



# New York Rising

End of Session Report - 2013



STARTUP NY



Governor Andrew M. Cuomo  
June 2013



## Overview

When Governor Andrew Cuomo came into office in January 2011, the state had suffered for years from late budgets, legislative gridlock, and a culture dominated by special interests. Albany had come to symbolize political dysfunction and ineffective governance. New Yorkers had lost trust in their leaders and had given up on the government's ability to be a positive force in their lives.

Governor Cuomo set out to change all of that. For two and a half years, he has worked to bring integrity to Albany, and to prove that government can work and produce results for its people. During his first year in office, the Governor closed a \$10 billion budget deficit with no new taxes, cut middle class income tax rates to the lowest rate in 60 years, enacted a property tax cap, created the Regional Economic Development Councils as part of a new economic development paradigm and achieved marriage equality.

His second year was equally productive. He enacted a national model teacher evaluation system, enacted a Tier VI pension system that will save tens of billions of dollars, undertook the NY Works infrastructure program including the replacement of the Tappan Zee bridge, expanded the DNA database to better protect New Yorkers from crime and protected vulnerable New Yorkers with the Justice Center for the Protection of People with Special Needs.

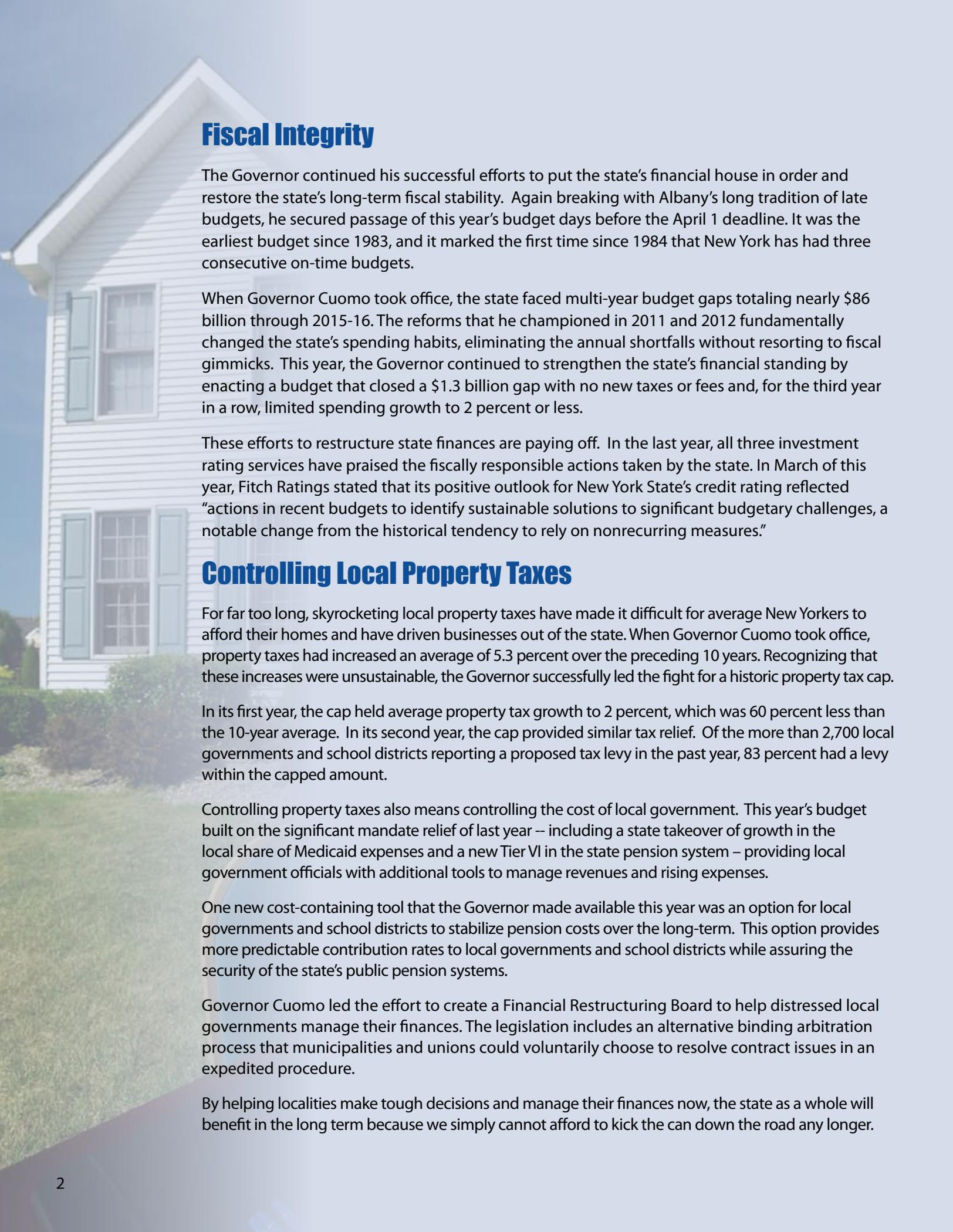
The Governor's primary goal this legislative session was to fulfill the promises of his NY Rising agenda he set forth in his State of the State and Executive Budget and to show that government can confront – and solve – the state's toughest problems. He started the session by taking on one of the most difficult and politically challenging issues facing the nation – reducing gun violence. After the tragic shootings at Sandy Hook Elementary School, while Washington was paralyzed by inaction, Governor Cuomo seized the moment and passed the most comprehensive gun control law in the nation. New York's new gun law has already begun to save lives by getting firearms off the streets and out of the hands of people who should not have them.

The Governor moved on to the difficult task of continuing to put the state's financial house in order and return New York to long-term fiscal stability. He secured passage of this year's budget days before the April 1 deadline. It was the earliest budget since 1983, and it marked the first time since 1984 that New York has had three consecutive on-time budgets. In the budget, the Governor closed a \$1.3 billion gap with no new taxes or fees and, for the third year in a row, limited spending growth to 2 percent or less.

This session produced one of the boldest economic development agendas in our state's history. Building on his substantial achievements, the Governor got enacted the groundbreaking START-UP NY jobs program, designed to jump start the upstate economy through tax-free communities linked to State University of New York (SUNY) and private college campuses. He succeeded in getting a casino gaming amendment on the November ballot, which, if passed by the voters, will drive significant economic activity and job growth in upstate NY. These initiatives, in conjunction with his creation of innovative high-tech job incubators that will better commercialize our state's best ideas and innovations into marketable products and his Venture Capital Fund to provide critical funding to stimulate new business formation, will transform the face of job creation in New York.

In addition to the SAFE Act to combat gun violence, there were extraordinary achievements this session that added to the growing reputation of New York State as the progressive capital of the nation, including the passage of a minimum wage increase, a nationally-recognized education reform and a \$1 billion affordable housing program.

The following is a summary of the major accomplishments of the session, followed by a detailed list of accomplishments.



## Fiscal Integrity

The Governor continued his successful efforts to put the state's financial house in order and restore the state's long-term fiscal stability. Again breaking with Albany's long tradition of late budgets, he secured passage of this year's budget days before the April 1 deadline. It was the earliest budget since 1983, and it marked the first time since 1984 that New York has had three consecutive on-time budgets.

When Governor Cuomo took office, the state faced multi-year budget gaps totaling nearly \$86 billion through 2015-16. The reforms that he championed in 2011 and 2012 fundamentally changed the state's spending habits, eliminating the annual shortfalls without resorting to fiscal gimmicks. This year, the Governor continued to strengthen the state's financial standing by enacting a budget that closed a \$1.3 billion gap with no new taxes or fees and, for the third year in a row, limited spending growth to 2 percent or less.

These efforts to restructure state finances are paying off. In the last year, all three investment rating services have praised the fiscally responsible actions taken by the state. In March of this year, Fitch Ratings stated that its positive outlook for New York State's credit rating reflected "actions in recent budgets to identify sustainable solutions to significant budgetary challenges, a notable change from the historical tendency to rely on nonrecurring measures."

## Controlling Local Property Taxes

For far too long, skyrocketing local property taxes have made it difficult for average New Yorkers to afford their homes and have driven businesses out of the state. When Governor Cuomo took office, property taxes had increased an average of 5.3 percent over the preceding 10 years. Recognizing that these increases were unsustainable, the Governor successfully led the fight for a historic property tax cap.

In its first year, the cap held average property tax growth to 2 percent, which was 60 percent less than the 10-year average. In its second year, the cap provided similar tax relief. Of the more than 2,700 local governments and school districts reporting a proposed tax levy in the past year, 83 percent had a levy within the capped amount.

Controlling property taxes also means controlling the cost of local government. This year's budget built on the significant mandate relief of last year -- including a state takeover of growth in the local share of Medicaid expenses and a new Tier VI in the state pension system -- providing local government officials with additional tools to manage revenues and rising expenses.

One new cost-containing tool that the Governor made available this year was an option for local governments and school districts to stabilize pension costs over the long-term. This option provides more predictable contribution rates to local governments and school districts while assuring the security of the state's public pension systems.

Governor Cuomo led the effort to create a Financial Restructuring Board to help distressed local governments manage their finances. The legislation includes an alternative binding arbitration process that municipalities and unions could voluntarily choose to resolve contract issues in an expedited procedure.

By helping localities make tough decisions and manage their finances now, the state as a whole will benefit in the long term because we simply cannot afford to kick the can down the road any longer.

## Strengthening the Economy to Create Jobs

Since he took office, Governor Cuomo's highest priority has been working to strengthen New York's economy to create jobs. Using a combination of innovative economic development initiatives, reduction of taxes and red tape for businesses, and leveraging of New York's world-class academic institutions, Governor Cuomo has helped to build a foundation for a stronger and more prosperous New York.

### START-UP NY

The cornerstone of the Governor's economic efforts this year was his "START-UP NY" plan to create tax-free University Communities. This pioneering job initiative will transform SUNY campuses and university communities across upstate into tax-free zones designed to attract new businesses and encourage existing businesses to expand. Companies participating in the plan operate completely tax-free – including a waiver of income taxes for employees and of sales, property and business taxes for the company – while also being able to take advantage of strategic partnerships with higher education institutions.

### Upstate Jobs through Gaming

To further promote job creation, Governor Cuomo worked to put a proposal on the ballot in November to allow casino gaming in New York State. Under the Governor's leadership, the first four casinos that will be built if the voters pass the constitutional amendment will be located in upstate New York. Eighty percent of state revenues from the casinos will be used statewide for elementary and secondary education or property tax relief; ten percent will be split equally between the host municipality and the host county; and ten percent will go to other counties in the region of the destination gaming resort to provide tax relief or educational assistance. The educational aid will be additive and will not be part of the state's existing education formulae.

As part of his effort to establish a rational approach to gaming in our state, the Governor secured three separate agreements with the Oneida Nation, Seneca Nation, and Saint Regis Mohawk Tribe. These agreements settled protracted disputes over gaming and other issues between New York State, local governments and the Tribes, and pave the way for productive relationships between the state and the Tribes. The state and local governments will receive a total of \$438 million as a result of the settlements of all three disputes. The settlements will also produce annual revenues to the state and local governments of at least \$155 million a year.

### Increasing the Minimum Wage

Governor Cuomo and the legislature increased the state's minimum wage law to align it with the cost of living in the state. The minimum wage will be raised from \$7.25 to \$9.00 over three years. The Governor strongly believes that a reasonable minimum wage increases the standard of living for workers, reduces poverty, encourages fair and more efficient business practices and ensures that the most vulnerable members of the workforce can contribute to the economy.

## Reducing Taxes on Businesses and Families

Reducing taxes and costs to businesses to promote job creation has been a key element of the Governor's program. This year's budget includes nearly \$800 million in tax relief for New York businesses over the next three years. In addition, it significantly reduces costs and cuts red tape for businesses through major reforms to the workers' compensation and unemployment insurance systems that will save businesses \$1.2 billion, while also benefiting workers.

This year's budget continues the middle class tax cut of 2011, which reduced middle class income tax rates to their lowest levels in 60 years. It also provides further relief for families with children through a targeted tax credit of \$350 per year for three years, beginning in 2014.

### Other key economic development initiatives include:

- The creation of an Innovation Hot Spots program, which will designate 10 high-tech innovation incubators at locations affiliated with higher education institutions to encourage the commercialization of innovations and ideas.
- The formation of an Innovation Venture Capital Fund that will provide critical seed and early-stage funding to incentivize new business formation and growth in New York State.
- Continued support of the Governor's Buffalo Billion initiative by providing an additional \$100 million in funding and \$70 million in Excelsior tax credits to revitalize Buffalo's regional economy and \$60 million to keep the Buffalo Bills in Western NY.
- The Market NY and Taste NY programs, which will promote upstate tourism and better market New York-made foods, beverages and products.
- A third round of funding for the Regional Economic Development Councils (REDC). Since their launch in 2011, the REDCs have leveraged \$1.5 billion in state funding to create almost \$5 billion in total investment within the state.
- An additional \$55 million for a third round of the SUNY 2020 program and \$55 million to launch the CUNY 2020 program, which will provide competitive grants for projects that connect economic development and academic excellence.
- Efforts to support minority-owned and women's business.
- Support for the wine, beer and spirits industry through targeted programs to promote state-produced wine, beer, cider and spirits sales and tourism. This initiative includes regulatory reforms that will significantly reduce business costs for beverage producers, and support for the farming of locally grown malt grade barley and top quality hops.
- New initiatives to promote the state's yogurt industry, including regulatory changes allowing farmers to own more cows and increase milk production. As a result of Governor Cuomo's determined efforts to support the industry, New York State is now officially America's Yogurt Capital, surpassing California in 2012 as the top producer of yogurt in the United States.
- A continuation of the state's commitment to making New York the leader in the film and television industries through the enactment of a 5-year extension of the Film Tax Credit program at \$420 million per year and enhancements to promote upstate production.
- A new 2-year transportation program that will provide \$7.1 billion in road, bridge, and other transportation capital investments over two years, and including more than \$4.7 billion to support operations of public transportation across New York State.

An aerial photograph showing the New NY Bridge under construction. The bridge is a long, curved structure with multiple lanes, supported by several tall, grey concrete piers. The water below is a deep blue-grey color. The sky is overcast with grey clouds. The bridge is surrounded by green hills and some buildings in the distance.

## The New NY Bridge to replace the Tappan Zee

Under Governor Andrew Cuomo's leadership and with the support of President Barack Obama and the federal government, the New NY Bridge to replace the Tappan Zee moved from dysfunction to pre-construction in just 18 months. The first span of the new twin-span bridge is scheduled to open in 2016, and the crossing should be complete in 2018.

The New NY Bridge will mean less congestion for motorists, with eight traffic lanes, four breakdown/emergency lanes and state-of-the-art traffic monitoring systems, as well as a dedicated commuter bus lane from the day it opens. Designed and constructed to be mass-transit-ready, the new crossing will be able to accommodate bus rapid transit, light rail or commuter rail. The bridge will also include a bike and pedestrian path.

The total cost of the New NY Bridge, including management and administrative costs is \$3.9 billion, approximately \$1.5 billion less than early predictions and hundreds of millions less than forecasts based on the project's design and construction specifications. The design-build contract for the bridge will help keep the project on-budget and on-time, because the financial risk associated with most cost overruns or schedule delays lies with the contractor, rather than toll payers or taxpayers.

To help fund the bridge construction, a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the project has been moving through the U.S. Department of Transportation loan process. The federal government is expected to provide a loan equal to 33 percent of eligible project costs, currently estimated near \$1.5 billion. This financing will allow for sensible toll rates on the new crossing.

Extensive measures will be in place throughout the duration of the project to protect the environment and to monitor the impact of construction on surrounding communities. The bridge is being designed and built by Tappan Zee Constructors (TZC), a consortium of some of the world's best-known and most highly-regarded design, engineering and construction firms. TZC is working closely on the project with a team of employees from the New York State Thruway Authority and the New York State Department of Transportation (NYSDOT).



## Fighting Corruption in Government

Government can only function if it has the trust of its people and recent incidents of public corruption in our state undercut that trust. Over the course of the Legislative Session, the Governor has introduced a comprehensive package of reforms to address public corruption in Albany. These initiatives include campaign finance reform, election reform, and improvements to the criminal law to facilitate state prosecutions of corrupt public officials.

The Governor made it clear that if the Legislature failed to pass a legislative package addressing public corruption by the end of session, he would use his authority under the Executive Law to create a commission that would investigate corruption in government and propose reforms to address weaknesses in such areas as elections, campaign finance, and the abuse of public office or public funds for personal gain.

## Reforming Our Schools

Continuing his efforts to fundamentally transform our state education system, Governor Cuomo convened the New NY Education Reform Commission in April 2012. He charged the blue-ribbon panel with examining New York's educational system and with suggesting reforms that focus on student performance and school accountability. The commission recommended a series of improvements that were ultimately included in this year's budget, including:

- A competitive grant program for school districts across the state to establish new full-day pre-kindergarten placements and to convert existing half-day placements into full-day ones. The pre-kindergarten competitive grant targets high-need school districts and students.
- A program to support expanded learning time initiatives for school districts seeking to expand the school day and/or school year to increase student learning time by at least 25 percent.
- An innovative program designed to transform school buildings into community hubs, known as community schools, which unite strong core academics with health, mental health, nutrition, counseling, legal and other critical services to support students and their families.
- A statewide Master Teachers program to award stipends of \$15,000/year over four years to high-performing teachers in math, science and related fields.
- An expansion of the successful Early College High School program to fund innovative means of offering students the opportunity to begin college-level coursework during their high school years.

## Innovative Teacher Evaluation System

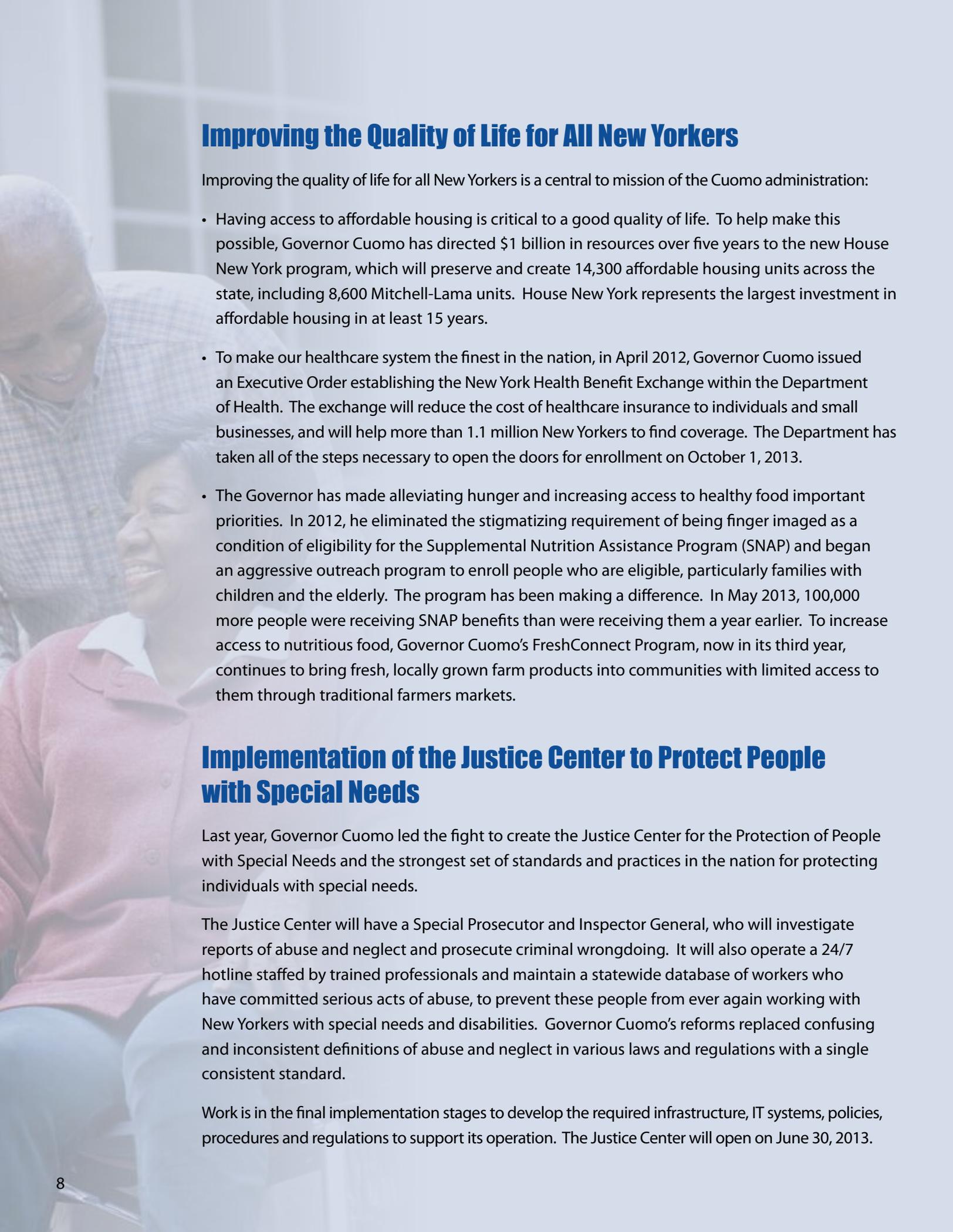
Finally, Governor Cuomo secured enactment of a mechanism for ensuring that every school district in the state has a teacher and principal evaluation plan in every year in the future. In future years, if a district does not have an annual professional performance plan approved by the Commissioner of Education before September 1, the existing plan will remain in effect until a new plan is agreed upon and approved.

## Making New York Safer

Under Governor Cuomo's leadership, New York passed and is implementing the SAFE Act, the toughest and most comprehensive gun control measure in the nation. The SAFE Act stops criminals and the dangerously mentally ill from buying a gun by: requiring universal background checks on gun purchases; increasing penalties for people who use illegal guns; mandating life in prison without parole for anyone who murders a first responder; and imposing the toughest assault weapons ban in the country.

Beyond guns, the Governor's program focuses on other dangerous threats to our daily lives.

- To combat driving under the influence of alcohol or drugs, the Governor directed the state to promulgate new regulations in September 2012 giving New Yorkers some of the toughest protections in the nation against drivers who persistently drive under the influence of alcohol or drugs. Since their adoption, the new regulations have successfully resulted in over 3,300 people with multiple alcohol/drug related driving offenses on their record being denied re-licensing and over 700 more drivers being approved for re-licensing, but with an ignition interlock device and driving restricted to essential activities like commuting to work. In the past, many of these drivers would have been eligible to receive full, unrestricted licenses after a relatively brief period of time.
- The Governor also announced actions to strengthen penalties for cell phone use and texting-while-driving. He directed the Department of Motor Vehicles (DMV) to increase the number of points for a conviction for texting-while-driving and cell phone-related infractions from the current three points to five points. The Governor had legislation enacted to impose increased penalties on drivers with probationary and junior licenses for improper cell phone use and texting-while-driving, including suspensions or revocations.
- To combat the increasing number of cyber-attacks on individuals, governments and corporations, the Governor created a Cyber Security Advisory Board made up of some of the world's leading experts in cyber security, which will make recommendations for protecting the state's critical infrastructure and information systems.



## Improving the Quality of Life for All New Yorkers

Improving the quality of life for all New Yorkers is a central to mission of the Cuomo administration:

- Having access to affordable housing is critical to a good quality of life. To help make this possible, Governor Cuomo has directed \$1 billion in resources over five years to the new House New York program, which will preserve and create 14,300 affordable housing units across the state, including 8,600 Mitchell-Lama units. House New York represents the largest investment in affordable housing in at least 15 years.
- To make our healthcare system the finest in the nation, in April 2012, Governor Cuomo issued an Executive Order establishing the New York Health Benefit Exchange within the Department of Health. The exchange will reduce the cost of healthcare insurance to individuals and small businesses, and will help more than 1.1 million New Yorkers to find coverage. The Department has taken all of the steps necessary to open the doors for enrollment on October 1, 2013.
- The Governor has made alleviating hunger and increasing access to healthy food important priorities. In 2012, he eliminated the stigmatizing requirement of being finger imaged as a condition of eligibility for the Supplemental Nutrition Assistance Program (SNAP) and began an aggressive outreach program to enroll people who are eligible, particularly families with children and the elderly. The program has been making a difference. In May 2013, 100,000 more people were receiving SNAP benefits than were receiving them a year earlier. To increase access to nutritious food, Governor Cuomo's FreshConnect Program, now in its third year, continues to bring fresh, locally grown farm products into communities with limited access to them through traditional farmers markets.

## Implementation of the Justice Center to Protect People with Special Needs

Last year, Governor Cuomo led the fight to create the Justice Center for the Protection of People with Special Needs and the strongest set of standards and practices in the nation for protecting individuals with special needs.

The Justice Center will have a Special Prosecutor and Inspector General, who will investigate reports of abuse and neglect and prosecute criminal wrongdoing. It will also operate a 24/7 hotline staffed by trained professionals and maintain a statewide database of workers who have committed serious acts of abuse, to prevent these people from ever again working with New Yorkers with special needs and disabilities. Governor Cuomo's reforms replaced confusing and inconsistent definitions of abuse and neglect in various laws and regulations with a single consistent standard.

Work is in the final implementation stages to develop the required infrastructure, IT systems, policies, procedures and regulations to support its operation. The Justice Center will open on June 30, 2013.

## Protecting New York's Environment and Building the Energy Infrastructure of the Future

The Governor continued his commitment to protecting our environment and supporting clean energy through a range of initiatives, including:

- Secured a landmark agreement to transform the Long Island Power Authority to make it more accountable to its customers. The agreement shifts nearly all of LIPA's operations to Public Service Electric and Gas, i.e., PSEG, and subject its operations to the oversight of the Department of Public Service.
- Lowering the emissions cap on the Regional Greenhouse Gas Initiative, the nation's first market – based cap-and-invest program, which is reducing greenhouse gas emissions and supporting the state's efforts to combat climate change.
- Advancing a multitude of clean energy initiatives, including: the NY-Sun initiative to support New York's solar industry; Charge NY to support efforts to expand the number of electric vehicles on our roads; and the Cleaner, Greener Communities effort, to make funding available to implement the regional sustainability plans endorsed by the REDCs.
- Reducing energy demand and bills by increasing energy-efficiency programs and technologies across the state. State facilities are implementing energy efficiency improvements that will save the state hundreds of millions of dollars and reduce greenhouse gas emissions significantly. Additionally, millions of dollars in new funding is being allocated to advance the market development and commercialization of energy efficiency technologies.
- Increasing access for New Yorkers to clean energy assessments, installation services, and low-cost financing.
- Improving state parks by securing \$90 million in NY Works funding to advance nearly 90 construction projects. These projects will upgrade and repair more than 50 state parks and historic sites across New York State.
- Increasing funding for the first time in years for the Environmental Protection Fund, a cornerstone of the state's environmental programs, which supports open space and farmland protections, municipal parks and recycling, land acquisition, estuary management, waterfront revitalization and recycling.
- Opening for public access for the first time in 100 years portions of the 69,000 acres of the former Finch Pruyn lands and other properties in the Adirondacks acquired by the state, an historic acquisition that is the largest addition to the state Forest Preserve in more than a century.



## Sandy Recovery and Rebuilding

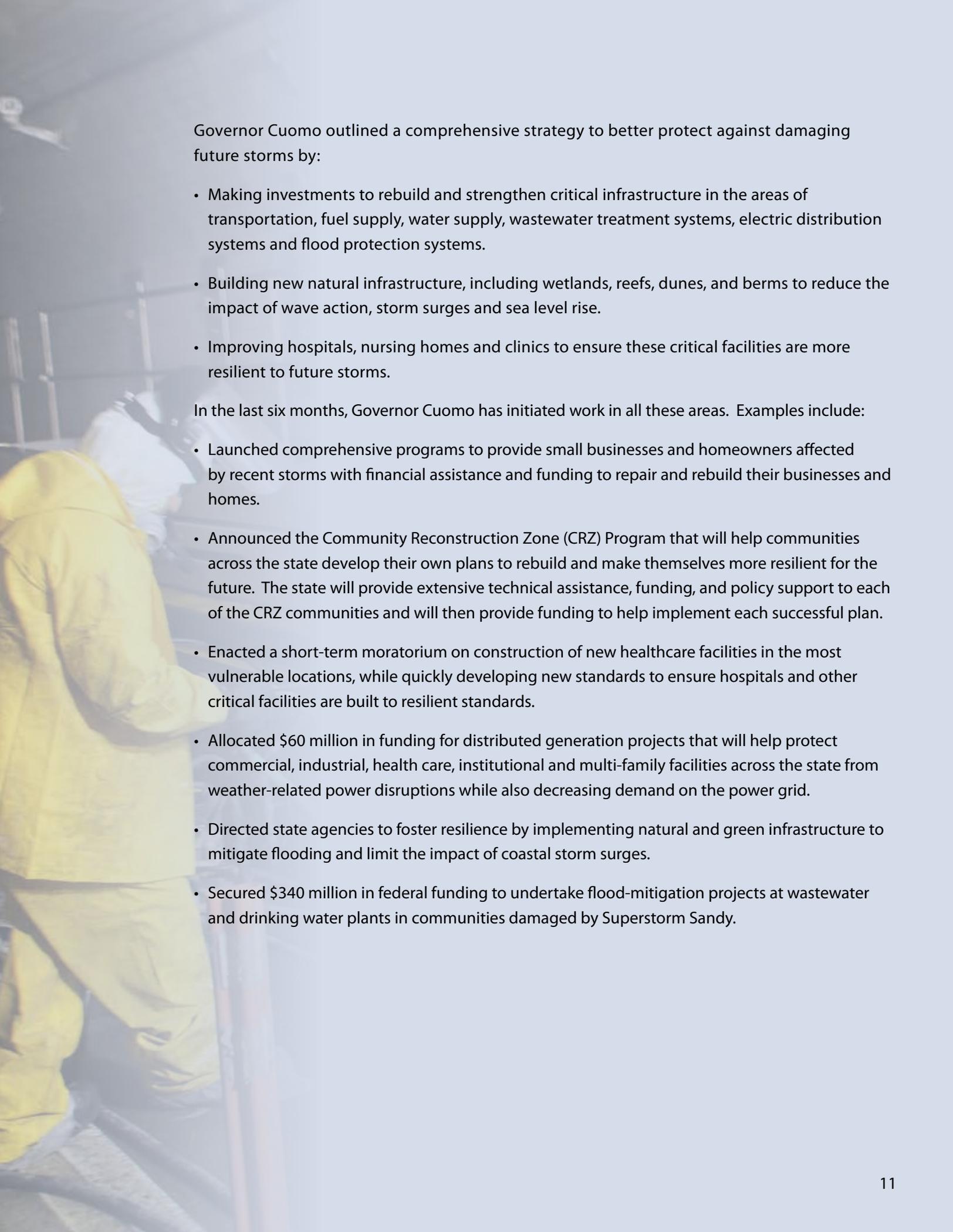
The Governor continues to work tirelessly to support the Superstorm Sandy recovery efforts. Because of his efforts, New York expects to receive approximately \$30 billion in federal aid for recovery, rebuilding and mitigation. These resources will enable New York to build back smarter and stronger and ensure that the state is better prepared for the future. The Governor's storm recovery plan includes: repair and rebuilding from the storm damage; efforts to allow the state to better respond to future disasters; and initiatives to better protect the state from the impact of future storms.

In the wake of the storm, the state took immediate action and has implemented an array of programs and initiatives to support the recovery. Some of the highlights include:

- The Recreate NY Smart Home Repair and Reconstruction grants were established for single- family and multifamily homes, to provide assistance to homeowners who had significant damage not covered or compensated by their insurance or the Federal Emergency Management Agency (FEMA). The NY Smart Home Buyout Program was established for homeowners whose homes were substantially damaged or destroyed or who live in specific high-risk, flood-prone areas, who can choose to apply for a buyout of their property.
- The Metropolitan Transit Authority (MTA) conducted a detailed inspection and evaluation of its public transit system – particularly the New York City subways – to plan and execute thorough repair and recovery from damage wrought by Superstorm Sandy. Some major initiatives included repair and re-commissioning of the formerly shuttered old South Ferry Station to replace use of the new South Ferry Station, which was severely damaged in the storm, and a seven-month effort to rebuild three-and-one-half miles of track to restore A train service to the Rockaways.
- Governor Cuomo led an effort to ensure that all state parks were repaired for the traditional Memorial Day weekend kick-off to summer. The storm had closed all 55 state parks and caused \$130 million worth of damage.

To help the state to better respond to future disasters, the Governor has proposed:

- Enacting the nation's strongest back-up power requirements for gas stations in strategic locations. The Governor's "Fuel NY" initiative will make up to \$17 million in funding available to help retail gas stations improve their back-up power capacity so they can meet these new requirements and remain open during major storms.
- Launching a statewide emergency location tracking system to ensure the safety of patients and residents when healthcare and human services facilities are forced to evacuate as a result of a natural disaster. The system is a secure, confidential, fast and easy-to-use system to provide real-time access to patient locations.
- Creating a network of individuals and organizations that will help the state meet critical needs in disaster relief efforts by matching volunteers with opportunities to assist.



Governor Cuomo outlined a comprehensive strategy to better protect against damaging future storms by:

- Making investments to rebuild and strengthen critical infrastructure in the areas of transportation, fuel supply, water supply, wastewater treatment systems, electric distribution systems and flood protection systems.
- Building new natural infrastructure, including wetlands, reefs, dunes, and berms to reduce the impact of wave action, storm surges and sea level rise.
- Improving hospitals, nursing homes and clinics to ensure these critical facilities are more resilient to future storms.

In the last six months, Governor Cuomo has initiated work in all these areas. Examples include:

- Launched comprehensive programs to provide small businesses and homeowners affected by recent storms with financial assistance and funding to repair and rebuild their businesses and homes.
- Announced the Community Reconstruction Zone (CRZ) Program that will help communities across the state develop their own plans to rebuild and make themselves more resilient for the future. The state will provide extensive technical assistance, funding, and policy support to each of the CRZ communities and will then provide funding to help implement each successful plan.
- Enacted a short-term moratorium on construction of new healthcare facilities in the most vulnerable locations, while quickly developing new standards to ensure hospitals and other critical facilities are built to resilient standards.
- Allocated \$60 million in funding for distributed generation projects that will help protect commercial, industrial, health care, institutional and multi-family facilities across the state from weather-related power disruptions while also decreasing demand on the power grid.
- Directed state agencies to foster resilience by implementing natural and green infrastructure to mitigate flooding and limit the impact of coastal storm surges.
- Secured \$340 million in federal funding to undertake flood-mitigation projects at wastewater and drinking water plants in communities damaged by Superstorm Sandy.

# 2013 Detailed Accomplishments

## I. Fiscal Integrity

The 2013-14 budget continues the state's focus on economic growth and fiscal responsibility. The budget passed both houses of the Legislature days before the April 1 deadline, marking the first time New York has had three consecutive, on-time budgets since 1984, and the earliest budget since 1983.

When Governor Cuomo took office on January 1, 2011, the state faced multi-year budget gaps totaling nearly \$86 billion through 2015-16. The reforms of 2011 and 2012 fundamentally changed the state's spending habits, eliminating gaps without fiscal gimmicks.

In 2013, the Governor put forth an early budget that closed a \$1.3 billion gap with no new taxes or fees, and limited spending growth to 2 percent or less for the third year in a row. The enacted budget also diminished the gaps in future years. The budget gaps from now through 2016-17 combined are currently estimated to be \$7.8 billion. By comparison, the budget gap closed in 2011-12 alone was estimated at \$10 billion.

The Governor was able to achieve \$1.4 billion in savings by controlling state spending. These efforts include reductions in state agency operations through: closures and consolidations of facilities to reduce excess capacity; strict controls on attrition and hiring; enterprise-wide consolidation of procurement, information technology, and workforce management functions; and a range of operational measures to improve efficiency.

Funding for state agency operations is estimated to total \$24.9 billion in 2014. By comparison, when the Governor took office in January 2011, State Operating Funds disbursements for state agencies was expected to total \$26.6 billion by 2013-14, or \$1.7 billion higher than the 2013-14 budget.

Clearly the Governor's work to restructure state finances without fiscal gimmicks is paying off. In 2012, Moody's Investors Service called the Governor's pension reform measure a 'critical step' toward helping state and local governments manage their long term pension liabilities. Later, Standard & Poor's Ratings Services revised its outlook for New York State bonds to "positive" from stable, citing many of the important fiscal reforms the Governor has implemented. In March 2013, Fitch Ratings indicated that its positive outlook for New York State's credit rating reflects "actions in recent budgets to identify sustainable solutions to significant budgetary challenges, a notable change from the historical tendency to rely on nonrecurring measures."

## II. Controlling Local Property Taxes

For far too long, skyrocketing local property taxes have made it increasingly difficult for middle-class families to afford their homes and have driven businesses out of the state. When Governor Cuomo took office, property tax growth averaged 5.3 percent over the prior ten years. Recognizing that these continual tax hikes were unsustainable, the Governor fought for and secured a historic property tax cap.

In its first year, the cap succeeded in holding average property tax growth to 2 percent, which is 60 percent less than the previous ten-year average. In year two of the cap, the trend continued. Out of 2,786 local governments and school districts reporting a proposed levy in the past year, 83 percent reported a levy within the capped amount. The cap also encouraged school boards to propose lower tax increases. A mere 4 percent of school districts (28 of 669) presented voters with budgets that exceeded the allowable tax levy increases under the cap. Residents approved only a quarter of these budgets on the initial vote. Voters continue to show support of the tax cap by their overwhelming approval of sustainable tax increases -- 98 percent of school districts that presented voters with budgets at or below the cap successfully passed their budgets on the first vote.

Building on the significant mandate relief accomplishments of 2012-13, including a takeover by the state of growth in the local share of Medicaid expenses, a new Tier VI in the state pension system and Early Intervention reforms, the 2013-14 budget provides local government officials with additional tools to manage revenues and rising expenses.

	<b>10-Year Average Annual Growth Rate 2000 - 2010</b>	<b>Proposed Growth</b>
<b>Total - School &amp; Local Gov't</b>	<b>5.3%</b>	<b>2.0%</b>
<b>School District</b>	<b>5.9%</b>	<b>2.2%</b>
<b>Total - Local Government</b>	<b>4.4%</b>	<b>1.7%</b>
County	4.2%	1.8%
City	3.2%	1.2%
Town	4.7%	1.2%
Village	5.0%	2.1%
Fire District	5.7%	2.7%

Working with the pension systems, the budget enacts a plan that accomplishes the Governor's twin goals of providing local governments with greater predictability of pension costs while maintaining prudent funding of the state's public pension systems.

The difference between the new stable rate and the historically high normal contribution rates will provide immediate and significant mandate relief savings for local governments. For the first time, school districts will have the opportunity to participate in a system that significantly limits the growth in near-term pension expenses and facilitates predictability.

## Financial Restructuring Board and Binding Arbitration

Governor Cuomo led the effort to create a Financial Restructuring Board to help distressed local governments manage their finances. The legislation includes an alternative binding arbitration process that municipalities and unions could voluntarily choose to resolve contract issues in an expedited procedure.

By helping localities make tough decisions and manage their finances now, the state as a whole will benefit in the long term because we simply cannot afford to kick the can down the road any longer.

Membership in the new, ten-member Financial Restructuring Board will include the Budget Director who will serve as Chair, the State Comptroller, the Attorney General, the Secretary of State and six other appointed members. The Board will have discretion to provide assistance and recommendations and would be authorized to provide awards of up to \$5 million per municipality.

The Board would also serve as an alternative arbitration panel to the binding arbitration process for police, fire or deputy sheriff unions, if the municipalities and unions agree. The Board would render an arbitration ruling within six months.

The statute authorizing binding arbitration will be extended for three years, rather than four years as was most recently enacted. For fiscally eligible localities, the statute will establish clear “ability to pay” standards that arbitration panels will be obligated to follow. Fiscal distress will also be determined based upon average full value property tax rates and balances available in the general fund or other funds, generally as proposed by the Governor as part of the 2013-14 Executive Budget.

For fiscally eligible localities, arbitration panels must give 70 percent of the weight of their decision to ability to pay and must specifically consider the requirements and limitations of the state’s historic real property tax cap. The remaining 30 percent weight would be afforded to the other statutory criteria, such as wage comparison, prior contracts and public interest. Under current law, there are no assigned weights to the four measures and there is no obligation to consider the real property tax cap.

### III. Strengthening the Economy to Create Jobs

Working to strengthen New York's economy to create jobs has been Governor Cuomo's highest priority since the beginning of his administration. His innovative economic development initiatives, which include the reduction of taxes and red tape for businesses and leveraging New York's unparalleled academic institutions, have helped build a foundation for a stronger and more prosperous New York.

#### START-UP NY

Governor Cuomo's START-UP NY is a game-changing initiative that will transform SUNY campuses and university communities across the state into tax-free communities that attract start-ups, venture capital, new business, and investments from across the world. The program will entice companies to bring their ventures to upstate New York or to start new companies within New York by offering new businesses the opportunity to operate completely tax-free – including no income tax for employees and no sales, property or business tax – while also partnering with the world-class higher education institutions in the SUNY system.

START-UP NY includes:

- **Tax-Free Communities:** All SUNY campuses outside of New York City and designated private colleges north of Westchester will be tax free (no sales, property or business/corporate taxes). An additional 200,000 square feet will be included in the tax-free community for campuses north of Westchester, located within one mile of the campus.
- **Employees Exempt from Income Taxes:** Employees of businesses that open in START-UP NY communities will be exempt from paying income taxes. A limit of 10,000 employees statewide will qualify for this exemption per year.
- **Businesses Eligible for START-UP NY:** Eligible businesses include companies with a relationship to the academic mission of the university and companies creating new jobs, including new businesses, out-of-state businesses that relocate to New York and existing businesses that expand their New York operations while maintaining existing jobs.
- **Private Campuses:** A total of 3 million square feet of tax-free commercial space primarily at private campuses will be available under the START-UP NY initiative. Campuses will apply in a competitive process to designate commercial space on their properties as tax-free.
- **Start-ups Launched from Existing Incubators:** Startups "hatched" from a NYS incubator will be eligible to move into a tax-free community. Currently, an estimated 75 percent of high tech start-ups launched in New York State leave within five years.
- **Strategically-located State Property:** START-UP NY will designate up to 20 strategically located state properties that are abandoned, vacant or slated for closure as tax-free communities.
- **Protecting Against Fraud:** START-UP NY includes a series of provisions to protect against fraud. Businesses will have to submit certification to Empire State Development (ESD) and falsifying certifications will be a crime. The initiative includes strict provisions to guard against a company reincorporating under a new name and claiming that its existing employees represent new hires. The initiative also includes measures to prevent self-dealing and conflicts of interest.

## Generating Upstate Jobs through Resort Casinos

Legislation authorizes four upstate destination resorts to enhance tourism development and create jobs in upstate New York. Destination resorts will be selected only on merit by the New York State Gaming Facility Location Board, whose members will be appointed by the state Gaming Commission. Upstate is divided into six regions, with three regions capable of being bid for hosting resort casinos: the Hudson Valley – Catskill area, the Capital District – Saratoga area, and the Eastern Southern Tier. The remaining three regions host tribes with gaming compacts, which will have their geographic exclusivity honored.

No destination resort will be authorized in New York City and no additional resorts will be located until a minimum of seven years after the first upstate destination resort opens.

Eighty percent of state revenues from the casinos will be used statewide for elementary and secondary education or property tax relief; ten percent will split equally between the host municipality and the host county; and ten percent will go to other counties in the region of the destination gaming resort to provide tax relief or educational assistance. The educational aid will be additive and will not be part of the state's existing education formulae.

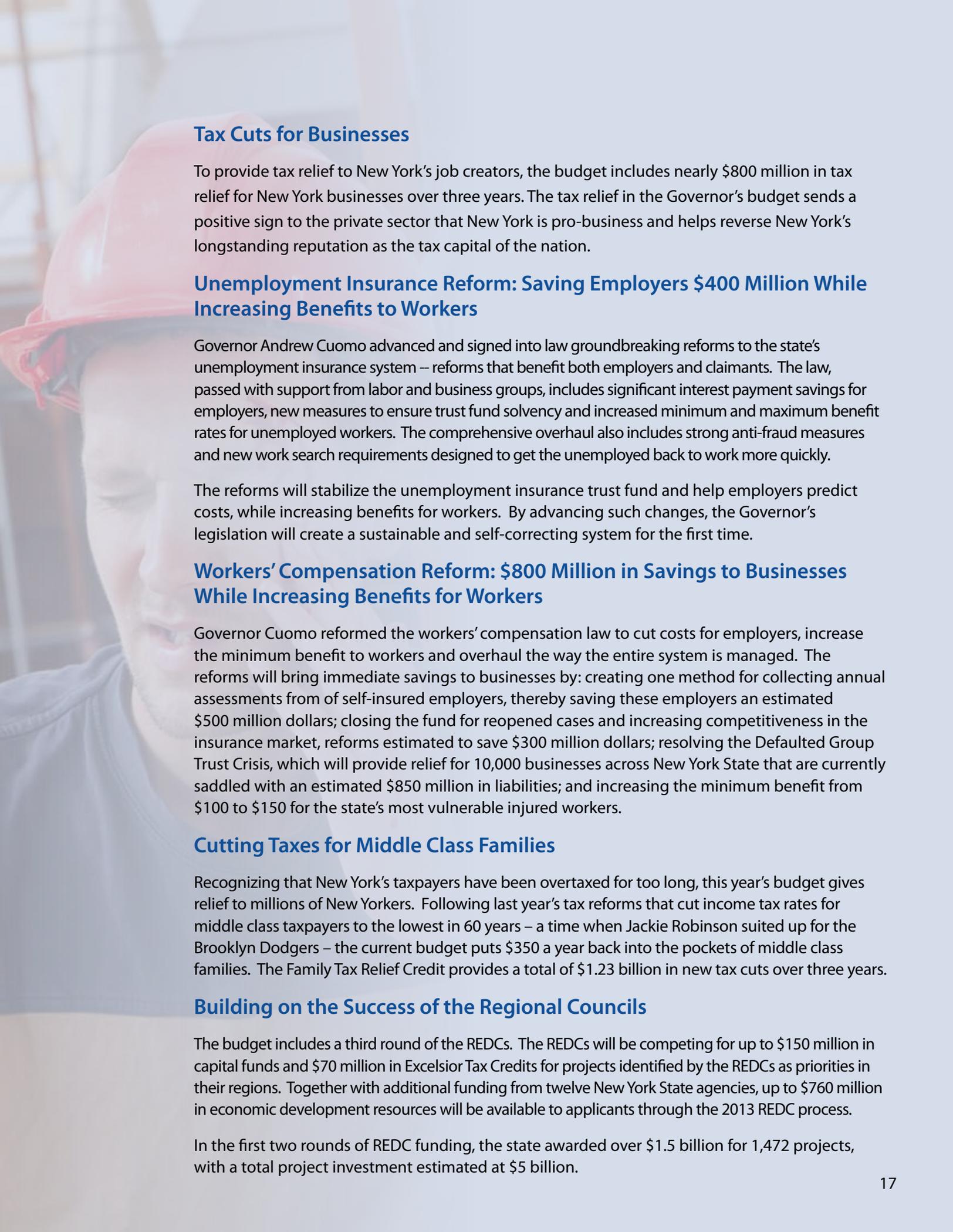
The Facility Location Board will determine the required minimum amount of capital expenditures and license fee required of a destination resort applicant in each region. The tax rate on slot machines will be equal to the tax rate on existing video lottery gaming facilities within each region, currently between 37 percent and 45 percent, depending on the region. The tax rate on table games will be 10 percent.

If the gaming referendum passes, 10 percent of the net gaming revenue retained by the state from Indian gaming facilities will be distributed to counties in each respective exclusivity region that do not receive revenues under current exclusivity agreements.

## Increasing the Minimum Wage

Governor Cuomo signed legislation updating the state's minimum wage law to align it with the cost of living in the state. Recognizing that New York's minimum wage is unlivable and lower than 19 other states, the Governor advocated increasing it. The minimum wage will now be raised from \$7.25/hour to \$9.00/hour over three years, beginning with \$8.00 by the end of 2013, \$8.75 by the end of 2014, and \$9.00 by the end of 2015. The Governor strongly believes that a reasonable minimum wage increases the standard of living for workers, reduces poverty, encourages fair and more efficient business practices and ensures that the most vulnerable members of the workforce can contribute to the economy.





## Tax Cuts for Businesses

To provide tax relief to New York's job creators, the budget includes nearly \$800 million in tax relief for New York businesses over three years. The tax relief in the Governor's budget sends a positive sign to the private sector that New York is pro-business and helps reverse New York's longstanding reputation as the tax capital of the nation.

## Unemployment Insurance Reform: Saving Employers \$400 Million While Increasing Benefits to Workers

Governor Andrew Cuomo advanced and signed into law groundbreaking reforms to the state's unemployment insurance system – reforms that benefit both employers and claimants. The law, passed with support from labor and business groups, includes significant interest payment savings for employers, new measures to ensure trust fund solvency and increased minimum and maximum benefit rates for unemployed workers. The comprehensive overhaul also includes strong anti-fraud measures and new work search requirements designed to get the unemployed back to work more quickly.

The reforms will stabilize the unemployment insurance trust fund and help employers predict costs, while increasing benefits for workers. By advancing such changes, the Governor's legislation will create a sustainable and self-correcting system for the first time.

## Workers' Compensation Reform: \$800 Million in Savings to Businesses While Increasing Benefits for Workers

Governor Cuomo reformed the workers' compensation law to cut costs for employers, increase the minimum benefit to workers and overhaul the way the entire system is managed. The reforms will bring immediate savings to businesses by: creating one method for collecting annual assessments from self-insured employers, thereby saving these employers an estimated \$500 million dollars; closing the fund for reopened cases and increasing competitiveness in the insurance market, reforms estimated to save \$300 million dollars; resolving the Defaulted Group Trust Crisis, which will provide relief for 10,000 businesses across New York State that are currently saddled with an estimated \$850 million in liabilities; and increasing the minimum benefit from \$100 to \$150 for the state's most vulnerable injured workers.

## Cutting Taxes for Middle Class Families

Recognizing that New York's taxpayers have been overtaxed for too long, this year's budget gives relief to millions of New Yorkers. Following last year's tax reforms that cut income tax rates for middle class taxpayers to the lowest in 60 years – a time when Jackie Robinson suited up for the Brooklyn Dodgers – the current budget puts \$350 a year back into the pockets of middle class families. The Family Tax Relief Credit provides a total of \$1.23 billion in new tax cuts over three years.

## Building on the Success of the Regional Councils

The budget includes a third round of the REDCs. The REDCs will be competing for up to \$150 million in capital funds and \$70 million in Excelsior Tax Credits for projects identified by the REDCs as priorities in their regions. Together with additional funding from twelve New York State agencies, up to \$760 million in economic development resources will be available to applicants through the 2013 REDC process.

In the first two rounds of REDC funding, the state awarded over \$1.5 billion for 1,472 projects, with a total project investment estimated at \$5 billion.

## Investing in the Economy of Tomorrow

The budget provides funding to launch the Innovation Hot Spots program. This program to encourage private sector growth will create or designate ten high-tech innovation incubators at locations affiliated with higher education institutions. In addition, a \$50 million Innovation Venture Capital Fund will provide critical seed and early-stage funding for new business formation, facilitating the transition from ideas and research to the development of marketable products.



## SUNY and CUNY Campuses Driving Private Sector Job Creation

The Governor added \$55 million for a third round of the SUNY 2020 program and \$55 million to launch the CUNY 2020 program to provide competitive grants for projects that connect economic development and academic excellence.

## Support for Buffalo and Western New York

The Governor continued his commitment to Buffalo and Western New York through his Buffalo Billion initiative by providing an additional \$100 million in capital funding and \$70 million in Excelsior tax credits to revitalize Buffalo's regional economy. He also provided \$60 million to keep the Buffalo Bills in Western NY.

## Supporting Our Wine, Beer and Spirits Industries

New York is home to more than 450 wineries, breweries, craft distilleries and cideries, which account for more than \$22 billion in economic impact each year and support tens of thousands of jobs statewide. The state ranks third in the nation in wine and grape production, has the second-most distilleries and three of the 20 top-producing brewers in the United States are located in New York.

As a part of his mission to open New York's doors to business, Governor Cuomo hosted the first Wine, Beer and Spirits Summit to further solidify New York State's position in the wine and spirits industry and to promote tourism throughout the state. At the Summit, plans were announced for a new marketing campaign to promote state-produced wine, beer, cider and spirits sales and tourism, as well as a series of regulatory reforms that will significantly reduce business costs for beverage producers.

The Summit led to the launch of a one stop shop run by ESD that is designed to provide New York's wine, beer and spirits producers with a single point of government contact for assistance regarding regulations, licensing, state incentives, and any other questions or issues facing the industry.

In addition to winning critical incentives and tax relief for New York State craft and farm brewers, this year, Governor Cuomo successfully removed burdensome dual licensing requirements by the State Liquor Authority. Now farm distilleries and farm brewers will no longer need to obtain an additional food processing license and, through new legislation, farm cideries will have similar licenses to



those already available to farm wineries, breweries and distilleries. Also, Governor Cuomo secured legislative approval of the Brand Label Registration Bill, which will streamline and modernize the brand label registration process for all alcoholic beverages and provide an exemption for the registration fee for craft manufacturers producing small-batch spirits and hard ciders.

Also, the state helped advance the expansion of the industry, by including funding:

- To establish the New York Craft Malt facility in Genesee County, which will use locally grown, malt grade barley.
- For applied research of hops growing through Cornell Cooperative Extension to help growers produce and process their crops, to ensure that top quality hops can be used year round.
- For hops research at the Agricultural Experiment Station in Geneva to establish an acre of disease-free certified hop varieties, which will provide opportunities for faculty and hop growers to interact in research essential for the growth and prosperity of the industry.

## Supporting New York's Yogurt Boom

As a result of Governor Cuomo's determined efforts to support the growth of the yogurt industry, including convening the first-ever Yogurt Summit in 2012, New York State is now officially America's Yogurt Capital, surpassing California in 2012 as the top producer of yogurt in the United States.

Greek yogurt has become wildly popular, with Americans spending \$1.6 billion on yogurt, according to a Packaged Facts report released in March — more than 50 percent more than just last year. New York State yogurt processors produced 692 million pounds of yogurt in 2012, up from 554 million pounds in 2011. In the last five years, New York's yogurt plants have nearly tripled production and milk production grew by more than one billion pounds.

The significant increase of yogurt production in New York has had a positive effect on businesses throughout state, not only for the yogurt industry, but for dairy farms, manufacturers and local communities across New York.

In fulfillment of a commitment made at the Yogurt Summit, the Department of Environmental Conservation (DEC) lifted the current cap under the Concentrated Animal Feeding Operations regulations (CAFO) from 199 cows to 299 cows. Under the new, more farmer-friendly regulations, dairy farms with 200 to 299 mature dairy cows are no longer subject to the CAFO regulations. Eliminating this costly regulatory burden on relatively small farms allows farmers to reinvest their resources to expand operations and enables the state to grow its milk production for the yogurt industry.

Under Governor Cuomo's leadership, the state committed \$16 million this year – an 11 percent increase over last year – most of which is to support the dairy industry, which remains the backbone of yogurt industry success in New York State.

Additionally, to assist the dairy and yogurt industries in lowering energy costs, Governor Cuomo directed the New York Power Authority (NYPA) and the New York State Energy Research and Development Authority to implement a program to increase the construction and use of anaerobic digesters, which turn waste products into energy that can be used by the farmers. This not only allows farmers to more easily manage the large amount of waste produced by cows, but also save money on energy costs. The digesters produce electricity onsite, offsetting a farm's electricity purchases.

## Promoting the Tourism Industry

Tourism is the fifth largest employment sector in New York, supporting 714,000 jobs and generating more than \$29 billion in wages in 2012. One out of every 12 jobs in New York is tourism-related. The more than 202 million international and domestic visitors that visited the Empire State last year brought in \$57 billion in direct tourism spending, and generated \$7 billion in state and local taxes.

To support and increase tourism in our state, Governor Cuomo launched New York's largest campaign in decades, committing nearly \$60 million to the industry.



The Governor's first New York State Tourism Summit, held last May, resulted in a series of new initiatives designed to create jobs and attract even more visitors to the Empire State. Among the initiatives:

- New I LOVE NY marketing campaign with the Port Authority and MTA to promote upstate New York tourism destinations: The MTA and Port Authority will provide \$2 million dollars of advertising space on subways, bus and commuter rail systems and at airport arrival points and kiosks to promote upstate tourism.
- NYS Sports and Special Events Commission: The state will create a Sports and Special Events Commission charged with recruiting sporting and other special events to venues across the state – and competing for part of the \$600 billion global sports tourism industry.
- New Welcome Centers at Border and Interstate Crossings: The centers will serve as hubs of information about the state's tourism assets and attractions.
- International Tourism Campaign -- From Asia to South America: The campaign --- I LOVE NY ASIA / I LOVE NY SOUTH AMERICA – will invite people overseas to the Empire State and also include New York representatives in emerging markets such as China and Brazil.
- I LOVE NY LGBT: A niche initiative to market NYS New York State to the LGBT community, which accounts for approximately \$70 billion in tourism spending in the U.S. every year.

As part of the Governor's tourism agenda, New York will host the Adirondack Challenge, a national rafting and paddling competition scheduled for July 21 that will showcase the state's unparalleled natural beauty and recreational opportunities and attract visitors to Upstate upstate New York.

## Market NY & Taste NY

To encourage the growth of New York State goods and products and to support tourism, Governor Cuomo has begun the Market NY & Taste NY programs. The programs, which will partner with the PGA for its August championship in Rochester, also made it possible for small, local distilleries and spirits producers to showcase their products at this year's Manhattan Cocktail Classic.

## Strengthening Our Film and Television Industry

New York State continued its commitment to making our state the leader in the film and television industry by enacting a five-year extension of the Film Tax Credit program at \$420 million per year and enhancing efforts to promote upstate production. The state issued \$220 million in tax credits toward motion picture, television series and television pilot production in New York, resulting in \$1.06 billion of film and TV industry spending in the state – a return of almost five dollars of private investment for every dollar of public investment.

The expansion of the Post Production Tax Credit program in 2012 has led to a record number of applications for the post-production program in 2013.

## Increasing MWBE Opportunities

With the Governor's leadership, the state has achieved great strides and plans to continue to increase equal opportunity in contracting for Minority and Women-owned Business Enterprises (MWBE). MWBE statewide participation increased to over 17 percent as of December 2012, with several agencies reaching 20 percent for the first time.

The Governor established an MWBE Team to explore ways to expand MWBE participation in state contracting. The team included elected officials, academics and members of the administration. They worked tirelessly to develop initiatives to provide greater and easier access to contract opportunities, end the cumbersome certification process and increase access to financial support.

The state launched the new State Contract System in October 2012. During its first six months, the system quickly became the preeminent vehicle to provide transparency and compliance to effectively monitor agency spending with MWBEs. By streamlining certification procedures, the Division of Minority and Women's Business Development increased the pool of certified MWBEs, with 2,227 firms added since January 1, 2011, and eliminated an application backlog.

During this last year, the state increased MWBE economic growth by providing a consistent and comprehensive network of opportunities. Small business and MWBE contractors leveraged over \$40 million in surety bonding capacity as a result of training, credit facilitation and surety bond collateral support.

The state continues the partnership with the Office of the Inspector General to stamp out instances of fraud among firms willfully claiming MWBE status and providing other fraudulent information to the state.

## Business Development Marketing Campaign

To demonstrate that New York is once again a powerful partner with the private sector, the state launched an extensive advertising campaign designed to market the many benefits of doing business in New York. The marketing campaign and accompanying website -- targeted at corporate leaders around the state and nation looking to expand, start or relocate their businesses -- spread the word about New York's new business friendly attitude. As part of the Governor's Buffalo Billion initiative, the campaign included targeted television and print ads focusing on the Buffalo area, featuring Warren Buffett, the Geico Gecko and leading names from the state's second largest city.

## Supporting Economic Development through Transportation



### The New NY Bridge to Replace the Tappan Zee

The existing Governor Malcolm Wilson Tappan Zee Bridge toll bridge opened to traffic in 1955 and is a vital artery for residents, commuters, travelers and commercial traffic. Designed to carry up to 100,000 vehicles each day, daily bridge traffic has grown to about 138,000 vehicles. In recent years, hundreds of millions of dollars have been spent to maintain the structure. Heavy traffic and lack of emergency shoulders can create unsafe driving conditions on the bridge and lead to frequent congestion and frustration for motorists.

Plans for a new bridge to replace the Tappan Zee were first discussed in 1999 and, over the next 11 years, \$88 million in taxpayer dollars was spent, 430 meetings were held, 150 concepts were considered – but the project did not move forward.

After more than a decade of delay, a New NY Bridge to replace the Tappan Zee is becoming a reality. The first span of the new twin-span bridge is scheduled to open in 2016, and the new bridge should be complete in 2018. The new bridge will be designed and constructed to last 100 years without major structural maintenance.

The New NY Bridge will mean less congestion for motorists, with eight traffic lanes, four breakdown/emergency lanes and state-of-the-art traffic monitoring systems, as well as a dedicated commuter bus lane from the day it opens. Designed and constructed to be mass-transit-ready, the new crossing will be able to accommodate bus rapid transit, light rail or commuter rail. The bridge will also include a bike and pedestrian path.

Under Governor Andrew Cuomo's leadership and with the support of President Barack Obama and the federal government, the project has moved from dysfunction to pre-construction. Since October 2011, new design-build legislation was enacted, concurrent environmental review and procurement processes were completed, a project labor agreement was negotiated with construction unions and pre-construction activities commenced – all with an unprecedented level of transparency and community involvement.

Extensive measures will be in place throughout the duration of the project to protect the environment and to monitor the impact of construction on surrounding communities. Many of these measures were stipulated in the Final Environmental Impact Statement and in the permits for the project – such as installation of noise barriers, seasonal limits on dredging to avoid peak fish migration and spawning periods and the use of sound attenuation systems to safeguard fish from acoustic effects of pile driving. The project team worked closely with a wide range of individuals and organizations, including environmental groups Riverkeeper and Scenic Hudson. The state has also followed through on its promise to consider mitigation measures beyond what is outlined in the FEIS, and, for example, is installing additional environmental monitoring devices in communities immediately adjacent to the project.

A community benefits program supported by both the state and the contractor will help mitigate the impact of the project on adjacent communities and support projects that will have a positive impact on the quality of life in the area.

The total cost of the New NY Bridge, including management and administrative costs, is \$3.9 billion, approximately \$1.5 billion less than early predictions and hundreds of millions less than forecasts based on the project's design and construction specifications. The design-build contract for the bridge will help keep the project on-budget and on-time, because the financial risk associated with most cost overruns or schedule delays lies with the contractor, rather than toll payers or taxpayers.

The New NY Bridge project is the largest transportation design-build project to date in the United States and one of the largest construction contracts in New York State history. Under the design-build process, engineering and construction firms join forces to compete for a single contract that covers both design and construction, and bids are selected based on the best value offered.

To help fund the bridge construction, a Transportation Infrastructure Finance and Innovation Act loan for the project has been moving through the U.S. Department of Transportation loan process. The federal government is expected to provide a loan equal to 33 percent of eligible project costs, currently estimated near \$1.5 billion. This financing will allow for sensible toll rates on the New NY Bridge crossing.

The bridge is being designed and built by Tappan Zee Constructors (TZC), a consortium of some of the world's best-known and most highly-regarded design, engineering and construction firms, including Fluor, American Bridge, Granite, and Traylor Bros., along with key design firms HDR, Buckland & Taylor, URS, and GZA. TZC is working closely on the project with a team of employees from the New York State Thruway Authority and NYSDOT.

## A Safe, Reliable Transportation System

The 2013-14 budget provides the first year of appropriations for a new two-year transportation program that will provide \$7.1 billion in transportation capital investments in 2013-14 and 2014-15.

Highlights of the 2013-14 transportation capital program include:

- \$155 million for a new project acceleration initiative that will advance projects from future years into 2013-14, for a total highway construction program of \$1.9 billion for the year.
- \$75 million of increased funding for the Consolidated Local Street and Highway Improvement Program local road program, for a total program of \$438 million for the year.
- A \$10 million increase for aviation facilities, for a total aviation program of \$14 million for the year.
- A \$10 million increase for freight rail facilities, for a total rail capital program of \$20 million for the year.
- \$5 million in new funding for downstate suburban and upstate transit systems, for a total program of \$21 million for the year.

Several major transportation capital projects are moving forward this year. They include:

- The replacement of the Sprain Brook Parkway bridges over Route 119, which was awarded based on a Best Value evaluation.
- The replacement of the decks on the Twin Bridges (Thaddeus Kosciuszko Bridge) carrying the Northway (I-87) over the Mohawk River between Albany and Saratoga counties, which is substantially complete.
- The first phase of the replacement of the 74-year-old Kosciuszko Bridge on the Brooklyn-Queens Expressway (the largest single investment made by the NY Works program), which is being advanced using the design-build delivery method to expedite project delivery.
- The moving forward of the design-build procurement for construction of a new intermodal station in Rochester, replacing its 37-year old temporary station by NYSDOT, in partnership with Amtrak and City of Rochester.

Two other projects of note that are being implemented by the Port Authority of New York and New Jersey and tracked under the Statewide Capital Plan are the Goethals Bridge Modernization Program (GBMP) and the Bayonne Bridge Navigational Clearance Program. The GBMP will advance the implementation and delivery of the replacement of the Goethals Bridge, which is a crucial asset to the region's productivity. As part of its capital planning process, the Port Authority made a determination to pursue a Public-Private Partnership (P3) in connection with the replacement of the Goethals Bridge – the first P3 implemented in New York State. The Bayonne Bridge project represents the first time in agency history that engineers will construct a bridge roadway deck above the existing roadway while traffic continues to flow on the deck below. The contract on the project was recently let by the Port Authority.



## Investing in the Mass Transit System

This year, Governor Cuomo continued his strong support for the state's mass transit systems to help maintain services and protect straphangers; the 2013-14 Budget provided more than \$4.7 billion to support operations of public transportation systems across New York State. This is an increase of \$434 million, or 10.1 percent, statewide. This aid program reflects the importance of the services provided by transit systems to an annual ridership of more than 2.8 billion passengers.

Of this amount, the MTA, which was particularly hard-hit by the effects of Hurricane Sandy, will receive over \$4.2 billion in operating assistance, an increase of more than \$410 million over 2012-13. The 2013-14 budget sought to help support the MTA by reimbursing the \$3.9 million associated with the suspension of tolls across the Rockaway bridges during Hurricane Sandy. These dollars will help to maintain services and reduce the pressure on fares and tolls.

The state's contribution to the MTA's capital program is fully funded using existing appropriation authority. These funds will create jobs and improve the MTA's core infrastructure. The MTA also received approval for an amendment to the 2010-14 MTA Capital Plan that added projects totaling \$4.755 billion for the repair and restoration of MTA assets damaged as a result of Sandy.

This year, the Governor also announced the allocation of \$21 million to support non-MTA downstate suburban and upstate public transportation capital investments – allowing for critical infrastructure investments to be made by local transit systems throughout the state. Of this amount, \$16 million was allocated in grants, plus another \$5 million in additional New York Works funding.

## IV. Fighting Corruption in Government

Government can only function if it has the trust of its people and recent incidents of public corruption in our state undercut that trust. Over the course of the Legislative Session, the Governor has introduced a comprehensive package of reforms to address public corruption in Albany. These initiatives include campaign finance reform, election reform, and improvements to the criminal law to facilitate state prosecutions of corrupt public officials.

The Governor made it clear that if the Legislature failed to pass a legislative package addressing public corruption by the end of session, he would use his authority under the Executive Law to create a commission that would investigate corruption in government and propose reforms to address weaknesses in such areas as elections, campaign finance, and the abuse of public office or public funds for personal gain.

## V. Reforming Our Schools

In order to continue his efforts to fundamentally transform our state education system, Governor Cuomo convened the New NY Education Reform Commission in April 2012. He charged the blue-ribbon panel with examining New York's educational system and with recommending ways to improve it through a focus on student performance and school accountability. The Commission's stated objectives include: finding ways to enhance teacher recruitment and evaluation; improving student achievement; boosting family engagement; addressing the needs of high-need and low-income communities across the state; and determining the best uses of technology in classrooms.



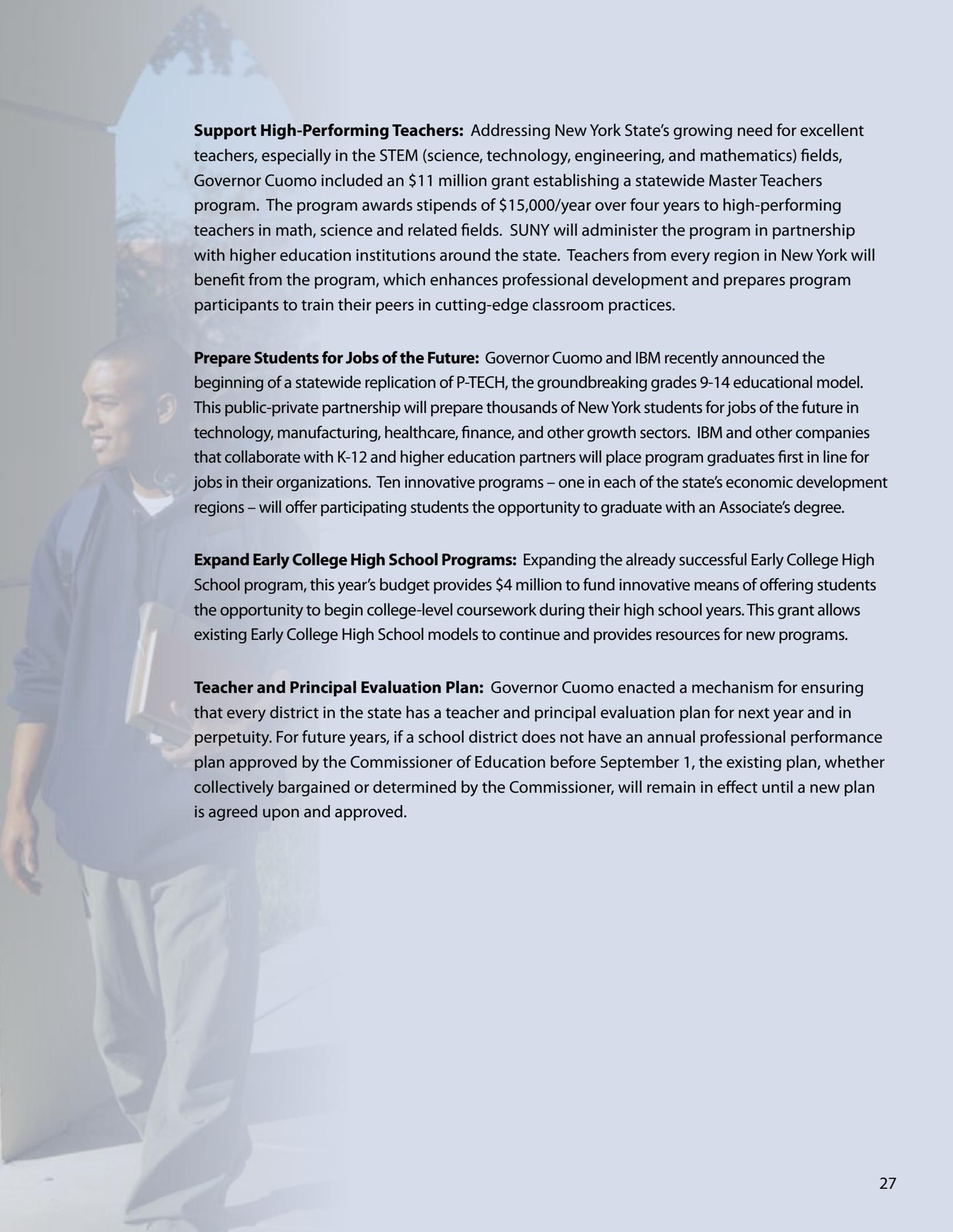
In January 2013, the Commission submitted its preliminary action plan, which enumerated recommendations for strengthening New York's educational system. Governor Cuomo incorporated the Commission's recommendations into his State of the State and Executive Budget, including:

### **Expand Full-Day Pre-Kindergarten:**

The budget allots \$25 million in competitive grant funds to school districts across the state to establish new full-day pre-kindergarten placements and to convert existing half-day slots into full-day ones. The competitive grant sponsors programs that adopt quality indicators and offer instruction consistent with the state's common core standards. The pre-kindergarten competitive grant targets high-need school districts and students.

**Increase Learning Time:** The budget also includes \$20 million for an expanded learning time initiative that supports school districts seeking to expand the school day and/or year. Entities applying for this grant will increase student learning time by at least 25 percent. The expanded learning time initiative favors applications that would target students in grades 6-8, the crucial middle school years when additional support is needed as students prepare for the rigors of high school.

**Create Community Schools:** The budget allocates \$15 million for a competitive grant program that bolsters innovative programs designed to transform school buildings into community hubs, known as community schools. Community schools unite strong core academics with health, mental health, nutrition, counseling, legal, and other critical services to support students and their families. Acknowledging the value of existing programs and service providers, the grant application will require applicants to demonstrate alignment with current investments, programs, services and partnerships.



**Support High-Performing Teachers:** Addressing New York State’s growing need for excellent teachers, especially in the STEM (science, technology, engineering, and mathematics) fields, Governor Cuomo included an \$11 million grant establishing a statewide Master Teachers program. The program awards stipends of \$15,000/year over four years to high-performing teachers in math, science and related fields. SUNY will administer the program in partnership with higher education institutions around the state. Teachers from every region in New York will benefit from the program, which enhances professional development and prepares program participants to train their peers in cutting-edge classroom practices.

**Prepare Students for Jobs of the Future:** Governor Cuomo and IBM recently announced the beginning of a statewide replication of P-TECH, the groundbreaking grades 9-14 educational model. This public-private partnership will prepare thousands of New York students for jobs of the future in technology, manufacturing, healthcare, finance, and other growth sectors. IBM and other companies that collaborate with K-12 and higher education partners will place program graduates first in line for jobs in their organizations. Ten innovative programs – one in each of the state’s economic development regions – will offer participating students the opportunity to graduate with an Associate’s degree.

**Expand Early College High School Programs:** Expanding the already successful Early College High School program, this year’s budget provides \$4 million to fund innovative means of offering students the opportunity to begin college-level coursework during their high school years. This grant allows existing Early College High School models to continue and provides resources for new programs.

**Teacher and Principal Evaluation Plan:** Governor Cuomo enacted a mechanism for ensuring that every district in the state has a teacher and principal evaluation plan for next year and in perpetuity. For future years, if a school district does not have an annual professional performance plan approved by the Commissioner of Education before September 1, the existing plan, whether collectively bargained or determined by the Commissioner, will remain in effect until a new plan is agreed upon and approved.

## VI. Making New York Safer

Governor Cuomo promoted a series of legislative and regulatory changes to make our state safer and reduce violence against our citizens.



### Working to Reduce Gun Violence

Under Governor Cuomo's leadership, New York passed and is implementing the SAFE Act, one of the toughest and most comprehensive gun control measures in the nation. The SAFE Act stops criminals and the dangerously mentally ill from buying a gun by requiring universal background checks on gun purchases, increasing penalties for people who use illegal guns, mandating life in prison without parole for anyone who murders a first responder, and imposing the toughest assault weapons ban in the country.

To further combat gun violence, the administration implemented a series of innovative crime-reduction strategies that have yielded significant reductions in gun violence over a short period of time. One of these strategies, which targets individual offenders, launched in Albany, Brownsville, Mott Haven, Harlem, and Schenectady, and another strategy, which targets groups of violent offenders, launched in Syracuse.

### Combatting Cyber Threats

As Internet activity continues to explode, so do the threats of cyber-attacks on individuals, governments and corporations. Recent attacks are evidence that our virtual world needs to be secure. The Governor's Cyber Security Advisory Board was created to protect against these cyber threats. The Board, which is made up of some of the world's leading experts in cyber security, will advise the administration on developments in cyber security and make recommendations for protecting the state's critical infrastructure and information systems.

To further coordinate our efforts against threats to our physical and cyber infrastructure, New York has created a new, first-of-its-kind combined physical and cyber infrastructure security operations center. The center will house security intelligence experts from a variety of federal, state and local agencies, including the Division of Military and Naval Affairs, New York State Police, New York State Division of Homeland Security and Emergency Services, allowing them to share intelligence information in real time and provide enhanced protection to our citizens.

### Strengthening the State Police

On May 26, 2013, the State Police Academy graduated its second class under Governor Cuomo's administration. The new class adds 192 new members to the ranks of the state police, boosting the number of troopers on the roads and enhancing public safety.

### New York's All Crimes DNA Program at Work

In 2012, Governor Cuomo led a successful effort to expand New York's DNA databank and it has already proven to be a great success. New York became the first state in the nation to require DNA samples from anyone convicted of a felony or Penal Law misdemeanor. As of April 2013, a total of 13,700 submissions have come from the 2012 DNA Database expansion, accounting for 33 percent of total DNA submissions in the state. Through April 2013, there have been 160 hits from the expanded part of the database. Of these 160 hits, 41 percent were against physical evidence



collected in connection with burglary investigations, 28 percent in connection with sexual assault investigations and 6 percent in connection with homicides. This expansion will help prevent and solve crimes, bring justice to victims and prove the innocence of those wrongly accused or convicted. Above all, it will make our neighborhoods safer for all New Yorkers.

## **Improving Our Juvenile Justice System**

Under Governor Cuomo's leadership, the number of young people involved in the state's juvenile justice system declined dramatically for the second consecutive year. The data show fewer juveniles were placed in detention last year -- a continuation of the significant decline in juvenile arrests that began in 2011 -- and a greater number of youths were diverted from family courts by local probation departments.

Under the Governor's Close to Home initiative, New York City youth requiring a non-secure placement are being served in local settings administered by New York City. These youth are no longer sent to state youth facilities that are often long distances from their home communities.

In addition, the Governor has established eight Regional Youth Justice Teams to further the goals of the state's strategic plan for juvenile justice reform. This is in an effort to continue the trend of keeping young people out of detention centers in order to prevent future crime and ensure better futures for all of our young people.

## **Protecting the Victims of Domestic Violence**

As a result of the Domestic Violence Omnibus Act of 2012, which took effect in April, Governor Cuomo created a state-level Fatality Review Team to improve how the state responds to domestic violence-related deaths and prevent future deaths. This initiative will analyze deaths, identify trends, and determine opportunities for improvement in preventing deaths.

## **Helping Victims of Crimes**

The Office of Victim Services approved 16,709 compensation claims and, as payer of last resort, disbursed over \$28 million (fiscal year 2012-13) to victims of crime, their family members and treatment providers. The money dispersed came from surcharges and fees assessed on convicted offenders.

## **Protecting New Yorkers from DWI**

At Governor Cuomo's direction, the DMV promulgated new regulations in September 2012 to keep drivers with a history of repeat alcohol or drug-related driving convictions off the road. The new regulations give New Yorkers some of the toughest protections in the nation against drivers who persistently drive under the influence of alcohol or drugs. Since the implementation of the new Driving While Intoxicated (DWI) regulations, the DMV has reviewed over 4,000 applications for re-licensing from individuals who have more than two alcohol/drug related driving offenses on their record. Of that number, over 3,300 were denied re-licensing, either permanently or for an additional five years. Nearly 750 more drivers have been approved for re-licensing, but with an ignition interlock and a restricted license to limit their driving to commutes to and from their workplaces and other necessary travel. In the past, many of these drivers would have been eligible to receive full, unrestricted licenses after a relatively brief period of time.

In addition, on February 13, 2013, another regulation went into effect that ensures that there is an immediate revocation of license for drivers who are multiple alcohol/drug offenders and are convicted of a five-point violation.

## Combating Distracted Driving

On May 31, 2013, Governor Cuomo announced actions to strengthen penalties for cell phone use and texting-while-driving to protect New Yorkers on the road. He directed the DMV to increase the number of points earned against an individual's driving record upon conviction for texting-while-driving and cell phone-related infractions from the current three points to five points. The Governor also proposed legislation, which the Legislature enacted, to impose increased penalties on drivers with probationary and junior licenses for improper cell phone use and texting-while-driving. The new law includes 60-day suspensions for first convictions and revocations of 60 days (for junior licenses) or 6 months (for probationary licenses) for subsequent convictions within 6 months of the time a license is restored after suspension.



## Court of Appeals Appointments

In 2013, Governor Cuomo made two appointments to New York's highest court, the Court of Appeals, including appointing the first African-American woman to serve on the Court. In January, Governor Cuomo appointed Jenny Rivera to the Court of Appeals, following the retirement of Judge Carmen Ciparick. She was confirmed on February 11. Prior to joining the bench, Judge Rivera, a longtime Bronx resident and New York native, was a law professor at City University of New York (CUNY) School of Law. She had previously served as a law clerk to the Honorable Sonia Sotomayor at the U.S. District Court for the Southern District of New York, and as a Commissioner of the New York City Commission on Human Rights.

In April, Governor Cuomo appointed Judge Sheila Abdus-Salaam to fill the vacancy left by the passing of Judge Theodore Jones. Judge Abdus-Salaam, who is the first African-American woman to serve on the Court, was confirmed on May 6. Prior to joining the Court of Appeals, Judge Abdus-Salaam served as an Associate Justice of the Appellate Division, First Department for four years. She was elected Justice of the Supreme Court of the State of New York in November 1993 and re-elected in November 2007. From January 1992 to December 1993, she served as Judge on the Civil Court of the City of New York.

## VII. Strengthening Our World Class Healthcare System

### Providing Affordable Health Care for New Yorkers

In April 2012, Governor Cuomo issued Executive Order No. 42 establishing the New York Health Benefit Exchange within the Department of Health. In the 14 months since the Order was issued, the Department has taken all the steps necessary to open the doors for enrollment on October 1, 2013, making affordable, comprehensive coverage available to over 1.1 million New Yorkers at full implementation. In the upcoming months, the Department will select both the health plans that will participate in the Exchange and the organizations that will provide navigator, or in-person assistance, to consumers and small businesses.

## Preventing Disease

New York State's Health Improvement Plan was launched on April 3, 2013 as a blueprint for local community action to improve health and address health disparities. The plan is a unique collaboration of more than 140 organizations. The Department of Health is developing and will soon execute a Robert Wood Johnson Foundation grant-funded statewide promotional/outreach campaign. The Prevention Agenda's five priority areas are:

- Preventing Chronic Disease
- Promoting Healthy and Safe Environments
- Promoting Healthy Women, Infants and Children
- Promoting Mental Health and Prevent Substance Abuse
- Preventing Human Immunodeficiency Virus, Sexually Transmitted Diseases, Vaccine Preventable Diseases, and Healthcare-Associated Infection

## Saving Lives through Better Patient Care

In January, the Governor announced sepsis and pediatric care regulations known as "Rory's Regulations." These regulations set a gold standard for patient care in New York State. These first-in-the-country reforms are expected to save between 5,000 and 8,000 lives each year. The regulations require all hospitals to adopt best practices for the early identification and treatment of sepsis. They are also designed to ensure that the unique needs of pediatric patients are respected by requiring hospitals to communicate critical test results in plain language to parents before a child is discharged from the hospital.

## Fighting Prescription Drug Abuse

On August 27, 2012, Governor Cuomo signed legislation to help the state crack down on prescription drug abuse. The new law contains a series of provisions to overhaul the way prescription drugs are distributed and tracked in New York, including a "real time" prescription registry to provide health practitioners and pharmacists with timely and enhanced information.

The state's Prescription Monitoring Program is being updated and expanded to provide better information-sharing among practitioners, pharmacists, local health departments and law enforcement agencies. On August 27, 2013, all practitioners will be required to use the Prescription Monitoring Program to view a patient's controlled substance history before prescribing a Schedule II, III or IV controlled substance.

As of February 2013, the drug hydrocodone – which has been the most prescribed controlled substance in New York over the past five years (more than 4 million prescriptions dispensed) – was placed on Schedule II, preventing automatic refills after the initial prescription. This change will enhance the security of a drug that has proven prone to abuse.

Under the new law, New York will also be the first state to require that all prescriptions for controlled substances be transmitted electronically. This provision will take effect by December 31, 2014.

## Making Data Available for Better Health

New York State has become a national leader in making health information available to the public. In recognition of its efforts, the state was awarded the first annual Data Liberation Award, presented by the national Health Data Consortium. The award recognizes New York's "outstanding accomplishments in making health data publicly available and facilitating the data's use in apps, tools, and services that bring the data to life in meaningful and innovative ways."



## **XIII. Protecting People with Special Needs**

### **Implementation of the Justice Center**

Last year, Governor Cuomo led the fight to create the Justice Center for the Protection of People with Special Needs and to adopt the strongest set of standards and practices in the nation for protecting people with special needs.

The Justice Center will have a Special Prosecutor and Inspector General, who will investigate reports of abuse and neglect and prosecute criminal wrongdoing. It will also operate a 24/7 hotline staffed by trained professionals and maintain a statewide database of workers who have committed serious acts of abuse, to prevent these people from ever working with New Yorkers with special needs and disabilities.

Governor Cuomo's reforms replaced confusing and inconsistent definitions of abuse and neglect in various laws and regulations with a single, consistent standard. The reforms also created a new level of transparency for non-state operated facilities and programs that are licensed or certified by the state to serve people with disabilities and special needs. The Justice Center will work with these private facilities and programs to ensure that they respond to information requests regarding abuse or neglect with the same level of transparency public agencies must exhibit. Finally, the Governor's reforms increased the criminal penalties for endangering the welfare of people with disabilities and special needs.

The state is in the final stages of developing the required infrastructure, IT systems, policies, procedures and regulations to support the Justice Center's operation. The Center will open on June 30, 2013.

### **Increasing the Number of Individuals in Integrated Settings**

The number of individuals served in institutional settings supported by the New York State Office for People with Developmental Disabilities (OPWDD) dropped below 1,000. The U.S. Supreme Court's Olmstead decision requires states to provide services "in the most integrated setting appropriate to the needs of qualified individuals with disabilities." OPWDD's focus on ensuring that individuals live in the most integrated setting possible continues a long-term shift away from institutional models of care.

## **IX. Assisting New Yorkers in Need**

### **Providing Stable Housing for Vulnerable New Yorkers**

Supportive housing is the combination of housing and supportive services designed to help individuals and families, including the formerly homeless, to live more stable, healthy and productive lives. Studies have demonstrated that supportive housing is a cost-effective method for helping people who face multiple and complex challenges to move toward greater self-determination and economic sufficiency. These projects do a variety of important things, ranging from providing safe housing for domestic violence victims, to transitioning formerly homeless veterans with substance abuse issues to independent housing, to saving localities money by avoiding emergency housing placements in hotels and motels and other, more expensive institutional settings and reducing incidences of hospitalization and the associated costs.

New York State has more supportive housing units, over 46,000, than any other state in the country. To date, the Governor's Medicaid Redesign Team's housing initiative has resulted in a total of \$161 million in state funding being allocated to a range of supportive housing

programs over the last two years. Much of this money is being used to fund new, innovative pilot programs that will provide supportive housing for high-cost Medicaid recipients who would otherwise be in nursing homes, temporary shelters, psychiatric centers or other more expensive and less appropriate settings. In the first year, nearly 5,000 households received housing assistance as a result of this initiative. In addition, the state's Homeless Housing Assistance Program, which provides capital grants for the development of supportive housing across New York, completed 642 new units of supportive housing over the past year and awarded grants for the development of 581 more units. All of these supportive housing units transform lives, strengthen neighborhoods and communities and conserve public dollars.

## Helping Alleviate Hunger

In the past year, the state has pursued a variety of strategies to alleviate hunger in households throughout New York. In May, 63,000 more households and 100,000 more people were receiving SNAP benefits, formerly known as Food Stamps, than were receiving them a year earlier.

New York State has one of the largest SNAP outreach campaigns in the nation. At the core of this outreach are ten projects, operated under contract with non-profit community organizations that target outreach efforts at diverse groups, including older adults, low-wage workers, families with young children, the recently unemployed and immigrants. The goals of SNAP outreach are to help people make informed decisions about whether to apply for assistance and to increase participation by eligible individuals and families. Under the leadership of Governor Cuomo, the stigmatizing requirement of being finger imaged as a condition of eligibility for SNAP nutrition assistance was lifted; at the same time, other measures were put in place to prevent fraud and maintain the integrity of the program. The state also works with community-based partners to conduct intensive community outreach to enroll eligible individuals and families in SNAP and provide them with information about making food choices to maximize the nutritional value of their food budgets. In addition, the state launched the SNAP Awareness Campaign -- a collaboration between government, business and community-based organizations to increase enrollment among eligible New Yorkers, particularly households with children and older adults, in areas of the state where the SNAP enrollment rate is low.

## Building *FreshConnect* Farmers Market Initiative to Better Serve Communities and Farmers

Now in its third year, Governor Cuomo's *FreshConnect* Program continues to provide access to fresh, locally grown farm products by bringing traditional farmers markets to communities that lack access to these products. Building on this core, this season,



FreshConnect is supporting comprehensive youth market programs, fresh food box delivery projects and mini-grant capital projects to improve existing farmers markets in neighborhoods that have limited access to fresh farm products. In addition, the *FreshConnect* Checks Program is continuing to encourage SNAP participants to shop for healthy foods at their local farmers markets by providing a 40 percent increase in buying power for SNAP recipients who use their benefits at *FreshConnect* farmers markets.

## X. Providing Affordable Housing for New Yorkers

Governor Cuomo will invest \$1 billion of resources over five years for the new House New York program to preserve and create nearly 14,300 affordable housing units across the state, including the preservation of 8,600 Mitchell-Lama units. House New York, which represents the largest investment in affordable housing in at the state in at least 15 years, exemplifies the Governor's commitment to affordable housing. It also generates significant economic benefits for the state, including creating jobs during construction and stabilizing distressed neighborhoods.

The program includes:

- Acquisition and revitalization of 44 Mitchell Lama affordable housing projects that suffer from significant physical deterioration (\$706 million) from ESD. At the Governor's directive, New York State Homes and Community Renewal is working to administer, rehabilitate, and maintain this aging portfolio. This effort includes 35 developments, which will be refinanced to allow for rehab and which are expected to remain affordable for 40 more years.
- Creation and preservation of over 5,700 affordable housing units through various housing and community development programs (\$231 million). These programs include the new Rural and Urban Communities Investment Fund Program, which supports mixed use affordable housing development that may include commercial, retail or community facilities in both urban and rural communities throughout New York State. The state is also increasing the investment in the Low Income Housing Trust Fund Program and the Office of Temporary and Disability Assistance's Homeless Housing Assistance Program (HHAP).

### Protecting New York's Tenants

In 2012, Governor Cuomo created the New York State Homes and Community Renewal's (HCR) Tenant Protection Unit (TPU), after the historic strengthening of the state's rent laws in 2011. The Unit is actively enforcing these laws and getting results. One of its major initiatives has been conducting a random audit of building owners who, in the last four years, have failed to register rental properties as required by law. The TPU has also audited owners and required them to produce proof of building improvements that have been the basis for increases in rent, and that were used in the past to move units out of regulation. For the first time ever, the TPU sent subpoenas to owners who failed to comply with its requests for proof. As a result of these actions, more than 20,000 new apartments in nearly 2,000 buildings have been added to the rent-stabilization rolls.

In addition to auditing owners to review improvements, HCR issued new comprehensive regulations that will govern the new rent laws. These important changes clarify how apartment improvements are calculated and verified, raise the deregulation rent threshold, raise the income threshold and limit vacancy bonuses to only one bonus per year, reducing the sort of lease manipulation by landlords that had previously pushed units out of the system.

## XI. Building the Energy Infrastructure and Utility System of the Future

### Reforming the Long Island Power Authority

Following the failure by the Long Island Power Authority (LIPA) to restore power on a timely basis to its customers in the aftermath of Superstorm Sandy, Governor Cuomo vowed to make the utility more accountable to its customers by freezing rates and privatizing its operations. During the 2013 Legislative Session, Governor Cuomo secured a landmark agreement to shift nearly all of its operations to Public Service Electric and Gas, i.e., PSEG, and subject its operations to the oversight of the Department of Public Service. The legislation: eliminates the gross receipts tax, saving ratepayers \$26 million per year; caps property tax increases on the utility's assets; and securitizes a portion of its debts to lower financing costs.

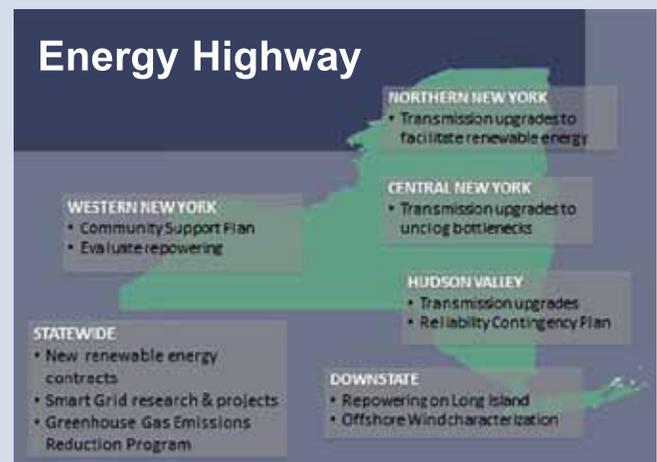
### Strengthening Utility Oversight

In the aftermath of Superstorm Sandy, Governor Cuomo secured much-needed reforms in the oversight and enforcement mechanisms of the Public Service Commission (PSC) to ensure that major electric and gas utility companies are held accountable and responsive to regulators and customers. The reforms were based on recommendations of the Moreland Commission, which the Governor established to investigate the utilities' failures in preparing and responding to the storm. These reforms, which were implemented through the budget, include: tougher penalties for violations, and removal of the requirement that the PSC bring penalty cases to court; aggressive oversight by the PSC, which will now be able to undertake a more comprehensive review of utility planning and performance; requiring utilities to undertake more robust emergency preparedness planning and oversight; and stronger accountability, including allowing the PSC to be able to take whatever measures necessary, including revoking certificates and requiring utilities to divest assets, to ensure that utilities are continually able to provide safe and adequate service.

### Energy Highway

Governor Cuomo created the Energy Highway Initiative to upgrade and modernize energy infrastructure, to reduce transmission bottlenecks in New York and to help bring upstate renewable resources to downstate markets. These comprehensive efforts, which are well under way, will provide as much as 3,200 megawatts of new electric generation, including renewable power, and additional transmission capacity. Among the initiative's accomplishments this year:

- The New York State Public Service Commission in April took actions designed to: ease transmission congestion; plan for possible major power plant retirements to maintain a reliable power grid; and expand natural gas utility service to homeowners and businesses in New York to lower energy costs.
- The NYPA Board of Trustees approved a Life Extension and Modernization program for the NYPA's decades-old transmission system in Western, Central and Northern New York.



## Tapping Energy for Economic Development

### ReCharge NY

The ReCharge NY (RNY) program, which the Governor created and the legislature passed in 2011, has exceeded expectations. Recharge New York has proven to be one of the state's most effective economic development tools. So far in 2013, there have been 23 allocations of RNY power, totaling 14 megawatts, to 20 businesses and not-for-profit facilities throughout the state for almost 3,000 job commitments. Since RNY began, 754 allocations have been made to 698 business and not-for-profit customers for almost 390,000 job commitments.

### Western New York Power Proceeds Allocation Board

In May, the Western New York Power Proceeds Allocation Board, appointed by the Governor, made its first recommendations for funding from the Western New York Economic Development Fund, currently valued at approximately \$23 million. The fund was created by a statute signed by the Governor last year, using revenues from unutilized hydropower generated at NYPA's Niagara Power Project. Specifically, the Board voted to recommend \$6 million in funding to two Western New York businesses to support approximately 150 jobs and capital expansion plans for their manufacturing operations. Another award was granted to a not-for-profit that will assist innovative startup companies in transforming technologies and ideas into commercial successes.

### Alcoa

Earlier this year, Alcoa, a leading producer and miner in the aluminum industry, which has facilities in St. Lawrence County and is the largest private sector employer in the North Country, made the final decision to move forward with the next phase of modernizing its Massena operations. The upgrade was called for under a contract with NYPA for the continued supply of low-cost hydropower from its St. Lawrence-Franklin D. Roosevelt Power Project as part of a long-term agreement to protect a minimum of 900 jobs at the aluminum production facilities. In addition to protecting hundreds of jobs, Alcoa will also provide an additional \$10 million toward a North Country Economic Development Fund.

### Iconic Niagara Falls Tourist Destination Saved

Governor Cuomo secured the future of the iconic Maid of the Mist scenic boat excursions at Niagara Falls for decades into the future, preserving a critical element of the region's tourism industry. The Maid of the Mist, which was in jeopardy of shutting down after losing its winter storage site in Canada, will now utilize land owned by NYPA. The agreement, spearheaded by the Governor, provides for the Maid of the Mist to continue to operate in the Niagara Gorge and produce increased revenues for Niagara Falls State Park. Earlier this year, NYPA completed the environmental and historic reviews. Construction is underway and expected to be completed by next year.

## **XII. Protecting NY's Environment and Securing a Clean Energy Future**

New York has a long history of protecting the environment and supporting clean energy, and the state is renowned as a leader in the effort to combat climate change. In that tradition, Governor Cuomo has begun a series of innovative clean energy and environmental initiatives that will preserve New York's vast natural resources, increase energy conservation, create jobs and reduce the state's carbon footprint. In fact, a recent report by the U.S. Department of Energy ranked New York fifth in the nation for the amount of installed renewable energy capacity providing electricity to the state. New York was the only state east of the Mississippi named in the top five, and the only Northeast state in the top ten.

### **New York's Energy Czar and the Green Bank**

In his 2013 State of the State address, the Governor created a cabinet-level position in his administration, the Chairman of Energy Policy and Finance, who is charged with creating a \$1 billion Green Bank that will coordinate the state's existing clean energy finance programs by leveraging private sector financial support to transform the clean energy marketplace.

## **Renewable Energy Investments and Efforts**

### **NY-Sun Initiative**

Governor Cuomo launched the NY-Sun program to quadruple by 2013 the amount of customer-sited solar power installed annually in New York. Since its launch, a total of 242 megawatts of solar photovoltaic capacity has been installed or is under development, more than was installed in the entire prior decade. Approximately 120,000 tons of greenhouse gas emissions will be avoided with the installation of the NY-Sun projects, which is the equivalent of removing 23,000 cars from the road. In the past few months alone, New York State awarded \$46 million for 76 large-scale commercial photovoltaic systems, while it continues to offer \$3.1 million a month for smaller-scale projects.

Fulfilling a pledge made in his 2013 State of the State address, Governor Cuomo has committed to extend the NY-Sun initiative to provide a 10-year funding stream of \$150 million for solar projects. In committing funding for NY-Sun for the next decade, New York is promoting the development of a robust, sustainable solar power industry, which will create well-paying, skilled jobs, improve the reliability of the electric grid and reduce air pollution.

### **Charge NY Electric Vehicle Initiative**

In 2013, the Governor announced the Charge NY Initiative to install 3,000 public charging stations for electric vehicles (EV) statewide over the next five years. Through this program, the Governor has proposed investing \$50 million to stimulate demand for EVs and investments in infrastructure. In addition, the Governor has called for increasing the state's EV readiness through reforming regulations to facilitate EV charging, utility rate incentives, educating consumers about EVs and demonstrating advanced EV technologies. This year alone, more than 360 charging stations will be installed across the state. This follows on last year's funding for 325 charging stations.

## Improving Energy Efficiency

Late last year, the Governor issued an executive order with the goal of improving energy efficiency in state buildings 20 percent by 2020, under the auspices of the Build Smart NY initiative. This initiative is currently benchmarking the energy usage of state buildings and executing energy master plans for facilities where the most energy is used. Also under Governor Cuomo's direction, NYPA is providing \$30 million over five years to advance market development and commercialization of new energy efficiency technologies.

## Building Sustainable Communities

The Governor dedicated \$100 million in proceeds from the Regional Greenhouse Gas Initiative for the Cleaner, Greener Communities Program, which supports smart growth and sustainability planning and projects. This program empowers regions to create more sustainable communities by funding smart growth practices. This effort will guide integrated, sustainable solutions—from statewide investments to regional decision-making on land use, housing, transportation, infrastructure, energy and environmental practices—to improve New Yorkers' quality of life. This month, the Governor made available \$30 million for implementation of the plans submitted and endorsed by the REDCs.

## Preserving Our Environment and Open Spaces

### Protecting Open Space and State Parks

The Governor has made the protection of land and parks a hallmark of his tenure. From the outset of his administration, Governor Cuomo has reversed the trend of deteriorating parks, most recently dedicating \$90 million of capital for 2013-2014. This follows last year's New York Works initiative, which allocated \$89 million in new capital funds and leveraged \$54 million of additional funds, providing a total of \$143 million for improvements in 48 state parks and historic sites across the state.

The Governor's commitment to purchase 69,000 acres of former Finch Pruyn lands and other properties represented the largest addition to the State Forest Preserve in in the Adirondack Park in more than a century. In April, the state completed the purchase of key tracts, including the Essex Chain of Lakes, OK Slip Falls and miles of wild upper Hudson River, ensuring their continued protection. The acquisitions will expand tourism opportunities in the Park and benefit local communities. In time for the summer travel season, the DEC issued an interim access plan allowing for the first public access for recreational purposes to the Hudson and Cedar Rivers within the new lands recently added to the Forest Preserve.



## Increasing the Environmental Protection Fund

This year marks the 20th anniversary of the Environmental Protection Fund (EPF), which provides critical support for many environmental and open space programs that generate revenue and create jobs in many sectors throughout the state. In recognition of the importance of this funding, the Governor's 2013-2014 budget increases the EPF by \$19 million, to \$153 million. After years of significant cuts, in 2011 and 2012, the Governor maintained EPF funding at \$134 million.

## NY Open for Hunting and Fishing Initiative

The Governor launched the NY Open for Hunting and Fishing Initiative earlier this year to improve recreational activities for in-state and out-of-state sportsmen and sportswomen and to boost tourism opportunities throughout the state. This initiative includes the streamlining of hunting and fishing licensing and reducing license fees; improved access for fishing at various sites across the state; stocking as much as 900,000 pounds of fish; expanding fishing clinics; and increasing hunting opportunities in various regions.

## Revitalizing Communities through Environmental Remediation and Protection

New York State continues to undertake remediation efforts to revitalize our communities and protect our residents from extreme weather events:

- **The Brownfield Opportunity Areas (BOA) Program:** This program provides municipalities and community-based organizations with assistance, up to 90 percent of the eligible project costs, to complete revitalization plans and implementation strategies for areas or communities affected by the presence of brownfield sites, and site assessments for strategic brownfield sites. The Governor's enacted 2013-14 budget supports all announced and approved BOA applications and provides an additional \$10 million for existing applications for the highest quality projects that provide the most benefit and other related purposes.
- **"New York Works" for the Environment Water Resources:** Last year, Governor Cuomo secured more than \$100 million to restore the state's environmental infrastructure, including state-owned dams, flood control facilities, and coastal hazard and inlet navigation maintenance projects. This year's budget includes \$40 million for the DEC to invest in recreational infrastructure, e-Business and plugging of abandoned oil and gas wells, and to provide grants for municipal brownfield cleanups and water quality improvement projects for wastewater treatment systems.

## Combating Climate Change

### Reducing Greenhouse Gas Emissions

In 2013, New York joined eight other northeastern states in agreeing to lower the emissions cap under the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based cap-and-invest program, which is reducing greenhouse gas emissions from the power sector while creating jobs and reducing electricity bills. Under RGGI, emissions from power plants in the region are already down by about 40 percent from 2005 levels.

Proceeds from the sale of RGGI credits also support the innovative cap-and-invest program, demonstrating how a successful environmental program can also yield substantial economic and social benefits. The reinvestment of New York's \$327 million proceeds from the first three years of the program is estimated to be creating 4,620 job years, saving \$200 million on customer energy bills and adding \$326 million net positive benefit to the state's economy, according to an independent analysis. RGGI funding is providing more than \$100 million for the Cleaner, Greener Communities program, which helps municipalities in each of the ten REDC areas to develop and implement regional sustainability plans and the Climate Smart Communities program, which brings together 114 communities that have pledged to engage their citizens in energy efficiency, renewable energy, greenhouse gas reductions and advancing the green economy. Another \$112 million is funding Green Jobs-Green New York, training workers and creating jobs to improve energy efficiency of buildings and cutting consumers' energy bills, while reducing greenhouse gas emissions.

### Creating the Climate Change Science Clearinghouse

Last month, Governor Cuomo announced a partnership of federal, state and air quality experts that will create an online New York Climate Change Science Clearinghouse. The Clearinghouse will make the state's climate science data and literature accessible to the public, decision-makers in state and local government, scientists, universities, private businesses and non-governmental organizations. This searchable repository will be a tool to inform research and policy decisions. Its areas of focus will include data on sea level rise, precipitation, temperature and extreme events, as well as impacts of climate change on infrastructure, transportation, energy, water resources, emergency response, agriculture and public health. The Clearinghouse will help New York State to strengthen its role as a national leader in effectively planning for the impact of climate change across all sectors of the economy.

## **XIII . Sandy Recovery and Rebuilding**

The Governor continues to work tirelessly to support the Superstorm Sandy recovery efforts. Because of his efforts, New York expects to receive \$30 billion in federal aid for recovery, rebuilding and mitigation. These resources will enable New York to build back smarter and stronger, and ensure that the state is better prepared for the future. The funding will help to provide an array of rebuilding and mitigation assistance to communities that were hard hit by Superstorm Sandy, Hurricane Irene and Tropical Storm Lee.

The Governor has outlined three major areas of activity: recovery and repair of damage from the storms; programs to allow the state to better respond to future disasters; and initiatives to better protect the state from the impact of future storms.

### **Recovery and Repair**

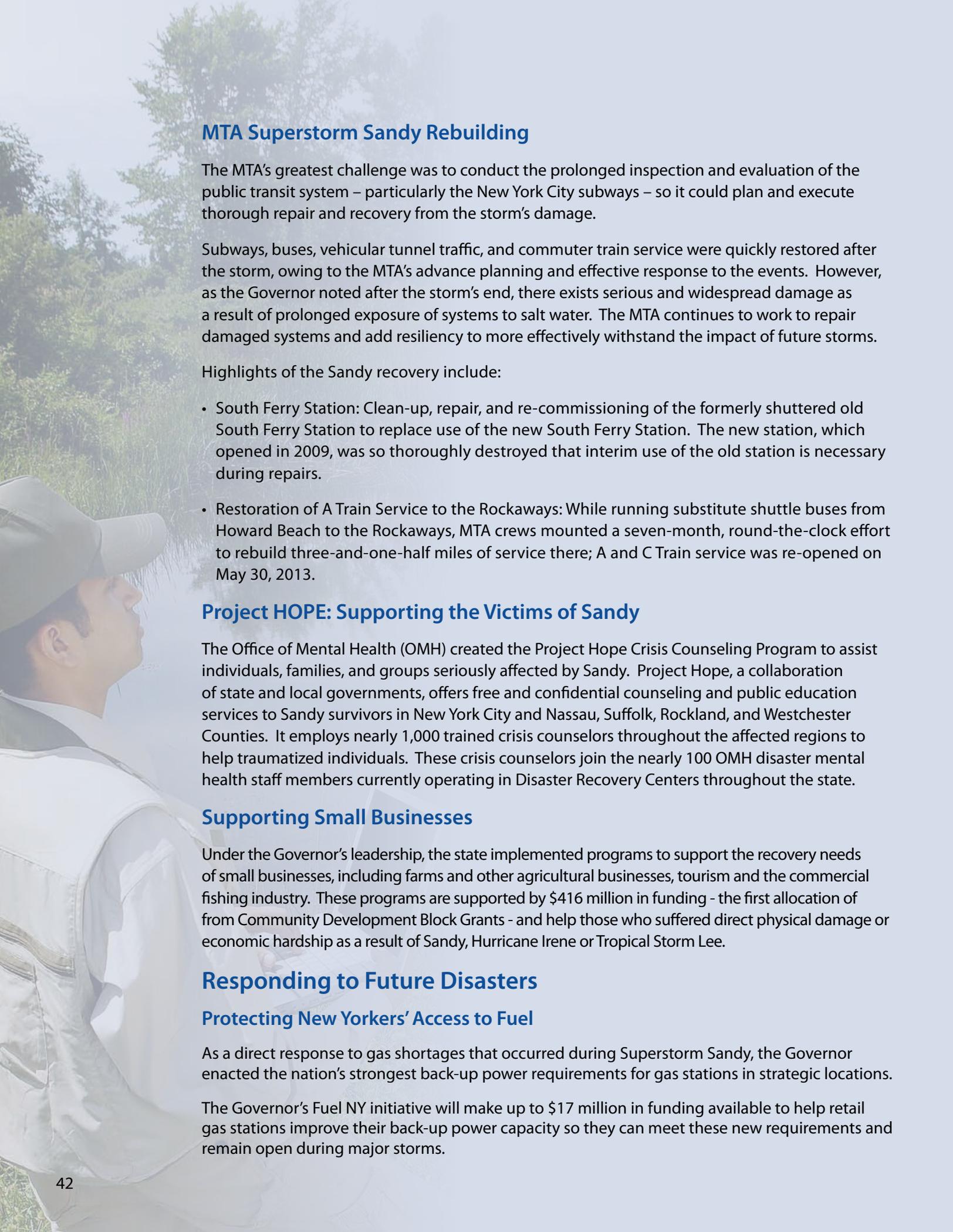
Immediately after Superstorm Sandy, the state began the difficult task of recovery and repairing the damage. Some of the highlights include:

#### **Rebuilding After the Storm**

The U.S. Department of Housing and Urban Development approved the Governor's Disaster Recovery Action Plan for New York's initial \$1.7 billion allocation of federal Community Development Block Grant Disaster Recovery funds, which will be deployed to help communities rebuild better and smarter from Storms Sandy, Irene and Lee. This Action Plan includes Recreate NY Smart Home Repair and Reconstruction Grants for single- and multifamily homes, which will help homeowners who had significant damage not covered or compensated by their insurance or FEMA. Alternatively, homeowners who live in specific high-risk, flood-prone areas may choose to apply for a buyout under the terms of the Recreate NY Smart Home Buyout Program. The Action Plan also includes mitigation grants to retrofit homes, making them more resilient and less vulnerable to severe flood damage in the future, as well as funding for small businesses. With a state-led, community-driven approach, the Action Plan also includes funding for Community Reconstruction Zones. This program will promote collaboration with local governments and other organizations to develop forward-looking local recovery plans that meet their specific needs.

#### **Reopening State Parks and Beaches**

Governor Cuomo led a multi-agency effort to ensure that all state parks damaged by Superstorm Sandy were open for the traditional Memorial Day weekend kick-off to summer. Seven months after Superstorm Sandy caused \$130 million in damage to the state parks system and closed 55 state parks, all of the impacted state parks were made safe and accessible to visitors. The effort was crucial to rebuilding the economy and quality of life of Long Island, where state parks host 18 million visitors each year and have an estimated \$410 million annual economic impact on the region.



## MTA Superstorm Sandy Rebuilding

The MTA's greatest challenge was to conduct the prolonged inspection and evaluation of the public transit system – particularly the New York City subways – so it could plan and execute thorough repair and recovery from the storm's damage.

Subways, buses, vehicular tunnel traffic, and commuter train service were quickly restored after the storm, owing to the MTA's advance planning and effective response to the events. However, as the Governor noted after the storm's end, there exists serious and widespread damage as a result of prolonged exposure of systems to salt water. The MTA continues to work to repair damaged systems and add resiliency to more effectively withstand the impact of future storms.

Highlights of the Sandy recovery include:

- South Ferry Station: Clean-up, repair, and re-commissioning of the formerly shuttered old South Ferry Station to replace use of the new South Ferry Station. The new station, which opened in 2009, was so thoroughly destroyed that interim use of the old station is necessary during repairs.
- Restoration of A Train Service to the Rockaways: While running substitute shuttle buses from Howard Beach to the Rockaways, MTA crews mounted a seven-month, round-the-clock effort to rebuild three-and-one-half miles of service there; A and C Train service was re-opened on May 30, 2013.

## Project HOPE: Supporting the Victims of Sandy

The Office of Mental Health (OMH) created the Project Hope Crisis Counseling Program to assist individuals, families, and groups seriously affected by Sandy. Project Hope, a collaboration of state and local governments, offers free and confidential counseling and public education services to Sandy survivors in New York City and Nassau, Suffolk, Rockland, and Westchester Counties. It employs nearly 1,000 trained crisis counselors throughout the affected regions to help traumatized individuals. These crisis counselors join the nearly 100 OMH disaster mental health staff members currently operating in Disaster Recovery Centers throughout the state.

## Supporting Small Businesses

Under the Governor's leadership, the state implemented programs to support the recovery needs of small businesses, including farms and other agricultural businesses, tourism and the commercial fishing industry. These programs are supported by \$416 million in funding - the first allocation of from Community Development Block Grants - and help those who suffered direct physical damage or economic hardship as a result of Sandy, Hurricane Irene or Tropical Storm Lee.

## Responding to Future Disasters

### Protecting New Yorkers' Access to Fuel

As a direct response to gas shortages that occurred during Superstorm Sandy, the Governor enacted the nation's strongest back-up power requirements for gas stations in strategic locations.

The Governor's Fuel NY initiative will make up to \$17 million in funding available to help retail gas stations improve their back-up power capacity so they can meet these new requirements and remain open during major storms.

Approximately half of all downstate gas stations in New York City, Long Island and Westchester and Rockland counties are now required to have back-up power in the event of an emergency. Among the new requirements:

- Stations within a half-mile of a highway exit or hurricane evacuation route in these downstate areas will need to be wired with a transfer switch by April 1, 2014. They must deploy and install a generator within 24 hours of losing power in an emergency.
- In addition, 30 percent of all retail outlets that are part of a chain further than half-mile from highway exits and evacuation routes in these downstate areas will be required to install a transfer switch by August 1, 2015. They must deploy and install a generator within 48 hours of losing power.
- All newly constructed gas stations for which a building permit is issued on or after April 1, 2014 will be required to have wiring to deploy a generator or have a back-up generator installed.

### Protecting the Most Vulnerable New Yorkers

During Superstorm Sandy, more than 13,000 patients and residents were evacuated from state-regulated and state-run facilities, including more than 7,100 from hospitals and nursing homes. When the storm struck, there was no statewide system in place to track vulnerable patients and residents who had to be transferred to alternative locations due to flooding, power outages or damage to facilities.

In time for the 2013 hurricane season, the Governor has launched a statewide emergency location tracking system to ensure the safety of patients and residents when healthcare and human services facilities are forced to evacuate due to a natural disaster.

The New York State Evacuation of Facilities in Disasters System (NYS e-FINDS) is a secure, confidential, fast and easy-to-use system to provide real-time access to patient locations. NYS e-FINDS will provide patient location tracking to hospitals, nursing homes and adult care facilities, as well as state developmental centers, residential treatment programs, state psychiatric facilities, juvenile justice facilities and other critical healthcare and service providers.

Under this new system, all facilities will use barcode wristbands pre-printed with the facility name for all patients and facility residents, except for facilities such as substance abuse treatment programs where confidentiality requires that facility names be excluded. Patient and resident locations can be updated and tracked using hand-held scanners, mobile apps or paper tracking (if power and/or phones are out of service).

### Protecting Against Future Storms

The Governor outlined a comprehensive strategy to better protect against damaging future storms by:

- Making investments to rebuild and strengthen critical infrastructure in the areas of transportation, fuel supply, water supply, wastewater treatment systems, electric distribution systems and flood protection systems.



*NYS & Army Corps current projects dredging up sand to protect coastal communities*

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- A background image showing two construction workers in safety gear, including hard hats and high-visibility vests, working on a site. One worker is in the foreground, looking down at something, while another is slightly behind him. The image is faded and serves as a background for the text.
- Working with the Army Corps of Engineers to restore protective coastal dunes, as well as with the local communities on additional projects to dramatically improve community resilience over time.
  - Building new natural infrastructure, including wetlands, reefs, dunes, and berms to reduce the impact of wave action, storm surges and sea level rise.
  - Improving hospitals, nursing homes and clinics to ensure that these critical facilities are more resilient to future storms.

In the last six months, the state has made the following progress in this effort:

### **Distributed Generation**

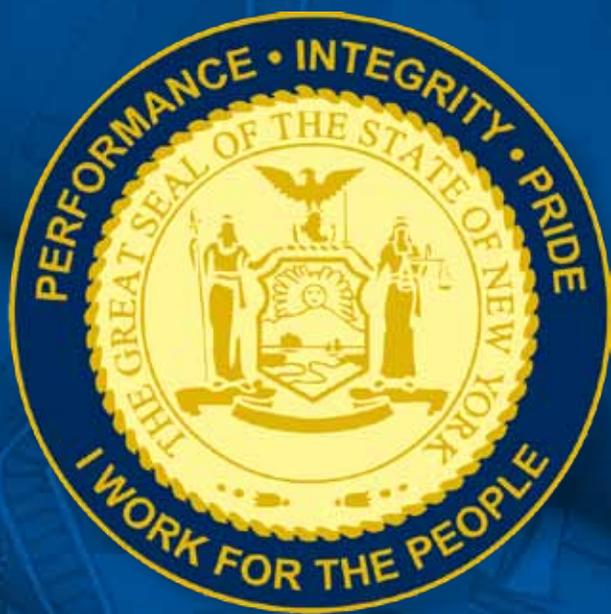
The Governor's NYS 2100 Commission called for the increased use of distributed generation to protect against future wide-scale power outages. Combined Heat and Power (CHP) is the simultaneous production of heat and electricity generation, which allows systems to achieve high levels of fuel efficiency and, with its localized generation, eliminates the need to transport electricity over distribution systems. CHP systems can even operate during power outages. This year alone, the Governor has directed \$60 million in funding for CHP projects that will help protect commercial, industrial, health care, institutional and multi-family facilities across the state from weather-related power disruptions while also decreasing demand on the power grid. In addition, the Governor secured federal Housing and Urban Development approval for a Resiliency Retrofit Fund that will provide financial assistance by leveraging private financing for critical facilities to install CHP and other backup power systems.

### **Expanding the Use of Natural/Green Infrastructure for Resiliency**

The Governor directed state agencies to foster resilience by implementing natural and green infrastructure to mitigate flooding and limit the impact of coastal storm surges. The state's agencies will identify potential projects to assist in reducing inland flooding and coastal storm surge impacts on communities. Projects will include naturalized barriers that help to dampen storm surge or wave impacts, such as coastal dunes, wetlands, reefs and marsh islands, and practices that hold water on the landscape to reduce peak flooding, such as urban green infrastructure, flood plain and stream restoration, constructed wetlands and vegetated stream buffers. In addition, the Governor announced the state's support for the Army Corps of Engineers' Fire Island to Montauk Point project that will, for the first time, provide lasting protection to the communities along the coast from Fire Island to Montauk.

### **Protect New York's Water Systems**

The Governor secured \$340 million in federal funding to undertake flood-mitigation projects at wastewater and drinking water plants in communities damaged by Sandy, efforts in line with the NYS 2100 Commission. Working with the U.S. Environmental Protection Agency, New York State has established the Storm Mitigation Loan Program with a combination of interest-free loans and non-reimbursable grants through State Revolving Funds. Mitigation projects could include the installation of floodwalls, water-tight doors and back-up generators, as well as the relocation of electrical systems and entire treatment facilities out of flood-prone areas.



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# New York Rising

## End of Session Report - 2013

Governor Andrew M. Cuomo  
June 2013