)	\$15 million	\$15 million
Mohawk (Counties)	\$6 million	\$6 million
Oneida (Hosts)	\$30 million	\$34 million
Oneida (Counties)	\$9 million	\$10 million
Seneca Niagara (Hosts)	\$25 million	\$44 million
Seneca Niagara (Counties)	\$10 million	\$17 million
Seneca Allegany (Hosts)	\$15 million	\$26 million
Seneca Allegany (Counties)	\$5 million	\$9 million
Seneca Buffalo Creek (Hosts)	\$10 million	\$18 million
Seneca Buffalo Creek (Counties)	\$4 million	\$7 million
Total Revenue Sharing	\$129 million	\$186 million

Other Gaming Proposals - Rejected

A series of budget proposals were considered in three-way negotiations that may have had some revenue impacts on counties by either preserving existing revenue streams or creating new revenue sources under the state gaming laws. None of these were included in the final budget. The major issues included:

- *Sports Betting* - The Senate proposal to allow for sports betting did not make it in the final budget. This proposal would have allowed sports betting through

existing commercial casinos and allowed for the involvement of OTBs to help facilitate the commercial casinos sports betting.

- *Online Poker* - The Senate proposal to legalize online monetary poker did not make it in the final budget.
- *Tax Incentives for Existing Private Casinos* - No new incentives or tax rate adjustments were made for the private casinos of New York. There were reports leading into the final days of the Budget Agreement that these proposals may be included, but they were not.

Higher Education

DREAM Act - Rejected

The enacted budget does not include the DREAM Act.

Second Phase of the Excelsior Free Tuition Program

The enacted budget includes \$118 million to support free tuition for an estimated 27,000 students. The enacted budget also includes language that would allow Higher Education Services Corporation to change a student's determination of eligibility for the Excelsior Scholarship if such student has a change of household income.

Housing

Targeted Assistance for the Elderly and Disabled Veterans

The final budget creates two housing programs that are designed to assist the elderly and disabled veterans with home repairs or modifications to help them stay in their homes and improve safety and health conditions. These programs will be funded by the state and administered by not-for-profits, cities, towns and villages (if they chose to participate).

Human Services

Authorize a Rental Subsidy for Public Assistance Recipients Living with HIV/AIDS in Rest of State (ROS)

The final budget does include the Governor's proposal to create a rental subsidy program for public assistance recipients living with HIV/AIDS. The program allows the Rest of State (ROS) counties to opt-in to restricting the client contribution to thirty percent of their unearned and/or earned income toward shelter costs, or to establish a ROS program should offsetting savings be available from Medicaid services.

NYC Close to Home Initiative – State Ends Fiscal Support

The final budget included the Governor's proposal to continue for five years New York City's Close to Home initiative for youth and families, but eliminates \$41.4 million in funding to support the initiative. The state has provided funding for this initiative since inception of the program several years ago. This program was implemented to allow

New York City to keep kids that would normally have been sent away to OCFS youth detention facilities closer to their homes and families. The City found that they could provide services to these children and families in their community at a far lower cost than sending them far away for placement in state-run OCFS facilities.

Child Welfare Block Grant for NYC - Rejected

The state retains the child welfare funding match at 62 percent for counties. The Governor proposed capping reimbursements to New York City child welfare services at no more than \$320 million, effectively eliminating the open-ended 62 percent state match. Capping reimbursements to New York City would have shifted an estimated \$17 million in costs from the state to the City. The final budget *rejected* this proposal.

Child Care Funding

Combined state general fund and TANF child care funding is \$7 million higher than last year, a 1.1 percent increase. While federal Child Care Block Grant Funding is the same as last year.

There is a placeholder for up to \$130 million in additional federal child care funding from the Child Care Development Block Grant. The recently enacted federal omnibus funding bill included additional funding, in these amounts:

- \$80 million shall be made available for the activities necessary to meet federally required set-aside for infant and toddler activities and to implement the health, safety and quality requirements of the Child Care Development Block Grant Reauthorization Act of 2014, which may include increased inspections, background checks, professional development and training activities and associated systems and administrative costs.
- \$10 million available to counties that agree to increase access to subsidized child care, and
- The remainder is available for other child care funding purposes including meeting new market rates.

Homeless Outreach Requirements

The final budget agreement concurred with the Governor's recommendation to require all local social service districts to engage in planning activities related to street outreach, homelessness prevention activities, rapid rehousing, and ongoing housing stability for the formerly homeless. The Budget authorizes OTDA to *withhold funding* for districts that fail to implement an effective outreach program.

Suspends the Human Services COLA

The proposal eliminates the statutory Human Services Cost of Living Adjustment for SFY 2019. This is estimated to save the state \$19.1 million in the budget year.

Funding for Major Human Services Programs

PROGRAM	2017-18 Enacted	2018-19 Proposed	Final
(TANF) Family Assist. and Emergency Assist.	\$1,300,700	\$1,400,000	\$1,400,000
Safety Net (State's 29% share)	\$540,300	\$555,000	\$552,000
Child Welfare preventive and protective	\$635,073	\$635,073	\$635,073
Child Care Subsidies - General Fund (13907)	\$216,860	\$266,860	\$285,827
Child Care Block Grant – Federal (13950)	\$308,746	\$308,746	\$308,746
Child Care – TANF (52209)	\$369,659	\$326,659	\$307,691
Close-to-Home Initiative - NYC	\$41,400	\$0	\$0
Flexible Fund for Family Services	\$964,000	\$964,000	\$964,000
Foster Care Block Grant	\$383,526	\$383,526	\$383,526
Summer Youth Employment	\$36,000	\$40,000	\$40,000
TOTALS	\$4,775,964	\$4,879,864	\$4,879,863

Judiciary and Court Related Matters

Indigent Defense

The adopted State Budget includes \$155.5 million for counties for indigent defense purposes. This is an increase of \$50.7 million in aid compared to 2017. Additionally, the budget provides \$5.7 million for State operational support, an increase of \$.9 million from 2017.

Indigent Defense Legal Services Funding			
	Final FY 2017-18	FY 2018-19 Final	FY 2018-19 Final Change
State Operations	\$4.8 million	\$5.7 million	+\$0.9 million
Aid to Localities	\$104.8 million	\$155.5 million	+\$50.7 million
All Funds	\$109.6 million	\$161.2 million	+\$51.6 million

The proposed \$155.5 million county aid appropriation would be allocated as follows:

- *ILS Distributions and Grants* - \$81.0 million is allocated for ILS distributions and grants.
- *Hurrell-Harring Settlement (5 counties)* - \$23.8 million is allocated for implementation of the Hurrell-Harring settlement, as follows:
 - \$19.0 million for the five settlement counties to add staff and other resources needed to comply with caseload/workload standards determined by ILS.

- \$2.0 million to further implement the written plan developed by ILS to improve the quality of indigent defense in the five settlement counties; and
 - \$2.8 million to further implement the written plan developed by ILS to provide in person representation of eligible defendants at all arraignments in the five settlement counties.
- *Statewide Expansion of Hurrell-Harring Reforms (52 counties)* - \$50.0 million to implement arraignment, caseload/workload standards, and system improvements.
 - \$720,000 for the development, administration and auditing of contracts; such funds may be transferred to state operations and may be sub-allocated to other state agencies.

County Process for 18(b) and/or Conflict Defender Changes

The State Budget changes the approval process for counties seeking to modify indigent defense services, such as including adding a Conflict Defender Office. Under previous state law a county, along with input from the local bar, were to submit a system change plan to OCA for approval. This budget change now replaces OCA with Office of Indigent Legal Services as the plan approval entity.

Market Based Judgment Interest - Rejected

The proposal to change the current New York State interest rate is not included in the Final Budget. Accordingly, for plaintiffs seeking to appeal a judgment, the interest on the judgement will remain set at 9%.

District Attorney Salary Increase State Funding - Rejected

For the third year in a row the State Budget fails to cover mandated increases to DA salaries. Under state law, DA salaries are tied to the state judge salaries, are not included in the budget. This mandatory salary level increased again in April of 2018. This salary increase costs counties over \$3 million per year.

Labor

Expanding the New York Youth Jobs Program

The enacted budget expands the New York Youth Jobs program that encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, with a focus on the following cities and towns: Albany, Buffalo, New York, Rochester, Schenectady, Syracuse, Mount Vernon, New Rochelle, Utica, White Plains, Yonkers, Brookhaven and Hempstead.

The enacted budget increases the credit amounts by 50 percent, from \$500 to \$750 per month for up to the first six months, and from \$2,000 to \$3,000 for each employee who is employed for additional time periods after six months with a maximum full time hire credit of \$7,500.

Extend the Hire a Vet Tax Credit for two years

The enacted budget extends by two years the tax credits provided for hiring veterans, through tax year 2020.

Legal

Policies and Standards Regarding Sexual Assault Medical Kits

The State Budget changes policies and standards used by hospitals and law enforcement regarding forensic sexual assault exams, including the following:

- Hospitals may not bill a victim for any costs associated with the forensic sexual assault exams and must notify the victim of the option to decline any of their information regarding this procedure being transmitted to an insurance carrier. The Office of Victims Services will reimburse the hospital for costs.
- All sexual offense evidence shall be kept in a locked, separate and secure area for twenty years and the hospital shall notify the alleged sexual offense victim that, after twenty years, the sexual offense evidence will be discarded in compliance with state and local health codes.
- Beginning April 1, 2018, the Office of Victims Services, the Division of Criminal Justice Services, and the Division of State Police shall jointly study and make recommendations concerning the process of storage and monitoring of sexual offense evidence for twenty years, including studying options for the use of state owned or operated facilities; facilities owned or operated by local governments or law enforcement agencies; and facilities owned or operated by private entities.

The study's plan will be submitted to the Director of the Budget, Speaker and President of the Senate on or before December 1, 2019.

Medicaid

County Nursing Homes

The final budget proposes to transfer MLTC enrollees that are permanently placed in a nursing home to fee-for-service after three months. Currently, the placement in managed care does not end under most circumstances. This will help retain a portion of intergovernmental transfers under the upper payment limit threshold that would eventually disappear under a 100 percent Medicaid managed care model.

Medicaid Transportation

The Governor's proposal to eliminate aid for upstate rural transportation networks that supported Medicaid transportation was rejected.

Public Employee Relations

Sexual Harassment Policies

The following changes in law regarding Sexual Harassment Policies were adopted in the State Budget. These provisions will apply to counties mainly as employers.

State Contract Bids

Every competitive bid for goods or services sold to the state or any public department or agency of the state must receive the following statement subscribed by the bidder and affirmed by such bidder as true under the penalty of perjury:

"By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that the bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees."

Prohibiting Mandatory Arbitration Clauses for Sexual Harassment Matters

Employers, including counties and all private employers, may not place mandatory arbitration clauses in employment contracts for matters pertaining to sexual harassment claims. The "mandatory arbitration clause" is defined as a provision contained in a written contract which requires the parties to arbitration prior to the commencement of any legal action. However, both parties (employee and employer) retain the power to mutually agree to arbitration.

Reimbursement of Funds Paid by a Public Entity (State and Local Government)

Any public employee who has been subject to a final judgment of personal liability related to a claim of sexual harassment, shall reimburse any public entity that makes a payment to a plaintiff for an adjudicated award based on a claim of sexual harassment resulting in a judgment, for his or her proportionate share of such judgment

The term "public entity" shall mean the State, a county, city, town, village or any other political subdivision or civil division of the state including a school district, board of cooperative educational services, or any other governmental entity or combination or association of governmental entities operating a public school, college, community college or university, a public improvement or special district, a public authority, commission, agency or public benefit corporation, or any other separate corporate instrumentality or unit of government.

The term "employee" shall mean any commissioner, member of a public board or commission, trustee, director, officer, employee, or any other person holding a position by election, appointment or employment in the service of a public entity, whether or not compensated.

The employee must reimburse such public entity within 90 days of the payment of such award. If the employee fails to reimburse such public entity, the chief fiscal officer of the

public entity shall, upon obtaining a money judgment, withhold from such employee's compensation the amounts necessary for full reimbursement.

If such employee is no longer employed by the public entity, the public entity shall have the right to receive reimbursement through the enforcement of a money judgment pursuant to civil practice law and rules.

Nondisclosure Agreement

When resolving any claim that involves sexual harassment by agreed judgment, stipulation, decree, agreement to settle, assurance of discontinuance or otherwise, no employer, its officer or employee shall have the authority to include a non-disclosure agreement unless the condition of confidentiality is the plaintiff's preference.

Model Sexual Harassment Policy

The Department of Labor shall create (at a future non-specified date) a sexual harassment prevention policy. All employers (private and public) must adopt their own sexual harassment prevention policy and this must equal or exceed the standards within the State's model.

Sexual Harassment Relating to Non-employees

This budget states it is an unlawful discriminatory practice for any employers to permit sexual harassment of non-employees in its workplace. An employer may be held liable to a non-employee who is a contractor, subcontractor, vendor, consultant or other person providing services with respect to sexual harassment, when the employer, its agents or supervisors knew or should have known that such non-employee was subjected to sexual harassment in the employer's workplace, and the employer failed to take immediate and appropriate corrective action.

Union Dues Employer Requirements

The enacted budget changes the union membership dues process for public employers. The changes require:

- Processing payroll union membership dues deductions no later than 30 days after an employee signs a union dues deduction authorization card.
- Union membership to remain in full effect until an employee revokes such membership in writing or the employee no longer works for the public employer.
- If a public employer rehires an employee within a year, dues deductions automatically are reinstated.
- Employers to notify unions of any hire or rehire within 30 days of employment. The employer must allow representatives of the union time to meet with the new employee.

- Unions to have no duty to represent any non-member employee, unless such right is specifically bargained for and agreed to in the public employer/union CBA.

[Pay Raise Compensation Committee for State Officials](#)

The Budget establishes a compensation committee to evaluate and make compensation recommendations for members of the State Legislature, statewide elected officials, and various state commissioners.

Committee Members

The committee consists of the Chief Judge of the State of New York, the Comptroller of the State of New York, the Chairman of the State University of New York Board of Trustees, the Comptroller for the City of New York, and the Chairman of the City University of New York Board of Trustees.

Process

The committee must meet within the state and must hold at least one hearing at which the public will be afforded an opportunity to provide comments. The committee shall submit a report by December 10, 2018 to the Governor and the Legislature of its findings and recommendations.

Any findings and recommendations in the report must be adopted by a majority vote of the committee. Each member of the committee shall report their vote and describe their reasoning for their determination.

The committee determination shall be in effect on January 1, 2019, unless subsequent State law supersedes such determination.

Public Health

[Expanding Control Substance List](#)

The enacted budget includes the addition of different chemical compositions to the state's controlled substances list. Some of these compounds are already listed on the federal schedule of controlled substances but are only banned in certain New York State counties. This action ensures manufactures and sellers in all New York's counties are subject to the same criminal penalties.

[Lead Paint Testing - Rejected](#)

The enacted budget does not include requirements on lead paint testing.

[Substance Use Disorder and Mental Health Ombudsman](#)

The enacted budget includes the establishment of an office of the independent substance use disorder and mental health ombudsman program that will be operated or selected by the office of alcoholism and substance abuse services, in consultation with the office

of mental health for the purpose of assisting individuals with a substance use disorder and/or mental illness to ensure that they receive appropriate health insurance coverage.

The ombudsman will identify, investigate, refer and resolve complaints that are made by, or on behalf of, consumers relative to health insurance coverage and access to initial and continuing substance use disorder care and mental health care; accept, investigate, refer and help to resolve complaints that are made by treatment providers relative to health insurance coverage of and reimbursement for initial or continuing substance use disorder and mental health care; accept, investigate, refer and help to resolve complaints that are made by or on behalf of consumers or by providers relative to network adequacy for access to and continuing substance use disorder and mental health care.

Opioid Stewardship Act

The enacted budget created a \$100 million Opioid Stewardship Fund that pharmaceutical manufacturers and wholesalers would pay into under language in the budget bill pertaining to health and mental hygiene.

The payments are calculated from a revenue-based formula to one based on the amount of morphine milligram equivalents. Sales of buprenorphine, methadone or morphine opioids typically used in medication-assisted treatment or palliative care are exempt.

Payers would be prohibited from passing on the cost to the end user, or risk a \$1,000 per day fine. The fund is dedicated to programs operated or authorized by the Office of Alcoholism and Substance Abuse Services, or to help support the prescription drug monitoring program.

Public Safety

Reimbursement for State Ready Inmates

The enacted budget rejected the Governor's proposal to eliminate reimbursements to counties for transportation of state ready inmates for both travel costs and a portion of salary costs for the transportation of state ready inmates. This reverses a \$750,000 funding cut proposed by the Governor.

Allow DASNY to Assist Counties with Construction

The enacted budget includes authorization to obtain DASNY bond financing and construction services to local social services districts, probation departments, and not-for-profits providing juvenile residential placement services; to finance the construction of new specialized secure detention facilities and/or retrofitting existing juvenile detention facilities in time for the implementation of Raising the Age of Criminal Responsibility.

Raise the Age of Criminal Responsibility

Delinking from the Property Tax Cap

Proposals to delink raise the age reimbursements by the state from the property tax cap were not adopted. The budget also did not support proposals from the Legislature to ensure New York City would also receive 100 percent reimbursement for their raise the age costs.

State Funding

The enacted budget includes \$100 Million to Implement Raising the Age of Criminal Responsibility. The funding will be allocated for:

Services and expenses related to raising the age of juvenile jurisdiction, including but not limited to, juvenile delinquency prevention services, law enforcement services, transportation services including transportation provided by sheriffs, court operational expenses and services, adolescent offender facilities, detention and specialized secure detention services, probation services, placement services, specialized housing services, aftercare services, program oversight and monitoring services, local presentment agency costs, costs of local governments within a county and the city of New York.

- Funds shall be available for incremental state costs associated with raise the age and to reimburse eligible counties and the city of New York for incremental costs associated with raise the age-related expenditures, pursuant to section 54-m of the state finance law.
- Counties and the city of New York shall submit a comprehensive plan, in a form and manner prescribed by the Office of Children and Family Services (OCFS), the Division of Criminal Justice Services (DCJS), in consultation with other applicable executive state agencies, as approved by the director of the budget, identifying eligible incremental costs for which reimbursement will be requested. Plans will be reviewed by the OCFS and DCJS, and other related executive state agencies and approved by the director of the budget.
- Counties and the City of New York may amend such plans, as needed, and resubmit for review by the OCFS and DCJS and approval by the director of the budget.

[Authorize DASNY to provide capital construction services to OCFS](#)

The enacted budget includes language to authorize the Dormitory Authority of the State of New York (DASNY) to provide capital design and construction services to OCFS. Under current law, only the Office of General Services (OGS) is authorized to provide capital design and construction services to OCFS. OCFS operates a youth facility system comprised of buildings across the state, many of which are old and require regular capital improvements/maintenance to remain functional and safe.

Giving OCFS the option to use both OGS and DASNY for capital design and construction services will provide the agency with increased flexibility to manage and implement critical projects in the most cost-efficient manner.

Interoperable Communications Program – No Changes

The Executive Budget proposes \$75 million for the Interoperable Communications Program, operated by Homeland Security and the Office of Interoperable Communication. The program includes \$65 million for grants or reimbursement to counties for the development, consolidation or operation of public safety communications systems or networks designed to support statewide interoperable communications. In addition, the program includes \$10 million for grants to counties for costs related to the operations of public safety answering points (PSAPs).

Jail Based Restoration - Rejected

The enacted budget does not include language for the Office of Mental Health (OMH) to permit restoration to competency within local and State operated jail-based residential settings provided such entities agree to participate in such a program.

Jail Based Substance Use Disorder Treatment

The enacted budget included \$3,750,000 for services and expenses of jail-based substance use disorder treatment and transition services. The Office and Alcohol and Substance Abuse Disorder (OASAS) Commissioner, in consultation with local governmental units (LGUs), county sheriffs and other stakeholders, shall implement a jail-based substance use disorder treatment and transition services program.

The program will have the plans developed by participating LGUs, in collaboration with county sheriffs. The program will include but not limited to:

- alcohol, heroin and opioid withdrawal management;
- medication-assisted treatments approved for the treatment of a substance use disorder by the federal food and drug administration;
- group and individual counseling and clinical support;
- peer support;
- discharge planning; and
- re-entry and transitional supports.

Shared Services

Extend the County-wide Shared Services Initiative¹⁵

The enacted budget extends the County-wide Shared Services Initiative until December 31, 2021. School districts, boards of cooperative services (BOCES), fire districts, fire protection districts, and special improvement districts will have the option to participate. School districts and BOCES can participate in shared services agreements without the opinion or approval of the State Department of Education.

After having convened at least two meetings in a calendar year, a panel can decide that it is not in the best interest of taxpayers to revise and update a previously approved plan

¹⁵ PP&GG, Part EE

or develop a new plan that year. New shared services actions not included in a previously approved or submitted plan may be eligible for State matching funds, subject to available appropriation.

The Department of State is required to prepare a report by June 13, 2022 that includes a detailed summary of projects included in the shared services plans, a detailed summary of each county's plan, the anticipated savings for each plan. The Secretary of State may solicit from the panels advice and recommendations concerning matters related to the operations of local governments and shared services initiatives.

Amend State Law to Facilitate Shared Services¹⁶

The enacted budget amends the Uniform Justice Court Act to allow towns to share one or more town justices. The towns do not need to be adjoining. The enacted budget does not include amendments to the General Municipal Law or the Statute of Local Governments that would authorize counties to engage in planning and zoning at the request of another local government as proposed by the Governor.

Matching Funds for Shared Services Savings

The enacted budget includes \$225 million in state matching funds for payment to local governments. The State will match net savings that are actually and demonstrably realized from new actions that were included in an approved county-wide shared services property tax savings plan finalized and submitted to the Division of Budget pursuant to the statute.

Transportation

CHIPS

The State Budget proposal includes an increase of \$65 million in one-time state support for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program, for a total of \$542.8 million. The base of \$477.8 million remains and the additional one-time \$65 million, distributed through the CHIPS formula, is for extreme weather road repair. The Budget also continues \$100 million in highway aid through the PAVE NY program and BRIDGE NY programs. Funding for these two programs over the existing 5-year capital plan for transportation, which runs through 2020, remains on target.

Veterans

Expand Programs for Incarcerated Veterans

The enacted budget expands programs currently available to incarcerated veterans and offers the programs in Maximum Security Facilities for the first time. DOCCS will hire additional Licensed Master Social Workers, as well as a coordinator, and purchase a new professionally designed veteran specific curriculum that will broaden the scope of issues

¹⁶ PP&GG, Part DD

addressed, including conflict reduction and posttraumatic stress disorder and other relevant topics.

Counsel Access for Veterans through Law School Partnerships

In 2017, New York State's Justice for Heroes grants were established, awarding \$50,000 to each of five law schools offering innovative proposals to address veterans' unmet legal needs. The funding allows law schools to provide free legal assistance to veterans and their family members in practice areas, including foreclosure prevention and other consumer protection matters, family law assistance, discharge upgrade cases, and complex appeals regarding VA benefits. This budget proposal will continue the Justice for Heroes program, allowing each school the chance to renew their grants for the next two years.

