



LEGISLATIVE UPDATE

2016-2017 NYS Budget Adopted

April 2016

The Legislature and Governor reached agreement on the 2016-2017 Budget on March 31, 2016 and both Houses completed passage of all of the bills on April 1, 2016. The discussion and negotiations were dominated by minimum wage, paid family leave, education aid, Medicaid and infrastructure spending.

Following are highlights:

Minimum Wage

- For workers in New York City employed by large businesses (those with at least 11 employees), the minimum wage would rise to \$11 at the end of 2016, then another \$2 each year after, reaching \$15 on 12/31/2018.
- For workers in New York City employed by small businesses (those with 10 employees or fewer), the minimum wage would rise to \$10.50 by the end of 2016, then another \$1.50 each year after, reaching \$15 on 12/31/2019.
- For workers in Nassau, Suffolk and Westchester Counties, the minimum wage would increase to \$10 at the end of 2016, then \$1 each year after, reaching \$15 on 12/31/2021.
- For workers in the rest of the state, the minimum wage would increase to \$9.70 at the end of 2016, then another .70 each year after until reaching \$12.50 on 12/31/2020 – after which will continue to increase to \$15 on an indexed schedule to be set by the Director of the Division of Budget in consultation with the Department of Labor.

Beginning in 2019, the state Division of the Budget will conduct an annual analysis of the economy in each region and the effect of the minimum wage increases statewide to determine whether a temporary suspension of the scheduled increases is necessary.

Paid Family Leave

When fully phased- in, employees will be eligible for 12 weeks of paid family leave when caring for an infant, a family member with a serious health condition or to relieve family pressures when someone is called to active military service. Benefits will be phased-in beginning in 2018 at 50 percent of an employee's average weekly wage, capped to 50 percent of the statewide average weekly wage, and fully implemented in 2021 at 67 percent of their average weekly wage, capped to 67 percent of the statewide average weekly wage. This program will be funded entirely through a payroll deduction on employees for a disability policy. Employees are eligible to participate after having worked for their employer for six months.

Middle Class Tax Cut

The budget lowers Personal Income Tax rates for middle class New Yorkers.

Education Aid

The budget provides \$24.8 billion in School Aid, increasing by 6.5 percent for the 2016-17 School Year.

In addition to traditional School Aid, the budget provides \$340 million in annual funding for the Statewide Universal Full-Day Prekindergarten program and continues the \$2 billion Smart Schools program. The Budget fully eliminates the outstanding \$434 million Gap Elimination Adjustment and foundation aid is increased by \$627 million (four percent).

Infrastructure Spending

The budget contains the largest state transportation plan ever approved, with over \$55 billion of transportation investments statewide, including \$27.14 billion for State Department of Transportation and Thruway programs and \$27.98 billion for the Metropolitan Transportation Authority programs. The plan aligns capital programming for DOT and MTA over a 5-year period (SFY 2016-20) and includes additional commitments for priority projects and programs that extend over a sixth year.

- The \$27 billion DOT capital program includes: \$21.1 billion for capital improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities throughout the state. This includes the launch of three new initiatives – BRIDGE NY, PAVE NY, and the Extreme Weather Infrastructure Hardening Program to further improve conditions on state and local roads and bridges, as well as provide resiliency to roadways that are particularly susceptible to weather events. It also includes \$4 billion for capital investment for a sixth year, and \$2 billion in Thruway Stabilization funding that will support capital improvements on the entire Thruway system and the New York Bridge, allowing the Authority to freeze tolls on the system until at least 2020.
- The \$27 billion MTA Capital Program includes: \$26.6 billion for improvement of capital facilities operated by the New York City Transit Authority, Long Island Rail Road, Metro-North Railroad and MTA Bus and major initiatives including \$1.5 billion for Phase II of the Second Avenue Subway. Specifically, the budget authorizes a record \$8.3 billion of State support for the program.

Workers' Compensation Reform

The Legislature rejected most of the Governor's reforms but did approve proposals that:

- Sweeps assessment reserves remitted to the Chairman of the Workers' Compensation Board (the Chair) by the Director of Budget as follows: \$60 million for infrastructure and system upgrades; \$40 million for education and training, and \$10 million for implementation of the Paid Family Leave Act; \$140 million over the next four years to the State Insurance Fund (SIF) for the annual partial payment of the State's obligation under Section 88-c of the WCL. Any remaining money from this sweep can be left with the Board or taken into the General Fund at the direction of the Director of the Budget.
- Allow benefits to be paid on Volunteer Claims of the World Trade Center Rescue, Recovery and Clean-up Operations in the first instance. Subsequently, benefits shall be paid from the uninsured employers' fund, unless medical expenses have been denied by the World Trade Center Health Organization.

Establishes the New York State Design and Construction Corporation

The Legislature modified the proposal that establishes the New York State Design and Construction Corporation (NYS DCC) as a subsidiary of the Dormitory Authority of the State of New York (DASNY) to provide additional project management expertise and oversight on public works projects in excess of \$50 million in value that are undertaken by state agencies, departments, public authorities and public benefit corporations after January 1, 2016. Authorizes NYSDCC to review, make recommendations and require corrective action be taken on such public works projects. The Legislature reduced the authority of the Corporation which originally would have allowed it to terminate contracts, contractors, subcontractors or other consultants.

The budget also provides design-build authorization to the Empire State Development Corporation, the New York Convention Center Development Corporation and their subsidiaries to utilize a design-build project delivery method for the Jacob V. Javits Convention Center, the Empire State Station Complex, the James A. Farley Building Replacement, and the Pennsylvania Station New York Redevelopment projects. The language requires prevailing wage, project labor agreements, and MWBE compliance.

MTA procurement reforms to generate savings for 2015-2019 Capital Plan

Increases the sealed bidding threshold on purchase contracts from \$15,000 to \$100,000, and on contracts for public works from \$25,000 to \$100,000. For personal services contracts, the threshold is raised from \$20,000 to \$100,000.

- Allows for the use of reverse auctions through electronic bidding whereby the sellers compete to provide the lowest price but only for commodities purchases. The original Governor's proposal was more expansive.
- Allows for the disposal of personal property valued at less than \$500,000 by public auction.

Capital Appropriations

Additionally, a significant amount of capital spending was approved. Some of the more significant items are below:

\$200 million to create the High Pharmacy Oncology Manufacturing Facility in Dunkirk for the manufacturing of sterile high potency oncology. Leverages \$1.52 billion investment by Athenex creates 900 jobs. The budget also includes \$25 million to support an expansion of Athenex's headquarters at the Conventus building in Buffalo.

- \$500,000 to Allegany State Park for Quaker Lake Beach area improvements, and \$435,000 for the Red House Wetland Enhancement and Public Education Project.
- \$3.215 million to Niagara Falls State Park for the continuation of Niagara Falls State Park Revitalization Initiative.
- \$250,000 for park improvements at Midway State Park.
- \$1,250,000 for Sampson State Park to rehabilitate deteriorated campground restrooms & shower buildings
- \$59 million to link Binghamton University and the surrounding communities to downtown
- \$125 million to support Norsk Titanium to Plattsburgh to manufacture airplane parts using 3D printing.
- \$12 million for the Clarkson-Trudeau partnership to grow the biotech industry in the North Country.
- \$450,000 for environmental protection of Lake George
- \$170,000 for campground improvements at Cumberland Bay State Park.
- \$100,000 for Kring Point State Park to improve electric service in a camping area
- \$2.5 million for park improvements at Southwick Beach State park

- **\$585 million to build the AMS chip fab at the Marcy Nano site. \$50 million to support the GE Power electronics consortium at Quad C for next-generation semiconductor research, development, and commercial fabrication.**
- **\$1.3 million for the Fort Ontario State Historic Site to upgrade electric, water, and sewer utilities**
- **\$2,500,000 to Fair Haven Beach State Park for swimming bathhouses restoration**
- **\$1,200,000 for Fillmore Glen State Park to rehabilitate its picnic shelter and bathhouse**
- **\$2.9 million for Grafton Lakes State Park to build a new visitor center.**
- **\$450,000 for Saratoga Spa State Park to rehabilitate historic spa campus buildings and grounds.**
- **\$2,000,000 for Saratoga Spa State Park to rehabilitate the Peerless Pool bathhouse**
- **\$27 billion MTA Capital Plan –**
 - **1,000 new subway cars**
 - **1,400 new buses**
 - **300 new commuter rail cars for the Hudson Valley and Long Island**
 - **Upgrades to track, signals, yards, depots, stations and bridges**
- **Support for the redeveloped Penn Farley and new airport at LaGuardia**
- **\$1 billion for the Second Avenue Subway**
- **\$1 billion for Javits**
- **4 Metro-North stations in the Bronx**
- **\$1,000,000 for Harriman State Park to continue the renovation of children's group camps**
- **\$1,750,000 to Rockland Lake State Park for North Swimming Pool Bathhouse improvements**
- **\$750,000 for FDR State Park to rehabilitate picnic area and paths at swimming pool area, and \$1 million for swimming pool improvements**
- **\$2,800,000 for the Walkway Over The Hudson State Park to construct a west side visitor building**
- **\$500,000 for capital improvements at Bellayre Ski Area.**
- **\$15 million to support critical infrastructure projects for Brookhaven National Lab.**
- **\$10 million for one Long Island community (selected by the Regional Council) to fund transformative housing, economic development, transportation, and community projects designed to attract and retain residents, visitors, and businesses to downtowns.**
- **\$50 million for infrastructure improvements at Ronkonkoma Hub. Will spur \$600 million in mixed-use development.**
- **\$6 million to fully fund a Federal Customs Inspection Station at MacArthur Airport. Relieves traffic from JFK. Increases economic development on Long Island.**
- **\$5 million for improvements to the Bay Park Wastewater Treatment Plant in Nassau County.**
- **\$32 million to reconstruct 8 miles of State Route 112 LIE, creating 756 jobs.**
- **\$66.6 million for transit operating assistance to Nassau County; \$25.9 million for Suffolk County; and \$4.5 billion for the MTA that includes operations of the Long Island Railroad.**
- **\$2,000,000 Heckscher State Park improvements**
- **\$10 million for Jones Beach State Park for the comprehensive Jones Beach Revitalization Initiative, and \$400,000 to construct phase I of a bicycle & multi-use trail.**
- **\$22 million to expand LaValle Stadium at Stony Brook University.**

- **\$7.5 million for campus upgrades at Stony Brook Southampton.**