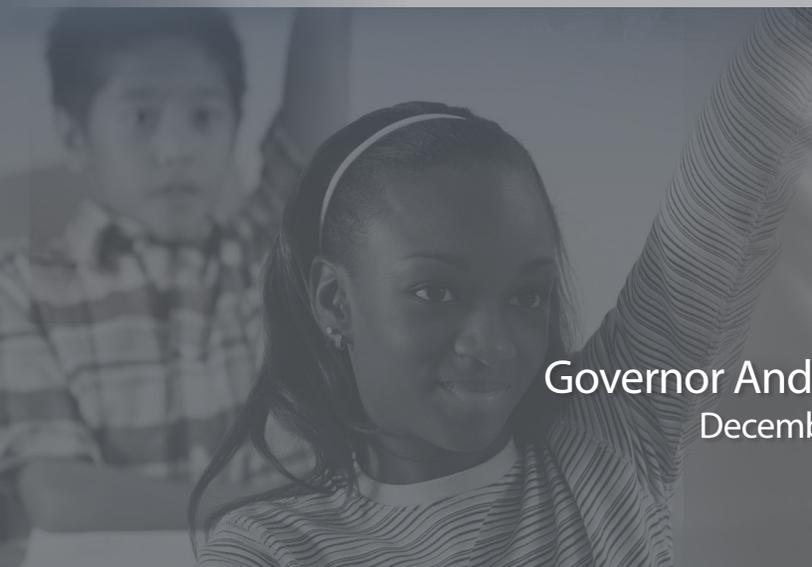




Building a *New* New York

Two Year Progress Report



Governor Andrew M. Cuomo
December 2012



Overview

Twenty four months ago, Andrew M. Cuomo was sworn in as the 56th Governor of New York. He came into office at a critical period in the history of our state: substantial job losses and the exodus of businesses had severely weakened the state's financial condition and left many New Yorkers feeling hopeless about the future. Years of political dysfunction, ineffective government, and a scandal-ridden environment had led many to lose their faith and trust in Albany.

Governor Cuomo recognized that New York was at a crossroads: it could continue down a path of decline, or honestly face its problems and tackle them head-on. He understood that to transform the state, it was imperative that we make the state government work again. And he recognized that all of it—fiscal sustainability, a functioning economy and a responsible government—is the fundamental precursor to making our state a more fair and just place for everyone. In his first month in office, Governor Cuomo proposed a transformational plan for a new New York and began a 24-month journey to make it a reality.

The path to change was not easy. Entrenched interests had resisted change for decades, but drawing strength from the people of New York, Governor Cuomo forged a path forward by engaging citizens in the process of governing every step of the way.

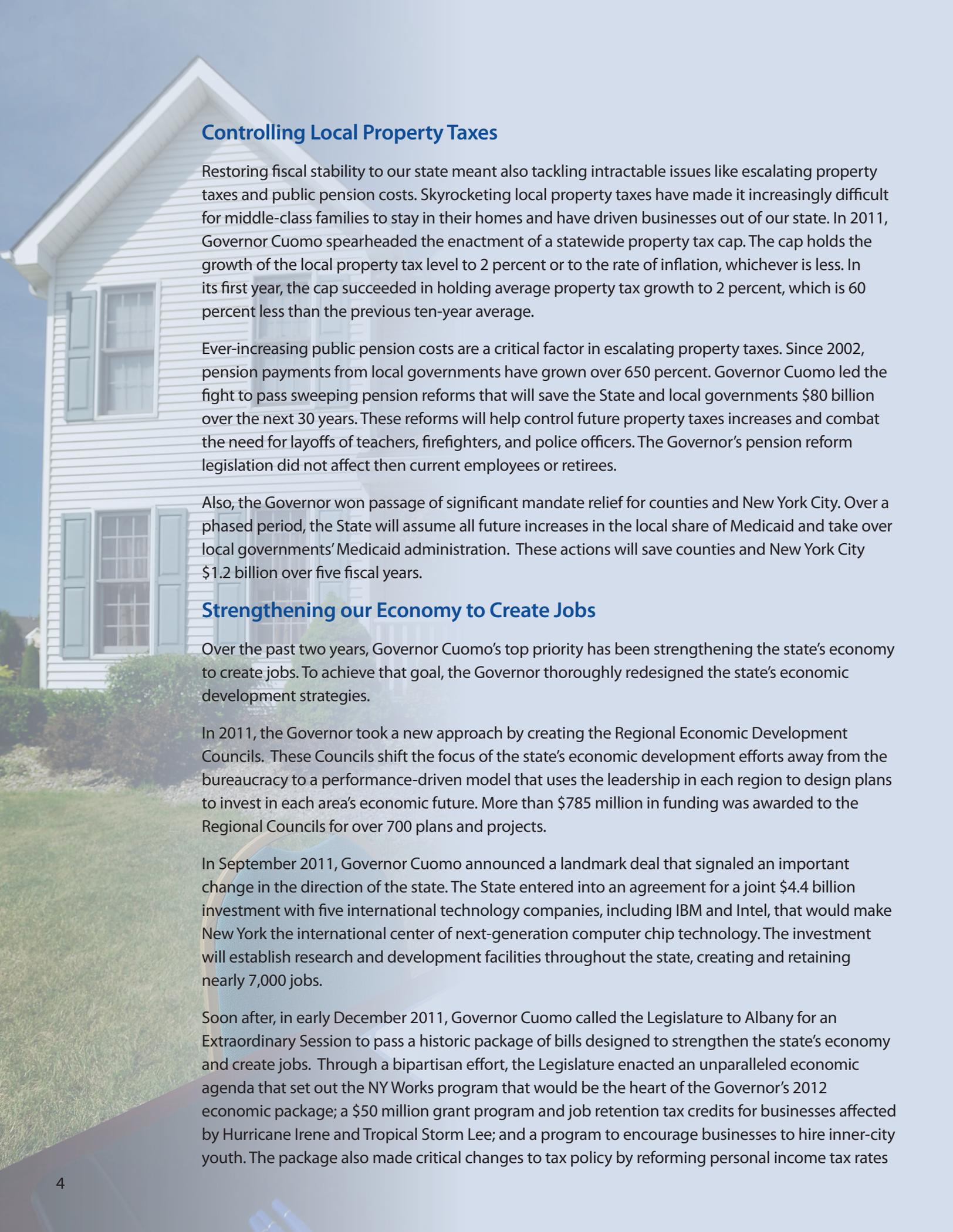
Time and time again, he produced results on issues that had been intractable for decades. He balanced the State's budget two years in a row and brought long-term stability to our state finances. He passed a property tax cap and public pension reform to reduce the growing burden of property taxes on our families and businesses. He led the fight for ethics reform, providing for true transparency. He moved our state's education system to focus on student achievement and accountability. And he helped restore our state's reputation as the progressive capital of the nation with the passage of the Marriage Equality Act and a progressive agenda aimed at making New York a more fair and just place for all New Yorkers.

Restoring the State to Long-Term Fiscal Stability

The Governor began his transformation by restoring New York's fiscal integrity. Within a month of taking office, he delivered to the Legislature a historic budget that closed the State's \$10 billion budget deficit with no new taxes, fees, or gimmicks, and led the effort to achieve its timely passage, the first on-time budget in years. The 2011-2012 budget fundamentally changed the way the budget process worked by eliminating certain automatic inflators and pegging increases in education and Medicaid spending to rational and affordable measures of growth. These actions helped restore long-term structural balance.

In 2012, the Governor continued this effort, enacting an early budget that closed a \$2 billion deficit and limited spending growth to 2% or less for the second year in a row. An important component in containing costs was the Governor's work to hold state agency spending flat by redesigning agency operations and eliminating waste.

The Governor's work to restructure state finances is paying off. Since Governor Cuomo took office, out-year deficits have been reduced by a cumulative \$76 billion. Recently, 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.



Controlling Local Property Taxes

Restoring fiscal stability to our state meant also tackling intractable issues like escalating property taxes and public pension costs. Skyrocketing local property taxes have made it increasingly difficult for middle-class families to stay in their homes and have driven businesses out of our state. In 2011, Governor Cuomo spearheaded the enactment of a statewide property tax cap. The cap holds the growth of the local property tax level to 2 percent or to the rate of inflation, whichever is less. 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.

Ever-increasing public pension costs are a critical factor in escalating property taxes. Since 2002, pension payments from local governments have grown over 650 percent. Governor Cuomo led the fight to pass sweeping pension reforms that will save the State and local governments \$80 billion over the next 30 years. These reforms will help control future property taxes increases and combat the need for layoffs of teachers, firefighters, and police officers. The Governor's pension reform legislation did not affect then current employees or retirees.

Also, the Governor won passage of significant mandate relief for counties and New York City. Over a phased period, the State will assume all future increases in the local share of Medicaid and take over local governments' Medicaid administration. These actions will save counties and New York City \$1.2 billion over five fiscal years.

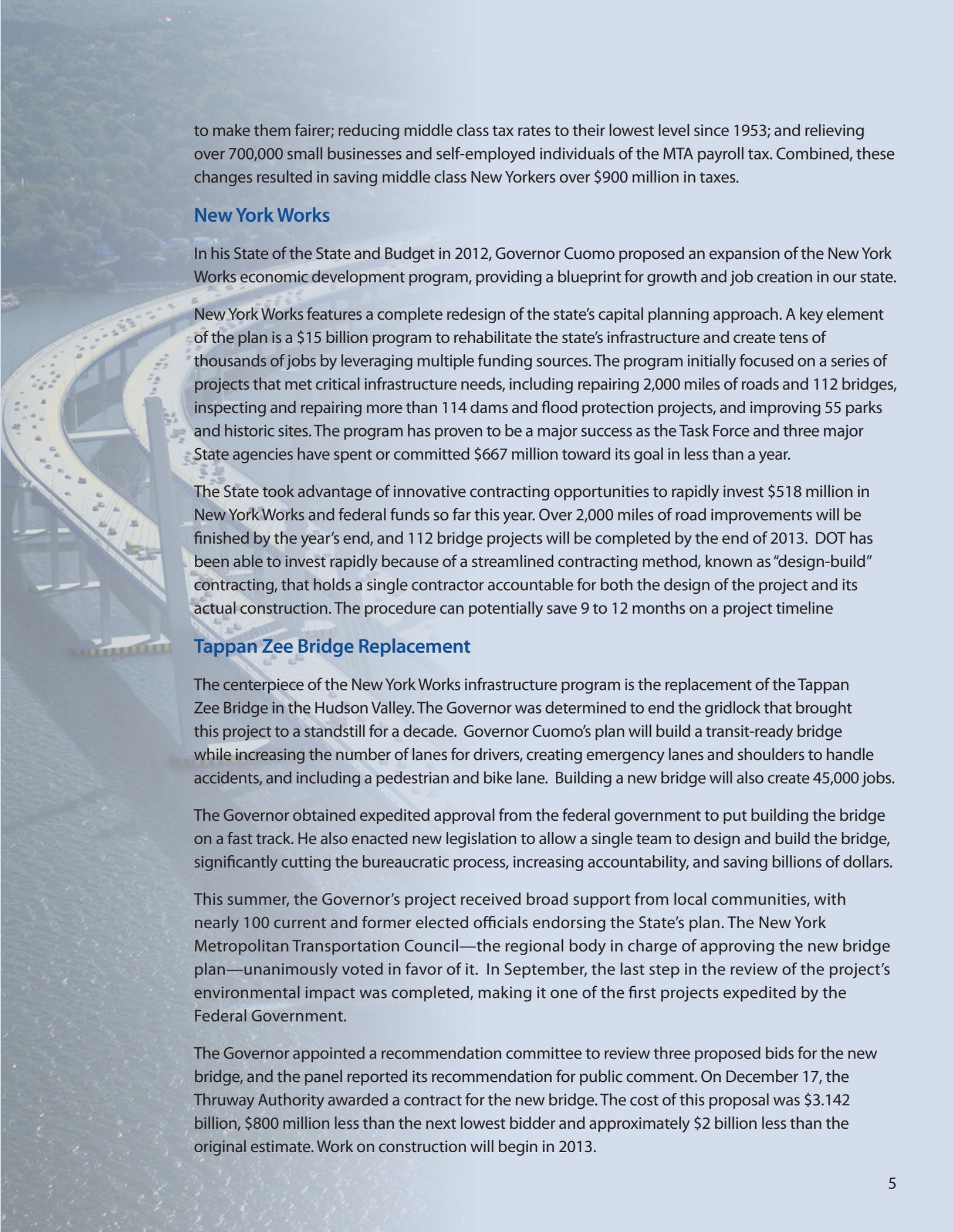
Strengthening our Economy to Create Jobs

Over the past two years, Governor Cuomo's top priority has been strengthening the state's economy to create jobs. To achieve that goal, the Governor thoroughly redesigned the state's economic development strategies.

In 2011, the Governor took a new approach by creating the Regional Economic Development Councils. These Councils shift the focus of the state's economic development efforts away from the bureaucracy to a performance-driven model that uses the leadership in each region to design plans to invest in each area's economic future. More than \$785 million in funding was awarded to the Regional Councils for over 700 plans and projects.

In September 2011, Governor Cuomo announced a landmark deal that signaled an important change in the direction of the state. The State entered into an agreement for a joint \$4.4 billion investment with five international technology companies, including IBM and Intel, that would make New York the international center of next-generation computer chip technology. The investment will establish research and development facilities throughout the state, creating and retaining nearly 7,000 jobs.

Soon after, in early December 2011, Governor Cuomo called the Legislature to Albany for an Extraordinary Session to pass a historic package of bills designed to strengthen the state's economy and create jobs. Through a bipartisan effort, the Legislature enacted an unparalleled economic agenda that set out the NY Works program that would be the heart of the Governor's 2012 economic package; a \$50 million grant program and job retention tax credits for businesses affected by Hurricane Irene and Tropical Storm Lee; and a program to encourage businesses to hire inner-city youth. The package also made critical changes to tax policy by reforming personal income tax rates



to make them fairer; reducing middle class tax rates to their lowest level since 1953; and relieving over 700,000 small businesses and self-employed individuals of the MTA payroll tax. Combined, these changes resulted in saving middle class New Yorkers over \$900 million in taxes.

New York Works

In his State of the State and Budget in 2012, Governor Cuomo proposed an expansion of the New York Works economic development program, providing a blueprint for growth and job creation in our state.

New York Works features a complete redesign of the state's capital planning approach. A key element of the plan is a \$15 billion program to rehabilitate the state's infrastructure and create tens of thousands of jobs by leveraging multiple funding sources. The program initially focused on a series of projects that met critical infrastructure needs, including repairing 2,000 miles of roads and 112 bridges, inspecting and repairing more than 114 dams and flood protection projects, and improving 55 parks and historic sites. The program has proven to be a major success as the Task Force and three major State agencies have spent or committed \$667 million toward its goal in less than a year.

The State took advantage of innovative contracting opportunities to rapidly invest \$518 million in New York Works and federal funds so far this year. Over 2,000 miles of road improvements will be finished by the year's end, and 112 bridge projects will be completed by the end of 2013. DOT has been able to invest rapidly because of a streamlined contracting method, known as "design-build" contracting, that holds a single contractor accountable for both the design of the project and its actual construction. The procedure can potentially save 9 to 12 months on a project timeline

Tappan Zee Bridge Replacement

The centerpiece of the New York Works infrastructure program is the replacement of the Tappan Zee Bridge in the Hudson Valley. The Governor was determined to end the gridlock that brought this project to a standstill for a decade. Governor Cuomo's plan will build a transit-ready bridge while increasing the number of lanes for drivers, creating emergency lanes and shoulders to handle accidents, and including a pedestrian and bike lane. Building a new bridge will also create 45,000 jobs.

The Governor obtained expedited approval from the federal government to put building the bridge on a fast track. He also enacted new legislation to allow a single team to design and build the bridge, significantly cutting the bureaucratic process, increasing accountability, and saving billions of dollars.

This summer, the Governor's project received broad support from local communities, with nearly 100 current and former elected officials endorsing the State's plan. The New York Metropolitan Transportation Council—the regional body in charge of approving the new bridge plan—unanimously voted in favor of it. In September, the last step in the review of the project's environmental impact was completed, making it one of the first projects expedited by the Federal Government.

The Governor appointed a recommendation committee to review three proposed bids for the new bridge, and the panel reported its recommendation for public comment. On December 17, the Thruway Authority awarded a contract for the new bridge. The cost of this proposal was \$3.142 billion, \$800 million less than the next lowest bidder and approximately \$2 billion less than the original estimate. Work on construction will begin in 2013.

Other key components of the New York Works program were:

- A focus on investing in regional economies through a second round of funding for the Regional Economic Development Councils alongside the first phase of a multi-year \$1 billion economic development package for Buffalo. The second round of regional funding will provide up to \$762 million in critical support for job development. The Buffalo project has identified six key strategic paths forward and completed its first deal that will generate a \$200 million private investment and create 250 new jobs in the Buffalo area.
- A second round of NYSUNY 2020 grants to leverage the economic power of our university system as a private sector job generator.
- A constitutional amendment to legalize gaming in New York in order to better regulate existing operations and generate an estimated \$1 billion in economic activity.
- A strengthened commitment to expanding opportunities for minority- and women-owned businesses, including creating the first statewide bond surety assistance program.
- Full funding for the Metropolitan Transit Authority (MTA) for projects critical to transit in New York City, Long Island, and the Hudson Valley.
- An energy highway to facilitate billions of dollars in private sector investments and ensure our state has an ample supply of clean energy across the state — the Energy Highway Blueprint will add up to 3,200 megawatts of additional electric generation and transmission capacity and clean power generation through up to \$5.7 billion in public and private investments.

Governor Cuomo has made an intensive effort to create jobs through investing in key industries. In 2011, he completed a \$4.4 billion deal to ensure New York's continued leadership role in high technology. In 2012:

- He focused on growing our **tourism industry** by launching a series of seasonal advertising campaigns to promote New York's unmatched vacation destinations and initiated the Path Through History program to showcase New York's rich culture and history.
- To support New York's **film and television industry**, which produces hundreds of thousands of jobs and billions of dollars in economic activity in our state, Governor Cuomo signed legislation to help attract post-production work to the state, particularly in Upstate communities.
- Governor Cuomo hosted New York's first Yogurt Summit, bringing together industry leaders, farmers, and other stakeholders from New York's booming **yogurt industry** to discuss how to remove barriers to growth and find new ideas to support the industry.
- To support the **wine, beer and spirits industry**, Governor Cuomo hosted the state's first Wine, Beer and Spirits Summit and announced plans 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.
- To strengthen the **racing industry**, the Governor and Legislature established a reorganization board to reform NYRA and transform oversight and management of thoroughbred horse racing to make racing in New York the strongest, safest, and most transparent in the country.



Restoring New York as the Progressive Capital of the Nation

Governor Cuomo's goal is to restore New York to its traditional role as the progressive capital of the nation. Last year, passage of the Marriage Equality Act signaled an important statement about our values as a state, and the Governor's advocacy through 2012 of an array of issues continues that work.

Reforming our Schools

Governor Cuomo has made reforming our state's education system one of his highest priorities. This year, Governor Cuomo worked with the legislative leaders to continue to restructure the system, ensuring a focus on student achievement and school accountability.

The centerpiece of this effort was the adoption of a comprehensive teacher and principal evaluation system to help improve education statewide. This system was developed in cooperation with the State Education Department and the teachers' unions. The new evaluation system uses multiple measures of performance to provide local school districts with clear standards and guidance to improve teaching and learning in the classroom. To date, 640 of the districts have submitted their teacher and principal evaluation plans to the State Education Department for approval.

To further support and foster reform, the Governor's budget included a 4% increase, \$805 million in total education spending, with an emphasis on increased allocations to high-needs school districts. The Governor also introduced competitive performance grant programs in the areas of student achievement and management efficiency, creating new incentives for better overall school performance.

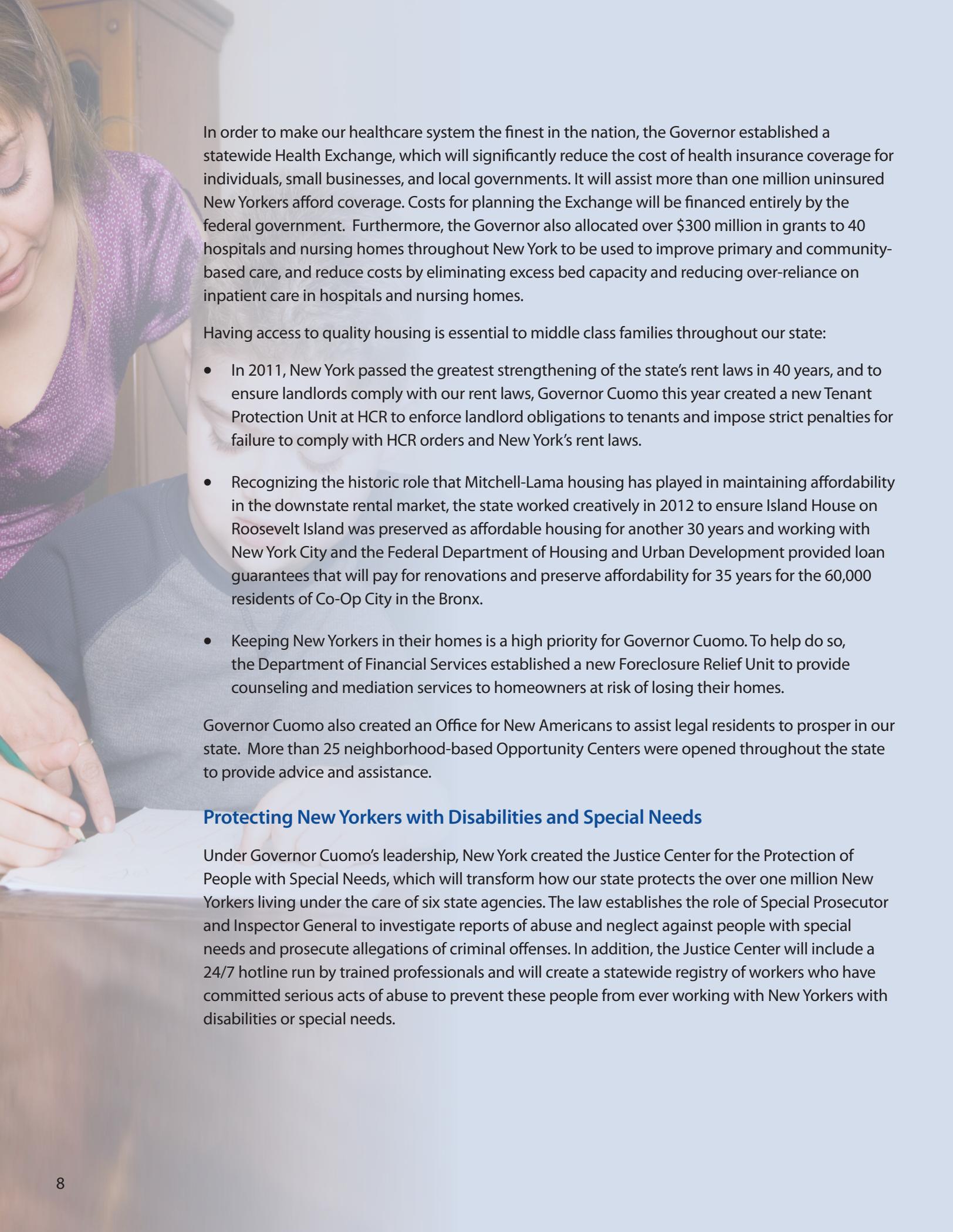
Finally, in order to ensure that our state continues on the right track to improve our schools, the Governor established the New NY Education Reform Commission, a group of nationally recognized education, community, and business leaders to make recommendations for future reforms in education. Over the last seven months, the Commission held 11 public hearings in each of the 10 regions of New York and received thousands of pages of testimony, and heard from more than 300 students, parents, educators and stakeholders.

Building Communities

Building our communities as part of a society rooted in opportunity, fairness, and justice was an important part of the achievements of the Cuomo administration in 2012.

To assist New Yorkers who are most in need, the Governor:

- Increased public assistance grants by 10% this year, fulfilling the final phase of a multi-year commitment to increase aid to needy New Yorkers. Prior to the recent increases, the grant had not been adjusted since 1990.
- Ended the finger imaging requirement for federal SNAP (food stamp) benefits in order to combat hunger, particularly among children.
- Expanded the FreshConnect program in underserved urban neighborhoods to help ensure that all New Yorkers have access to fresh, healthy, local, and affordable food.



In order to make our healthcare system the finest in the nation, the Governor established a statewide Health Exchange, which will significantly reduce the cost of health insurance coverage for individuals, small businesses, and local governments. It will assist more than one million uninsured New Yorkers afford coverage. Costs for planning the Exchange will be financed entirely by the federal government. Furthermore, the Governor also allocated over \$300 million in grants to 40 hospitals and nursing homes throughout New York to be used to improve primary and community-based care, and reduce costs by eliminating excess bed capacity and reducing over-reliance on inpatient care in hospitals and nursing homes.

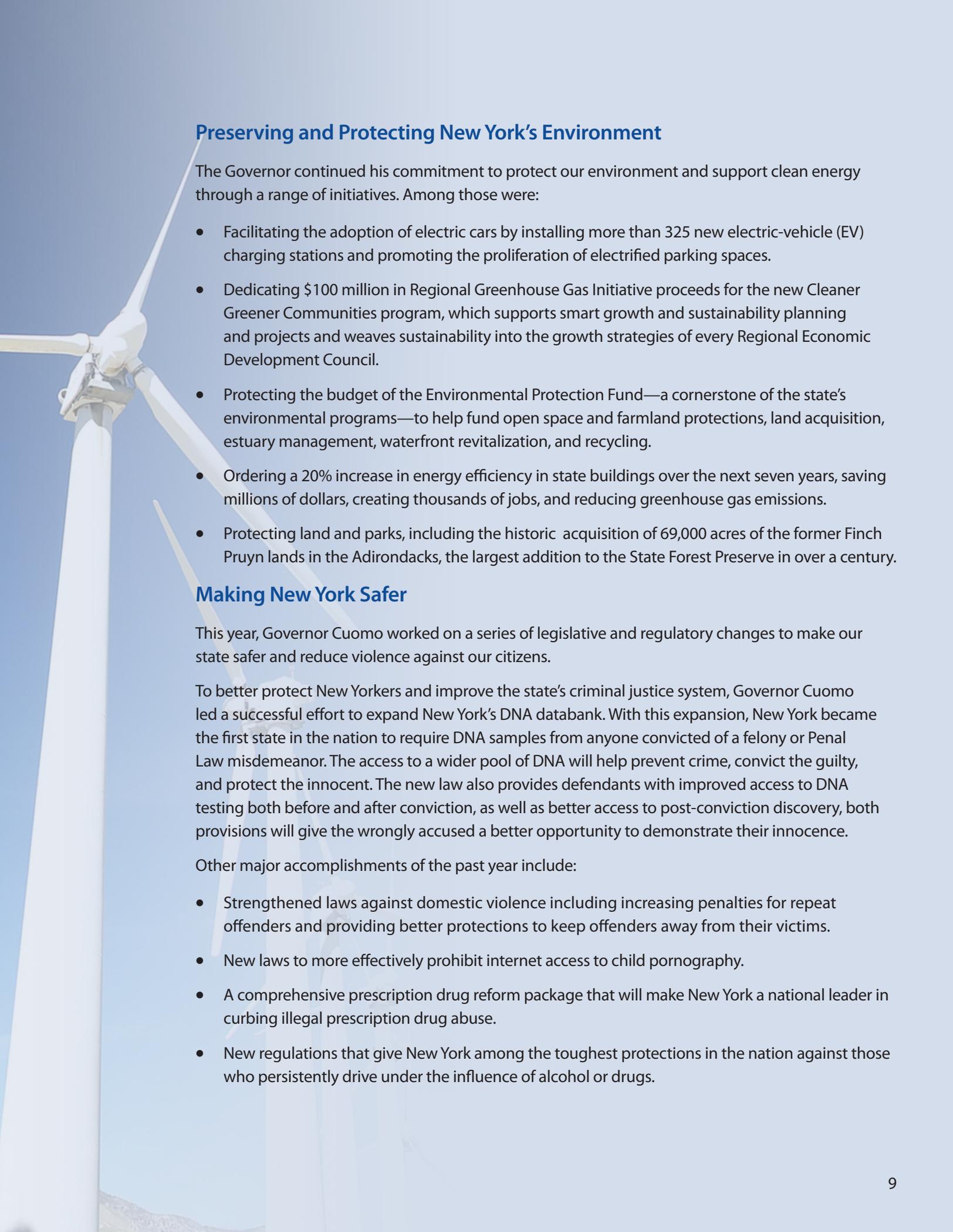
Having access to quality housing is essential to middle class families throughout our state:

- In 2011, New York passed the greatest strengthening of the state's rent laws in 40 years, and to ensure landlords comply with our rent laws, Governor Cuomo this year created a new Tenant Protection Unit at HCR to enforce landlord obligations to tenants and impose strict penalties for failure to comply with HCR orders and New York's rent laws.
- Recognizing the historic role that Mitchell-Lama housing has played in maintaining affordability in the downstate rental market, the state worked creatively in 2012 to ensure Island House on Roosevelt Island was preserved as affordable housing for another 30 years and working with New York City and the Federal Department of Housing and Urban Development provided loan guarantees that will pay for renovations and preserve affordability for 35 years for the 60,000 residents of Co-Op City in the Bronx.
- Keeping New Yorkers in their homes is a high priority for Governor Cuomo. To help do so, the Department of Financial Services established a new Foreclosure Relief Unit to provide counseling and mediation services to homeowners at risk of losing their homes.

Governor Cuomo also created an Office for New Americans to assist legal residents to prosper in our state. More than 25 neighborhood-based Opportunity Centers were opened throughout the state to provide advice and assistance.

Protecting New Yorkers with Disabilities and Special Needs

Under Governor Cuomo's leadership, New York created the Justice Center for the Protection of People with Special Needs, which will transform how our state protects the over one million New Yorkers living under the care of six state agencies. The law establishes the role of Special Prosecutor and Inspector General to investigate reports of abuse and neglect against people with special needs and prosecute allegations of criminal offenses. In addition, the Justice Center will include a 24/7 hotline run by trained professionals and will create a statewide registry of workers who have committed serious acts of abuse to prevent these people from ever working with New Yorkers with disabilities or special needs.



Preserving and Protecting New York's Environment

The Governor continued his commitment to protect our environment and support clean energy through a range of initiatives. Among those were:

- Facilitating the adoption of electric cars by installing more than 325 new electric-vehicle (EV) charging stations and promoting the proliferation of electrified parking spaces.
- Dedicating \$100 million in Regional Greenhouse Gas Initiative proceeds for the new Cleaner Greener Communities program, which supports smart growth and sustainability planning and projects and weaves sustainability into the growth strategies of every Regional Economic Development Council.
- Protecting the budget of the Environmental Protection Fund—a cornerstone of the state's environmental programs—to help fund open space and farmland protections, land acquisition, estuary management, waterfront revitalization, and recycling.
- Ordering a 20% increase in energy efficiency in state buildings over the next seven years, saving millions of dollars, creating thousands of jobs, and reducing greenhouse gas emissions.
- Protecting land and parks, including the historic acquisition of 69,000 acres of the former Finch Pruyn lands in the Adirondacks, the largest addition to the State Forest Preserve in over a century.

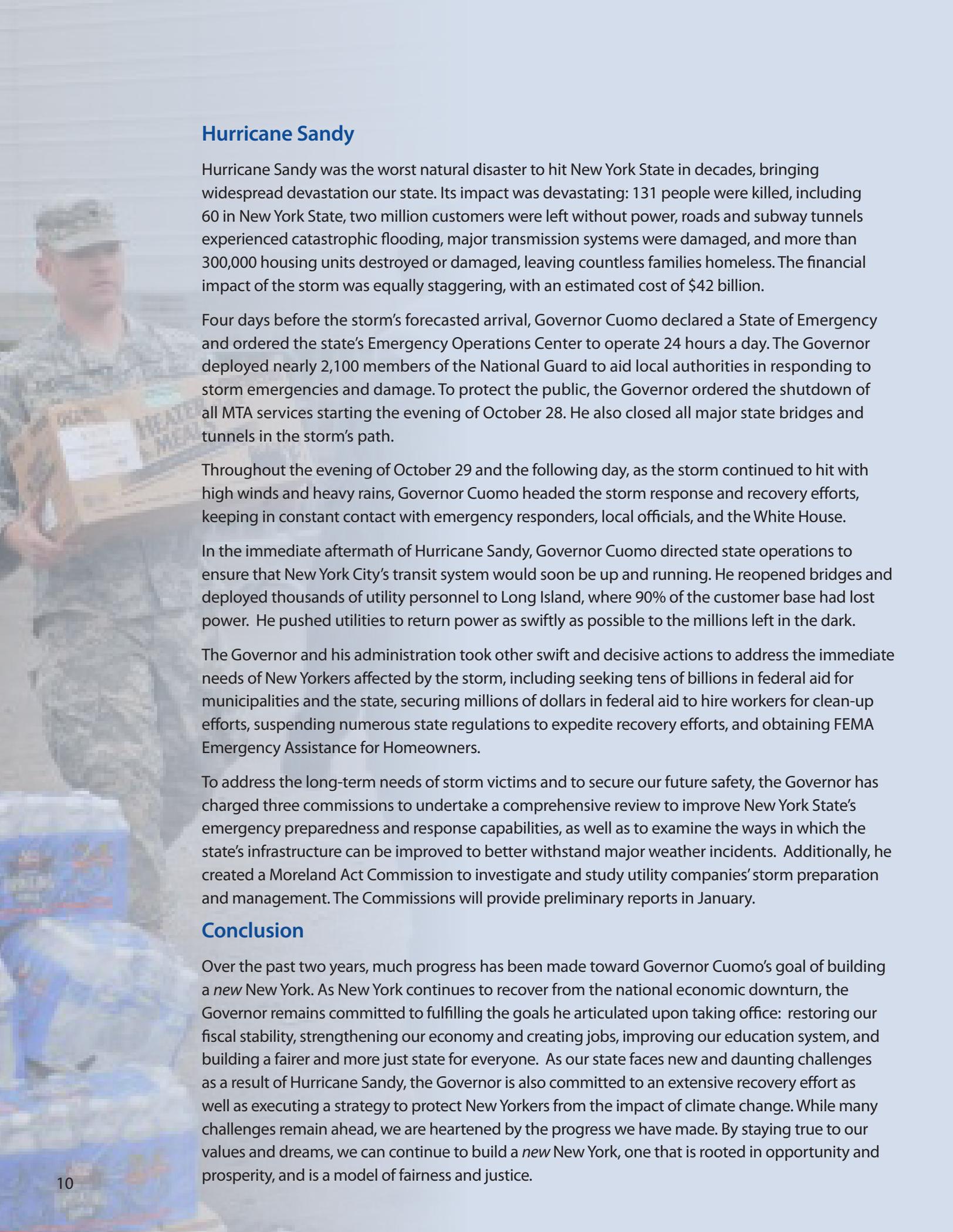
Making New York Safer

This year, Governor Cuomo worked on a series of legislative and regulatory changes to make our state safer and reduce violence against our citizens.

To better protect New Yorkers and improve the state's criminal justice system, Governor Cuomo led a successful effort to expand New York's DNA databank. With this expansion, New York became the first state in the nation to require DNA samples from anyone convicted of a felony or Penal Law misdemeanor. The access to a wider pool of DNA will help prevent crime, convict the guilty, and protect the innocent. The new law also provides defendants with improved access to DNA testing both before and after conviction, as well as better access to post-conviction discovery, both provisions will give the wrongly accused a better opportunity to demonstrate their innocence.

Other major accomplishments of the past year include:

- Strengthened laws against domestic violence including increasing penalties for repeat offenders and providing better protections to keep offenders away from their victims.
- New laws to more effectively prohibit internet access to child pornography.
- A comprehensive prescription drug reform package that will make New York a national leader in curbing illegal prescription drug abuse.
- New regulations that give New York among the toughest protections in the nation against those who persistently drive under the influence of alcohol or drugs.



Hurricane Sandy

Hurricane Sandy was the worst natural disaster to hit New York State in decades, bringing widespread devastation our state. Its impact was devastating: 131 people were killed, including 60 in New York State, two million customers were left without power, roads and subway tunnels experienced catastrophic flooding, major transmission systems were damaged, and more than 300,000 housing units destroyed or damaged, leaving countless families homeless. The financial impact of the storm was equally staggering, with an estimated cost of \$42 billion.

Four days before the storm's forecasted arrival, Governor Cuomo declared a State of Emergency and ordered the state's Emergency Operations Center to operate 24 hours a day. The Governor deployed nearly 2,100 members of the National Guard to aid local authorities in responding to storm emergencies and damage. To protect the public, the Governor ordered the shutdown of all MTA services starting the evening of October 28. He also closed all major state bridges and tunnels in the storm's path.

Throughout the evening of October 29 and the following day, as the storm continued to hit with high winds and heavy rains, Governor Cuomo headed the storm response and recovery efforts, keeping in constant contact with emergency responders, local officials, and the White House.

In the immediate aftermath of Hurricane Sandy, Governor Cuomo directed state operations to ensure that New York City's transit system would soon be up and running. He reopened bridges and deployed thousands of utility personnel to Long Island, where 90% of the customer base had lost power. He pushed utilities to return power as swiftly as possible to the millions left in the dark.

The Governor and his administration took other swift and decisive actions to address the immediate needs of New Yorkers affected by the storm, including seeking tens of billions in federal aid for municipalities and the state, securing millions of dollars in federal aid to hire workers for clean-up efforts, suspending numerous state regulations to expedite recovery efforts, and obtaining FEMA Emergency Assistance for Homeowners.

To address the long-term needs of storm victims and to secure our future safety, the Governor has charged three commissions to undertake a comprehensive review to improve New York State's emergency preparedness and response capabilities, as well as to examine the ways in which the state's infrastructure can be improved to better withstand major weather incidents. Additionally, he created a Moreland Act Commission to investigate and study utility companies' storm preparation and management. The Commissions will provide preliminary reports in January.

Conclusion

Over the past two years, much progress has been made toward Governor Cuomo's goal of building a *new* New York. As New York continues to recover from the national economic downturn, the Governor remains committed to fulfilling the goals he articulated upon taking office: restoring our fiscal stability, strengthening our economy and creating jobs, improving our education system, and building a fairer and more just state for everyone. As our state faces new and daunting challenges as a result of Hurricane Sandy, the Governor is also committed to an extensive recovery effort as well as executing a strategy to protect New Yorkers from the impact of climate change. While many challenges remain ahead, we are heartened by the progress we have made. By staying true to our values and dreams, we can continue to build a *new* New York, one that is rooted in opportunity and prosperity, and is a model of fairness and justice.

2012 Detailed Accomplishments

I. Maintaining Fiscal Integrity

In 2011, Governor Cuomo began the process of restructuring the State's finances to restore long-term fiscal stability. He delivered the first on-time budget in years, closing a \$10 billion budget deficit with no new taxes, fees or gimmicks.

The 2011-12 budget fundamentally changed the way the budget process worked in Albany by eliminating certain automatic inflators and pegging increases in education and Medicaid spending to rational and affordable measures of growth. These actions helped restore the state budget to long-term structural balance.

In 2012, the Governor continued this effort, enacting an early budget that closed a \$2 billion deficit with no new taxes, fees, or gimmicks, and limited spending growth to 2 percent or less for the second year in a row. The 2012-13 budget further controlled automatic cost growth and implemented reforms to ensure that spending increases for service providers reflected performance and actual cost.

The enacted budget reduced All Funds to \$133 billion, a \$111 million reduction that represented the second consecutive year with a net reduction in All Funds spending. Such a reduction has not happened in at least three decades.

The budget continued the two-year appropriation structure begun last year and set a cap on State Medicaid spending of \$15.9 billion in 2012-13. The Medicaid cap is consistent with the Governor's goal to limit total Medicaid spending growth to no greater than the ten-year average rate for the long-term medical component of the Consumer Price Index (currently estimated at 4 percent). The budget continued to implement the Medicaid Redesign Team's recommendations, including investing in affordable housing for high cost populations, enhancing essential benefits, and delivering relief to community providers.

The Governor has contained spending by redesigning agency operations, eliminating waste, and holding state agency spending essentially flat over the past two years. To achieve further savings, the budget enacted a series of the Governor's streamlining proposals. The State now has the authority to move certain funds and operations between state agencies to reduce the costs of back office operations, such as business services, real estate management, information technology, and call centers. The budget also made state procurement more efficient, allowing state agencies to purchase common goods and services through centralized contracts that will save \$100 million on a full annual basis and a projected \$755 million over the next five years. Additionally, this year's budget combined the Division of Lottery and the Racing and Wagering Board into a single New York State Gaming Commission. The budget also eliminated 25 unnecessary boards and commissions and consolidated others.

The state government also spends billions of dollars funding thousands of not-for-profit organizations and for-profit entities that provide critical services to New Yorkers in need. To control costs and ensure that taxpayers' dollars are always used efficiently and effectively, Governor Cuomo established standards to ensure public funds will not be used for excessive compensation and unnecessary administrative costs at state-funded service providers. Providers will be required to

ensure that no less than 75 percent of state financial assistance is directed to provide direct care or services. This percentage will increase by five percent each year until it reaches 85 percent in 2015.

The Governor's work to restructure state finances is paying off. Since Governor Cuomo took office, out-year deficits have been reduced by a cumulative \$76 billion. Recently, 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 over the past 21 months.

S&P based its outlook on a number of factors including two on-time budgets passed under the Governor's watch that controlled spending while holding the line on taxes, critical pension reform that will save \$80 billion for state and local governments over the next three decades, and the Governor's work to limit the unsustainable growth in Medicaid spending.

II. Controlling Local Property Taxes

Over the past decade, skyrocketing local property taxes have made it increasingly difficult for middle-class families to stay in their homes and have driven businesses out of the state. Governor Cuomo has made it a top priority of his administration to control the increases in property taxes.

Last year he led the fight for a state property tax cap, and a recent report attests to its effectiveness – the report found that 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. The report revealed that out of 3,077 local governments and school districts reporting a proposed levy in the past year, 84 percent reported a levy within the capped amount. The cap also helped encourage school boards to propose lower tax increases. According to the report, 92.8 percent of school districts presented voters with budgets that were at or below allowable tax levy increases under the cap. Of these, 99.2 percent were approved by the voters on the initial vote.

Rapidly growing pension costs have been one of the most expensive mandates for local governments and a critical factor contributing to escalating property taxes. In 2002, pension payments from local governments were \$1.4 billion; by 2012, they had grown over 650 percent to \$12.2 billion.

With bipartisan support, Governor Cuomo passed a sweeping pension reform plan that will save state and local governments more than \$80 billion over the next 30 years. These reforms will help control future property taxes increases and combat the need for layoffs of teachers, firefighters, and police officers.

The Governor's pension reform legislation did not affect current employees or retirees. It includes progressive increases in employee contribution rates based on salary; an increase in the retirement age from 62 to 63; a requirement that the State must pre-fund any pension enhancers; and several reforms to address instances of abuse and pension padding.

The enacted budget also provided significant mandate relief for all counties and New York City. Over the next three years, the State will assume the cost of all increases in the local share of Medicaid. It will also carry out a phased takeover of local governments' Medicaid administration mandates. These actions will save counties and New York City \$1.2 billion over five fiscal years.



III. Creating Jobs and Strengthening the Economy

Strengthening New York's economy and creating jobs have been top priorities of Governor Cuomo since he took office in 2011. This year, the State made important progress towards that goal because of two key components of the Governor's economic strategy -- the New York Works program and the Regional Economic Development Councils.

The New York Works program, a centerpiece of the Governor's State of the State address and Executive Budget this year, exemplifies an entrepreneurial model of government. New York Works fosters an innovative and synergistic strategy between government and the private sector, allowing the State to leverage scarce state resources by generating significant private sector investment. The key elements of the program are detailed below.

New York Works Task Force

The Governor's New York Works Task Force, composed of leading finance, labor, planning, and transportation professionals, is charged with reinventing state economic development by coordinating capital plans across 45 agencies and authorities, overseeing investment in projects, and accelerating hundreds of vital projects across the state. Prior to the New York Works initiative, there had been no comprehensive state plan for capital expenditures, including the \$21 billion invested this year.

The program initially focused on a series of projects aimed at meeting critical regional and statewide infrastructure needs. These included:

- Improving 55 parks and historic sites.
- Inspecting and repairing 114 dams and flood protection and coastal erosion projects.
- Repairing 2,100 miles of roads; and
- Improving more than 100 bridges, as well as moving forward with a program to replace the Tappan Zee Bridge.

To date, the Task Force and three major state agencies have spent or committed \$667 million to improve critical state infrastructure such as roads, bridges, parks, dams, and coastal erosion repair.

The Office of Parks, Recreation and Historic Preservation is improving 55 parks and historic sites with a total of 106 separate projects. Thirteen of these projects have already been completed, and another 62 are underway for a commitment of more than \$95 million. This includes a significant \$25 million overhaul of Niagara Falls State Park that is now underway and will be completed in stages over the next four years.

The Department of Environmental Conservation (DEC) maintains 106 flood protection projects (e.g., levees and floodwalls) and owns 577 dams statewide. Earlier this year, DEC prioritized each of these facilities according to possible risk. As part of the Governor's New York Works initiative, DEC has inspected 24 dams in the high-risk category and has engineering evaluations and work underway on 34 priority flood protection projects. Of the seven coastal erosion projects identified as priorities, two are underway to repair severe erosion damage caused by Hurricanes Irene and Sandy, and all are under review with the U.S. Army Corps of Engineers. DEC has spent or committed \$54 million, included leveraged federal money.



The Department of Transportation (DOT) took advantage of innovative contracting opportunities to rapidly invest \$518.8 million, in New York Works and federal funds so far this year. Of the 172 planned paving projects, 170 have already been completed, and the remaining two will be finished by year-end, completing 2,100 miles of road improvements. One hundred and twelve bridge projects have been undertaken as part of the Accelerated Bridge Program; 30 have already been completed and the other 72 are under construction or in contracting. All 112 projects will be complete by the end of 2013.

A major reason for DOT's ability to rapidly invest in New York State's bridge infrastructure has been the use of the "design-build" contracting method. In 2011, Governor Cuomo, working with the State Legislature, enacted a new law allowing use of this technique by DOT. Design-build streamlines the contracting process by holding a single contractor accountable for both the design of the project and its actual construction. Design-build is being used for 32 New York Works accelerated bridge projects. Seven of these have been completed with the remainder underway. Other notable design-build projects include the Kosciuszko Bridge linking Queens and Brooklyn, the Goethals Bridge Replacement on Staten Island, the Kendrick Road Bridge in Monroe County, and the Tappan Zee Bridge replacement. Design-build proposals currently are under review for all four. The design-build procedure has the potential to save 9 to 12 months on the project timeline in DOT's and Port Authority's bridge repair and construction program.

Tappan Zee Bridge Replacement

The centerpiece of the New York Works infrastructure program is the replacement of the Tappan Zee Bridge in the Hudson Valley, which has been needed for years. In 1999, then-Governor George Pataki first announced plans for a new bridge to replace the aging Tappan Zee. Yet after more than ten years and three different administrations, the project had not gotten off the ground. During that time, the State held 430 public meetings, explored 150 different bridge concepts, and spent \$88 million dollars. But New Yorkers still had not seen any results.

When Governor Cuomo took office, he recognized the urgency for action. The dysfunction in the process of building a new bridge mirrored the dysfunction that had plagued Albany before Governor Cuomo took office. Just as he has sought to stop the gridlock in Albany, the Governor instituted new reforms, ended the delay, and put the State back on track to begin building a new bridge next year.

The need to replace the Tappan Zee Bridge has been apparent for years. The current bridge handles about 138,000 vehicles each day. Commuters and interstate travelers regularly face lengthy traffic jams. The Tappan Zee's accident rate is double that of the entire state, and with no breakdown lanes, even a minor crash can leave commuters stranded on the bridge for hours. Governor Cuomo put forward a plan for a new bridge that considered the future transit needs of the region; the plan increases lanes for drivers, creates emergency lanes and shoulders to handle accidents, and includes a pedestrian and bike lane for the benefit of local communities. And as New York continues to recover from the recession, the new bridge will generate an economic boost for the region by creating and sustaining 45,000 jobs.



In the last ten months, Governor Cuomo has made more progress realizing this vision and building a new bridge than previous administrations have made in the last 13 years. Last year, the Governor obtained expedited approval from the federal government to put building the bridge on a fast track. He also enacted new legislation to allow a single team to design and build the bridge, which cut the bureaucratic process in half, increased accountability, shifted risk to the builder, and controlled the price the State will pay.

This year, the Governor's project received momentous support from local communities, with nearly 100 current and former elected officials endorsing the State's new bridge plan. The plan then received a unanimous vote of approval from the New York Metropolitan Transportation Council, the regional body that has to approve the project. In September, the Federal Highway Administration issued a Record of Decision for a new bridge to replace the Tappan Zee, completing the last step in the review of the project's environmental impact and making it one of the first projects expedited to proceed by the Federal Government.

Most recently, the Governor appointed a recommendation committee to review three proposed bids for the new bridge. The committee recommended a preferred proposal in early December, and all three bids were made available for public comment and review. The recommendation and comments from the public were used as part of the decision process by the Thruway Authority. On December 17, the Thruway Authority awarded a contract for the new bridge. The cost of this proposal was \$3.142 billion, \$800 million less than the next lowest bidder and approximately \$2 billion less than the original estimate. Work on construction will begin in 2013.

While the old Tappan Zee Bridge has been a metaphor for our State's past struggles, Governor Cuomo's new bridge will represent what is possible when we come together as New Yorkers.

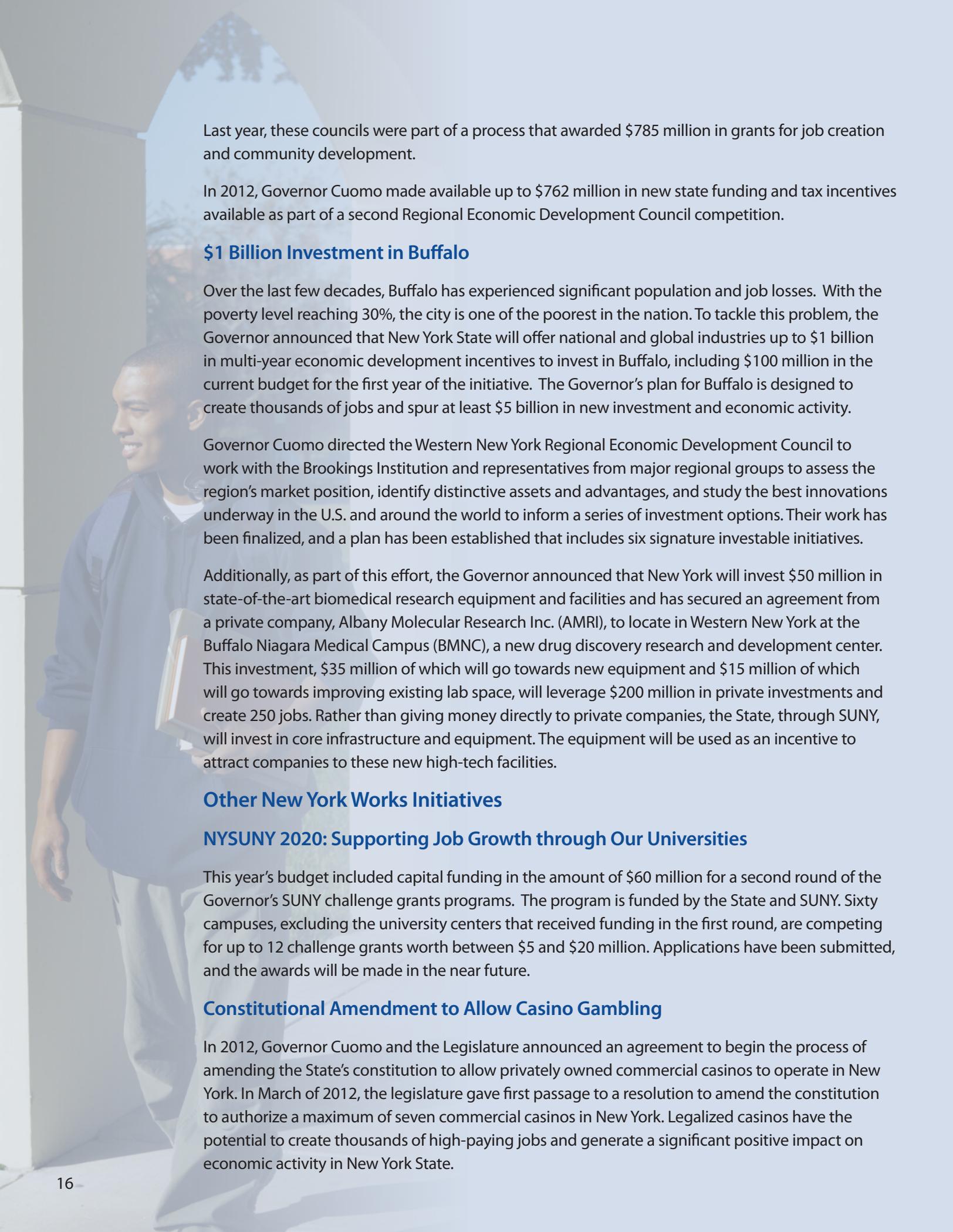
Building Our Mass Transit System for the Future

The Governor's budget provided a plan to support full funding for the Metropolitan Transition Authority's (MTA) 2010-2014 Capital Program for projects critical to transit in New York City, Long Island, and the Hudson Valley. These funds will help the MTA create tens of thousands of jobs and complete some of the largest construction projects in recent history. The MTA capital program will continue to fund the four large projects already underway: the 2nd Avenue subway; East Side Access for the Long Island Rail Road; Fulton Street Transit Center; and extension of the 7 subway to the far west side. The capital program will also fund new subway and rail cars, new energy-efficient "green" buses, station rehabilitation, enhanced communications and signals, and new rail yards.

Investing in Regional Economies

Regional Economic Development Councils

In 2011, Governor Cuomo fundamentally changed New York's approach to economic development and job creation through the creation of Regional Economic Development Councils. The idea behind the Regional Councils was to move from a failed top-down development strategy to one that enables each region of the state to shape its own economic future. The ten Regional Councils brought together stakeholders from labor, business, and academia to develop long-term strategic plans based on each region's specific priorities and unique resources. The Governor also realigned state resources and regulations to support the Regional Councils and eliminate barriers to economic development.



Last year, these councils were part of a process that awarded \$785 million in grants for job creation and community development.

In 2012, Governor Cuomo made available up to \$762 million in new state funding and tax incentives available as part of a second Regional Economic Development Council competition.

\$1 Billion Investment in Buffalo

Over the last few decades, Buffalo has experienced significant population and job losses. With the poverty level reaching 30%, the city is one of the poorest in the nation. To tackle this problem, the Governor announced that New York State will offer national and global industries up to \$1 billion in multi-year economic development incentives to invest in Buffalo, including \$100 million in the current budget for the first year of the initiative. The Governor's plan for Buffalo is designed to create thousands of jobs and spur at least \$5 billion in new investment and economic activity.

Governor Cuomo directed the Western New York Regional Economic Development Council to work with the Brookings Institution and representatives from major regional groups to assess the region's market position, identify distinctive assets and advantages, and study the best innovations underway in the U.S. and around the world to inform a series of investment options. Their work has been finalized, and a plan has been established that includes six signature investable initiatives.

Additionally, as part of this effort, the Governor announced that New York will invest \$50 million in state-of-the-art biomedical research equipment and facilities and has secured an agreement from a private company, Albany Molecular Research Inc. (AMRI), to locate in Western New York at the Buffalo Niagara Medical Campus (BMNC), a new drug discovery research and development center. This investment, \$35 million of which will go towards new equipment and \$15 million of which will go towards improving existing lab space, will leverage \$200 million in private investments and create 250 jobs. Rather than giving money directly to private companies, the State, through SUNY, will invest in core infrastructure and equipment. The equipment will be used as an incentive to attract companies to these new high-tech facilities.

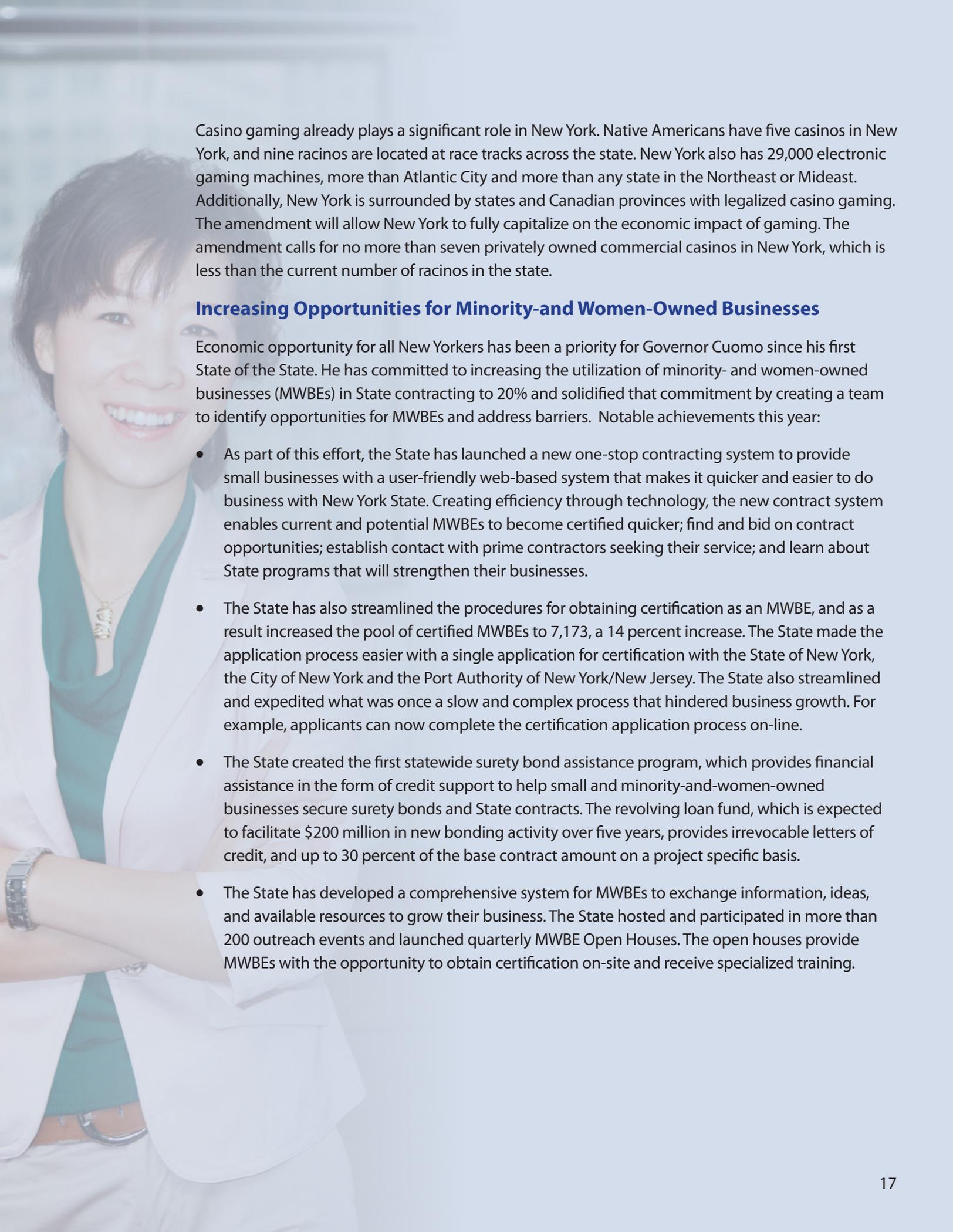
Other New York Works Initiatives

NYSUNY 2020: Supporting Job Growth through Our Universities

This year's budget included capital funding in the amount of \$60 million for a second round of the Governor's SUNY challenge grants programs. The program is funded by the State and SUNY. Sixty campuses, excluding the university centers that received funding in the first round, are competing for up to 12 challenge grants worth between \$5 and \$20 million. Applications have been submitted, and the awards will be made in the near future.

Constitutional Amendment to Allow Casino Gambling

In 2012, Governor Cuomo and the Legislature announced an agreement to begin the process of amending the State's constitution to allow privately owned commercial casinos to operate in New York. In March of 2012, the legislature gave first passage to a resolution to amend the constitution to authorize a maximum of seven commercial casinos in New York. Legalized casinos have the potential to create thousands of high-paying jobs and generate a significant positive impact on economic activity in New York State.



Casino gaming already plays a significant role in New York. Native Americans have five casinos in New York, and nine racinos are located at race tracks across the state. New York also has 29,000 electronic gaming machines, more than Atlantic City and more than any state in the Northeast or Mideast. Additionally, New York is surrounded by states and Canadian provinces with legalized casino gaming. The amendment will allow New York to fully capitalize on the economic impact of gaming. The amendment calls for no more than seven privately owned commercial casinos in New York, which is less than the current number of racinos in the state.

Increasing Opportunities for Minority-and Women-Owned Businesses

Economic opportunity for all New Yorkers has been a priority for Governor Cuomo since his first State of the State. He has committed to increasing the utilization of minority- and women-owned businesses (MWBEs) in State contracting to 20% and solidified that commitment by creating a team to identify opportunities for MWBEs and address barriers. Notable achievements this year:

- As part of this effort, the State has launched a new one-stop contracting system to provide small businesses with a user-friendly web-based system that makes it quicker and easier to do business with New York State. Creating efficiency through technology, the new contract system enables current and potential MWBEs to become certified quicker; find and bid on contract opportunities; establish contact with prime contractors seeking their service; and learn about State programs that will strengthen their businesses.
- The State has also streamlined the procedures for obtaining certification as an MWBE, and as a result increased the pool of certified MWBEs to 7,173, a 14 percent increase. The State made the application process easier with a single application for certification with the State of New York, the City of New York and the Port Authority of New York/New Jersey. The State also streamlined and expedited what was once a slow and complex process that hindered business growth. For example, applicants can now complete the certification application process on-line.
- The State created the first statewide surety bond assistance program, which provides financial assistance in the form of credit support to help small and minority-and-women-owned businesses secure surety bonds and State contracts. The revolving loan fund, which is expected to facilitate \$200 million in new bonding activity over five years, provides irrevocable letters of credit, and up to 30 percent of the base contract amount on a project specific basis.
- The State has developed a comprehensive system for MWBEs to exchange information, ideas, and available resources to grow their business. The State hosted and participated in more than 200 outreach events and launched quarterly MWBE Open Houses. The open houses provide MWBEs with the opportunity to obtain certification on-site and receive specialized training.



Investing in Key NY Industries

Helping to Grow the Tourism Industry

Tourism is essential to the economy of New York, directly supporting nearly 500,000 jobs and generating tens of billions of dollars in revenue for the state and businesses. To support the state's tourism industry in 2012, Governor Cuomo launched summer and fall advertising campaigns that used the iconic "I Love NY" logo to promote New York's unmatched vacation destinations and attractions. The ads featured tourist destinations in all regions of the state.

New York State's cultural and historical heritage is among the most significant in the nation, and Governor Cuomo is committed to attracting tourists to culturally important locations and boosting economic development in historically rich communities across the state. Launched in August at a statewide conference attended by leading historians, community representatives, and tourism experts, the "Path Through History" initiative will highlight New York's rich heritage. The initiative showcases New York State's history through ten regional heritage tourism marketing plans. The "Path Through History" initiative will also include new road signs to be installed on major state highways that will direct travelers to historic sites in the area.

Supporting New York's Yogurt Boom

Greek yogurt has become wildly popular across America, and New York State has quickly become the yogurt capital: Since 2000, the number of yogurt processing plants in New York has more than doubled, and over the past six years the amount of milk used to make yogurt in New York increased from 158 million pounds to about 1.2 billion pounds. Seeking to preserve the state's position as a leader in yogurt production, in August Governor Cuomo hosted New York's first Yogurt Summit, bringing together industry leaders, farmers, and other stakeholders to discuss ways to remove barriers and find new ideas to support the industry. After listening to the suggestions and concerns of industry leaders, the Governor announced new actions to help dairy farmers increase the size of their herds and therefore increase milk production. The Governor also announced that the State will work with the dairy farmers to help better manage the large amount of waste produced by cows and save money on energy costs by turning waste into a renewable source of energy.

Building our State Wine, Beer and Spirits Industries

New York is home to more than 450 wineries, breweries, 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.

In July, the Governor signed a legislative package providing critical incentives and tax relief for New York States craft and farm brewers. Combined, the proposals will increase the competitiveness of our growing brewery businesses – more than 90 operate in New York State today – helping them retain and create jobs, and supporting more than \$200 million of annual economic activity.

As a part of his mission to open New York's doors to business, last October the Governor hosted the state's first Wine, Beer and Spirits Summit. Attended by dozens of beer, wine, cider, and spirits producers, as well as farmers, industry officials, and tourism experts, the group discussed with

state agency officials and members of the Governor's Cabinet specific legislative and regulatory issues facing the beer and wine industry. After the summit, the Governor announced plans 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.

Strengthening New York's Racing Industry

The racing industry is a vital part of our state's economy. To strengthen the industry, Governor Cuomo and legislative leaders established a reorganization board that places the New York Racing Authority (NYRA) under temporary majority public control. NYRA is the not-for-profit corporation responsible for the operation of Aqueduct Racetrack, Belmont Park, and Saratoga Race Course, the three largest thoroughbred tracks in New York. The Reorganization Board will work to reform NYRA and transform oversight and management of thoroughbred horse racing in New York State.

The NYRA Reorganization Board is composed of a majority of publicly appointed directors and is chaired by Cornell President David Skorton. The Board will be in effect for three years to restructure and reorganize NYRA, after which NYRA will revert back to majority private control. This reform will make racing in New York the strongest, safest, and most transparent in the country.

Film and Television Industry

New York's film and television industry is one of the most robust in the nation, supporting hundreds of thousands of jobs and billions of dollars in economic impact. In July, Governor Cuomo signed legislation to help attract post-production work to the state, particularly upstate communities. A number of major film and television productions have cited the state's program as a leading factor in the decision to film and produce in New York. The new law signed by the Governor strengthens the existing incentives to help communities in all corners of the state attract these investments.

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.

Strong Support for Small Businesses

Small businesses compose 98 percent of all businesses in New York, employing more than half of New York's private sector workforce. To support the development of small businesses, Governor Cuomo created a statewide small business outreach initiative. More than 1,700 small business owners and prospective owners attended workshops to learn about how to start and grow their businesses. Over the course of six months, a team of officials from six New York State Agencies including the Departments of Labor, the Department of Taxation and Finance, the Empire State Development Corporation, the State Liquor Authority, and the Workers Compensation Board traveled to all regions of the state to conduct a comprehensive overview of the State's rules and programs for starting and expanding small businesses.

A woman with dark hair, wearing a red patterned top, is looking at a laptop screen. The background is slightly blurred, showing other people in a room.

Working to Find Jobs for New Yorkers

Governor Cuomo's Jobs Website Helped More than 59,000 Obtain Jobs

"Jobs Express," a state website for New Yorkers seeking employment, has helped more than 59,000 individuals find work in the ten months since its launch. Jobs Express currently has about 75,000 job openings listed, an increase of more than 10,000 since the Governor announced the site's launch in October 2011. Since its launch, the site has averaged 106,000 hits a month, and employers have added another 10,000 jobs.

As part of the New York Works program to put New Yorkers back to work, in June, during National Job Fair Month, Governor Cuomo hosted 11 job fairs across New York. The events brought together more than 375 employers statewide and featured more than 10,000 job openings.

NY Youth Works Jobs Program Exceeds its Goals

In January 2012, Governor Cuomo launched a statewide program to find employment for at risk youth, offering \$25 million in hiring incentives and \$8 million in training and placement money. The program includes work readiness preparation, occupational training, and digital literacy skills.

The program's goals were to hire 8,000 youth and certify 1,000 businesses. As of November 2012, Governor Cuomo exceeded that goal, placing more than 8,400 youth with over 1,380 certified businesses.

New Employment Initiative for the Formerly Incarcerated

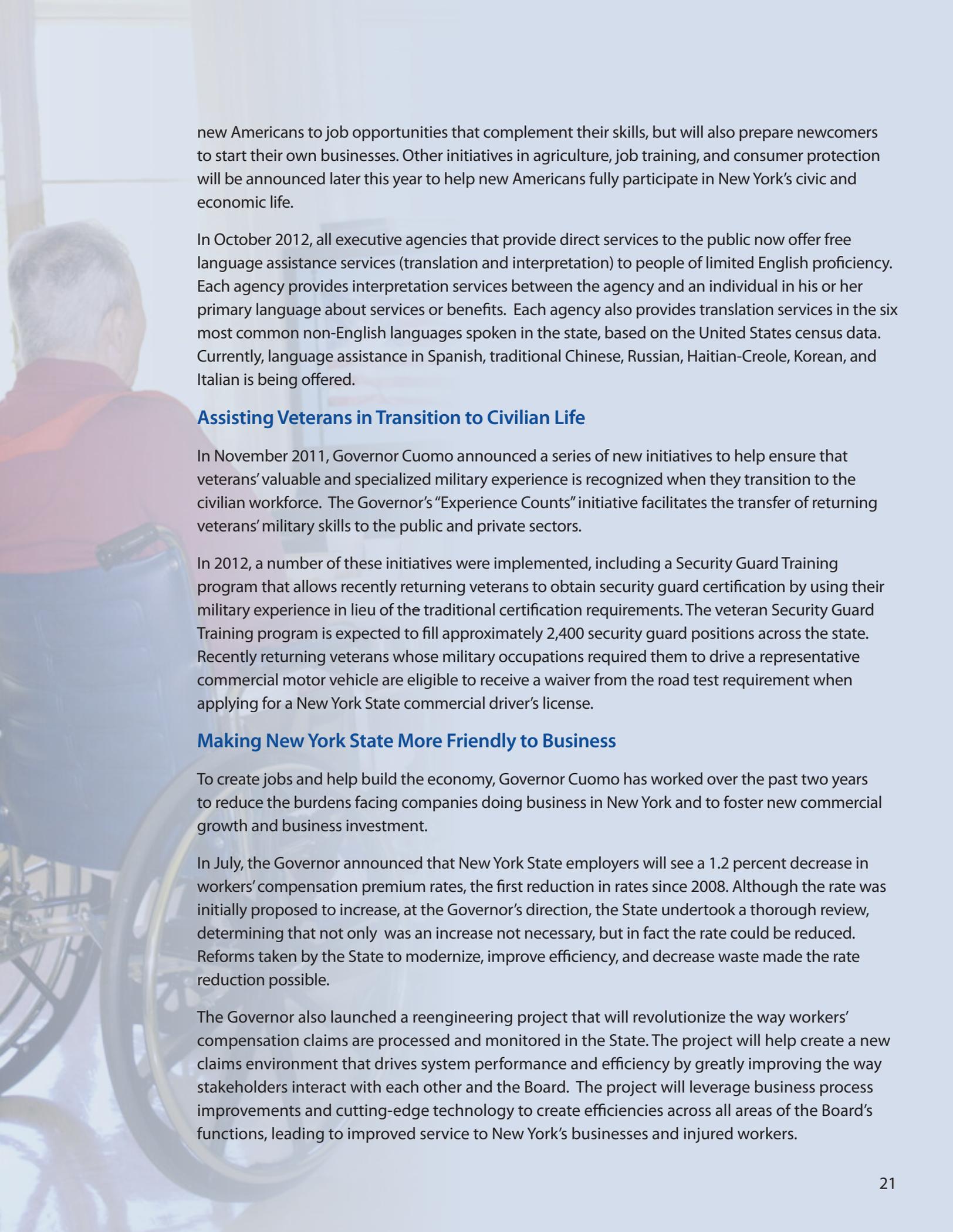
Governor Cuomo started "Work for Success," a jobs initiative aimed at reducing the high unemployment rate among the thousands of New Yorkers returning home from prison. Work for Success is developing a comprehensive statewide approach to increase job readiness and improve employment outcomes for the formerly incarcerated. This initiative benefits all New Yorkers by helping to put individuals who were formerly incarcerated on the path to becoming law-abiding, tax-paying citizens.

Supporting Community Colleges

Community colleges play an important role in the state as vehicles of opportunity and economic drivers that retrain workers and partner with local businesses to educate the workforce. The Governor's budget increased support for community colleges, raising base aid from \$2,122 to \$2,272 per full-time equivalent student. This is the first base aid increase for community colleges in five years and will allow campuses across the state to expand class offerings, ease the burden on county sponsors, assist business partners, keep tuition affordable, and hire additional faculty.

Assisting New Americans

The Governor promised to create an Office for New Americans to assist legal residents new to America who are eager to contribute to the state's economy and become part of the family of New York. As of December 2012, the Governor has opened more than 25 neighborhood-based Opportunity Centers throughout the state that will teach English to hundreds of immigrants and prepare hundreds more to become citizens of this great nation. The Centers will not only connect



new Americans to job opportunities that complement their skills, but will also prepare newcomers to start their own businesses. Other initiatives in agriculture, job training, and consumer protection will be announced later this year to help new Americans fully participate in New York's civic and economic life.

In October 2012, all executive agencies that provide direct services to the public now offer free language assistance services (translation and interpretation) to people of limited English proficiency. Each agency provides interpretation services between the agency and an individual in his or her primary language about services or benefits. Each agency also provides translation services in the six most common non-English languages spoken in the state, based on the United States census data. Currently, language assistance in Spanish, traditional Chinese, Russian, Haitian-Creole, Korean, and Italian is being offered.

Assisting Veterans in Transition to Civilian Life

In November 2011, Governor Cuomo announced a series of new initiatives to help ensure that veterans' valuable and specialized military experience is recognized when they transition to the civilian workforce. The Governor's "Experience Counts" initiative facilitates the transfer of returning veterans' military skills to the public and private sectors.

In 2012, a number of these initiatives were implemented, including a Security Guard Training program that allows recently returning veterans to obtain security guard certification by using their military experience in lieu of the traditional certification requirements. The veteran Security Guard Training program is expected to fill approximately 2,400 security guard positions across the state. Recently returning veterans whose military occupations required them to drive a representative commercial motor vehicle are eligible to receive a waiver from the road test requirement when applying for a New York State commercial driver's license.

Making New York State More Friendly to Business

To create jobs and help build the economy, Governor Cuomo has worked over the past two years to reduce the burdens facing companies doing business in New York and to foster new commercial growth and business investment.

In July, the Governor announced that New York State employers will see a 1.2 percent decrease in workers' compensation premium rates, the first reduction in rates since 2008. Although the rate was initially proposed to increase, at the Governor's direction, the State undertook a thorough review, determining that not only was an increase not necessary, but in fact the rate could be reduced. Reforms taken by the State to modernize, improve efficiency, and decrease waste made the rate reduction possible.

The Governor also launched a reengineering project that will revolutionize the way workers' compensation claims are processed and monitored in the State. The project will help create a new claims environment that drives system performance and efficiency by greatly improving the way stakeholders interact with each other and the Board. The project will leverage business process improvements and cutting-edge technology to create efficiencies across all areas of the Board's functions, leading to improved service to New York's businesses and injured workers.

The modernization project will:

- Reduce waste, fraud, and abuse within the system.
- Improve timely payment of indemnity benefits.
- Ensure faster delivery of appropriate medical care.
- Improve the process for reporting medical treatment and billing.
- Virtually eliminate paper forms.
- Increase focus on dispute prevention, decrease unnecessary disputes, and speed the resolution of legitimate disputes.
- Cut costs through improved processes for all stakeholders.
- Improve internal and external system performance.

IV. Reforming our Education System

Governor Cuomo has made reforming our state's education system one of his highest priorities. Our system spends more per pupil than any other state in the nation, yet lags far behind in high school graduation rates.

This year, Governor Cuomo working with legislative leaders continued his fundamental restructuring of the system to ensure it focuses on improving student performance and school accountability.

The centerpiece of this effort was the adoption of a comprehensive teacher and principal evaluation system to help improve education statewide. This system was developed in cooperation with the State Education Department and the teachers' unions. The new evaluation system uses multiple measures of performance that include student achievement and rigorous classroom observation-to provide local school districts with clear standards and guidance to improve teaching and learning in the classroom. The legislation follows through on New York's commitment to establish an effective evaluation system as part of its receiving \$700 million through the federal Race to the Top program.

By mid-December, over 640 school districts have submitted their teacher and principal evaluation-plans to the State Education Department for approval.

To further support and foster reform, the Governor's budget included a total of approximately \$20.4 billion for school aid, which was an increase of \$805 million in total education spending, with an emphasis on increasing allocations to high-need school districts and providing funding for the Governor's competitive performance grant program.

To support student achievement and reward districts that made significant gains in academic achievement, especially among high-need students, the Governor established Competitive Education Grants. Twenty-four districts were successful and won the competitive grant. The grants are for three years, and each school district must meet its academic achievement targets to receive the second and third phases of the award.

Governor Cuomo also established the School District Management Efficiency Awards program to help school districts create comprehensive and innovative strategies to improve results for students, reduce costs, and increase productivity while maintaining the integrity of educational programs and services for students and teachers. Sixteen school districts submitted successful applications. These grants are also for a three year period. Grant recipients are distributed throughout the state geographically and include districts located in high and average-need rural, suburban, small city, and large urban portions of the state.

In order to ensure that New York students perform to the best of their abilities and are fully prepared for the future, Governor Cuomo established the New NY Education Reform Commission, a group of nationally recognized education, community, and business leaders. On April 30, 2012, Governor Cuomo convened the New NY Education Reform Commission to create a blueprint for addressing New York State's educational challenges. The Commission held 11 public hearings in each of the 10 regions of New York (meeting twice in New York City), received thousands of pages of testimony, and heard from more than 300 students, parents, educators, and stakeholders.

V. Protecting New York's Environment and Securing a Clean Energy Future

New York has a strong heritage of protecting the environment and supporting clean energy. In that tradition, Governor Cuomo has begun a series of innovative clean energy and environmental initiatives that will preserve the state's vast natural resources, increase energy conservation, and create jobs.

The following projects will help build a greener, more sustainable, and cleaner future in New York State:

Renewable Energy Investments and Efforts

Governor Cuomo has made the advancement of clean energy projects and research a priority, through the Energy Highway and other initiatives. Since July, the Governor has made available \$107 million for NY-Sun, an initiative to significantly increase the amount of electricity generated by photovoltaic (PV) systems throughout New York State, with the goal of quadrupling the amount of customer-installed solar power by 2013. Consistent with the Energy Highway Blueprint, the Public Service Commission will issue a solicitation for \$250 million for renewable energy projects. These initiatives will put New York at the forefront of clean energy development while reducing its costs, and they will promote the creation of green jobs across the state.

At a time when New York is growing its clean-energy economy, the State will invest in world-class research taking place here in New York, while bridging the gap between the maturing of an idea in a research environment and the actual creation of a successful business. NYSERDA's incubator program has continued to support six clean tech incubators in the state with results to date assisting 94 clients, helping these startups raise \$74 million in private funds while creating 48 new products and 193 new jobs. Approximately \$15 million in funding has been awarded to three Proof-of-Concept centers, which establish partnerships between universities, scientists, and research organizations with business experts and early-stage investors in order to move technical innovations beyond the lab and into the market. In addition, the State is investing \$40 million in research and development and to streamline permitting specifically for solar projects to help reduce PV installation costs.



Expanding Energy Efficiency

Governor Cuomo will issue an Executive Order directing state agencies to increase energy efficiency in state buildings by 20 percent in seven years. The Governor's directive is one of the most ambitious initiatives in the nation that will save millions of dollars for taxpayers and create thousands of jobs while significantly reducing greenhouse gas emissions. To meet this goal, the administration designed Build Smart NY, a strategic implementation plan that uses state building energy data to prioritize projects that deliver the greatest energy savings per dollar spent. The largest and most inefficient buildings will be addressed first and undergo comprehensive whole-building improvements. Building improvements include measures such as installing new lighting fixtures and controls, heating, ventilating and air-conditioning systems, electric motors, and automated energy management systems.

Similarly, Build Smart NY will accelerate projects that produce the greatest savings and coordinate all spending. The program will also ensure that cost-effective improvements for energy savings are considered in all of the state's capital project planning. The New York Power Authority (NYPA) has committed to providing \$450 million in low-cost financing for this initiative. Additionally, for most projects, no upfront capital spending will be required because agencies will be able to repay the loans through the projects' energy savings.

In addition to energy efficiency improvements at state facilities, Governor Cuomo has made it a priority to assist municipalities, schools, and other public facilities to reduce energy demand and consumption and save taxpayer dollars. To that end, NYPA has committed \$350 million over the next four years.

Governor Cuomo also launched another ambitious program to promote energy efficiency throughout New York State. The Energy Efficiency Market Acceleration Program, administered by NYPA, will provide \$30 million over five years to advance market development and commercialization of new energy efficiency technologies to support New York State's clean energy economy, cut costs, and improve efficiency at public facilities statewide. Through public-private partnerships, NYPA will develop new market channels with demonstration projects, technology-transfer activities, training programs, and technical support, strengthening New York State's position as a leader in clean energy.

And since July, NYSERDA has issued 433 Green Jobs – Green New York low interest loans totaling more than \$4.2 million – for residential energy efficiency projects. Nearly half of the loans are On-Bill Loans, allowing the homeowners to make payments through their monthly utility bills.

Weaving Sustainability into Regional Economic Development Plans

The Governor dedicated \$100 million in Regional Greenhouse Gas Initiative proceeds for the new Cleaner Greener Communities program, which supports smart growth and sustainability planning and projects. The program weaves sustainability into the economic development strategies of every Regional Economic Development Council. The first phase of the program, launched through the Consolidated Funding Application process, made \$10 million available statewide for the development of sustainability plans, which is now underway in all 10 regions. Subsequent phases will provide funding for the implementation of plans.

ReCharge NY Awards

This year, the NYPA Trustees approved several rounds of power allocations under Governor Cuomo's Recharge NY program, awarding 716 megawatts (MW) of the 910 MW program to more than 700 businesses and not-for-profits, which in turn committed to the creation or retention of thousands of jobs. The most recent allocations to 38 businesses total more than 29 MW and were drawn from 200 MW specifically reserved for business expansion and attraction. One MW is enough power for meeting the electricity needs of 800 to 1,000 typical homes. The ReCharge NY program was created by the Governor and put in place by the Legislature in 2011 to spur economic development in all corners of the state by providing low-cost power to businesses and other entities that agree to create or retain jobs.

Constellation Settlement

In October, Federal Energy Regulatory Commission (FERC) approved a Public Service Commission (PSC) spending plan for a \$78 million fund that will provide rebates, develop stronger consumer representation, and help create new technologies to optimize transmission system performance in New York. The fund is the result of a FERC agreement with Constellation Energy to resolve an investigation of potential violations of the Commission's market rules.

Specifically, FERC approved PSC's proposal for the allocation and distribution of \$78 million, including distributing \$48 million to electric customers in each of the six investor-owned utilities and to both LIPA and NYPA, which will be passed back to customers who were harmed by the scheme. In addition, the plan established a \$10 million fund to support consumer advocacy in the wholesale electric markets, especially for historically underrepresented residential and small commercial customers. Another \$20 million funded a program to promote advanced technologies to optimize transmission system performance.

New York's Energy Highway

In October, the Energy Highway Blueprint was launched – identifying specific actions to modernize and expand the State's electric infrastructure. The comprehensive plan, supported by up to \$5.7 billion in public and private investments, will add up to 3,200 megawatts (MW) of additional electric generation and transmission capacity and clean power generation.

The Energy Highway initiative, introduced in the 2012 State of the State address, is a centerpiece of the Governor's Power NY agenda, which was put in place to ensure that New York's energy grid is the most advanced in the nation and to promote increased business investment in the state. The Blueprint advances a strong public-private initiative to improve the State's energy infrastructure, enhancing system reliability and efficiency, minimizing environmental impacts, and generating long-term customer benefits.

The Blueprint includes specific actions designed to add up to 3,200 MW in new generation and transmission, including plans to:

- Invest \$1 billion for 1000 MW of new electric transmission capacity.
- Initiate \$250 million in new renewable energy projects, leveraging \$425 million in private investment and creating 270 MW of new power.

- Modernize and repower existing inefficient, high emission plants to create 750 MW of power, enabled by approximately \$1.5 billion investment.
- Generate 1,200 MW of additional capacity through an approximately \$1 billion investment to help meet reliability needs to address retiring power plants across the state.
- Accelerate \$1.3 billion of investment in existing transmission and distribution projects to enhance reliability, improve safety, reduce cost to customers, and reduce emissions.
- Invest \$250 million to develop Smart Grid technologies and create the most advanced energy management control center in the country; and
- Initiate field studies of Atlantic Ocean offshore wind development potential.

The Blueprint reaches every corner of the state with both locally focused and statewide actions to provide system reliability and economic development benefits. In Northern New York, strategic investments in transmission system upgrades will facilitate access for renewable energy projects to electricity markets. Western New York will undergo an immediate review of the viability of repowering options for power plants that have announced retirement plans, and which could benefit from new community support plans in the event plants are closed. Repowering, reducing transmission congestion, and offshore wind initiatives in the downstate region will help to green the power plant fleet supplying the highest energy demand area of the state. Upgrades throughout the state will support regional job growth and economic development.

NYPA Assistance for Niagara Falls

In November, the NYPA Trustees approved a plan to provide assistance to the City of Niagara Falls that will help the City address budget issues related to an ongoing casino revenue dispute between the State of New York and the Seneca Nation of Indians. In addition, Governor Cuomo secured the future of the iconic Maid of the Mist scenic boat excursions at the Falls, a critical element of the region's tourism, for decades into the future. The Maid of the Mist, which was in jeopardy of shutting down after losing its winter storage site in Canada, will now utilize properties 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.

Powering Electric Cars across New York

The Governor awarded \$4.4 million to install more than 325 new electric-vehicle (EV) charging stations across New York State and expects to award a second round for an additional 450 electrified parking spaces in the upcoming month. With high gas prices, EVs provide a fuel-efficient alternative to gas- and diesel-powered vehicles, while helping to reduce dependence on fossil fuels. A diverse infrastructure of EV charging stations will create new jobs and business opportunities across the state and promote the sale of electric cars, trucks, and other vehicles.

Preserving the Environmental Protection Fund

The Governor has been an ardent supporter of the Environmental Protection Fund. After a pattern of steep cuts to the EPF in recent years, Governor Cuomo held the EPF steady at \$134 million in his first two budgets. The EPF, a cornerstone of the state's environmental programs, is a permanent funding mechanism for open space and farmland protections, land acquisition, estuary management, waterfront revitalization, and recycling.

Creative Solutions for Environmental Financing

Governor Cuomo has utilized creative solutions to fund environmental infrastructure projects. The Governor's New York Works Task Force has helped to fund capital improvements at hundreds of parks, dams, coastal erosion sites, and flood control facilities. Additionally, the New York State Environmental Facilities Corporation (EFC) has implemented changes to environmental loan and financing programs to allow more municipalities to take advantage of record-low interest rates to fund clean water projects, offering low-cost financing in 2012 and 2013 to as many as 80 additional cities, towns, and villages. EFC has also refinanced more than \$1.4 billion in local government debt, saving municipalities and local ratepayers more than \$223 million over the next 20 years.

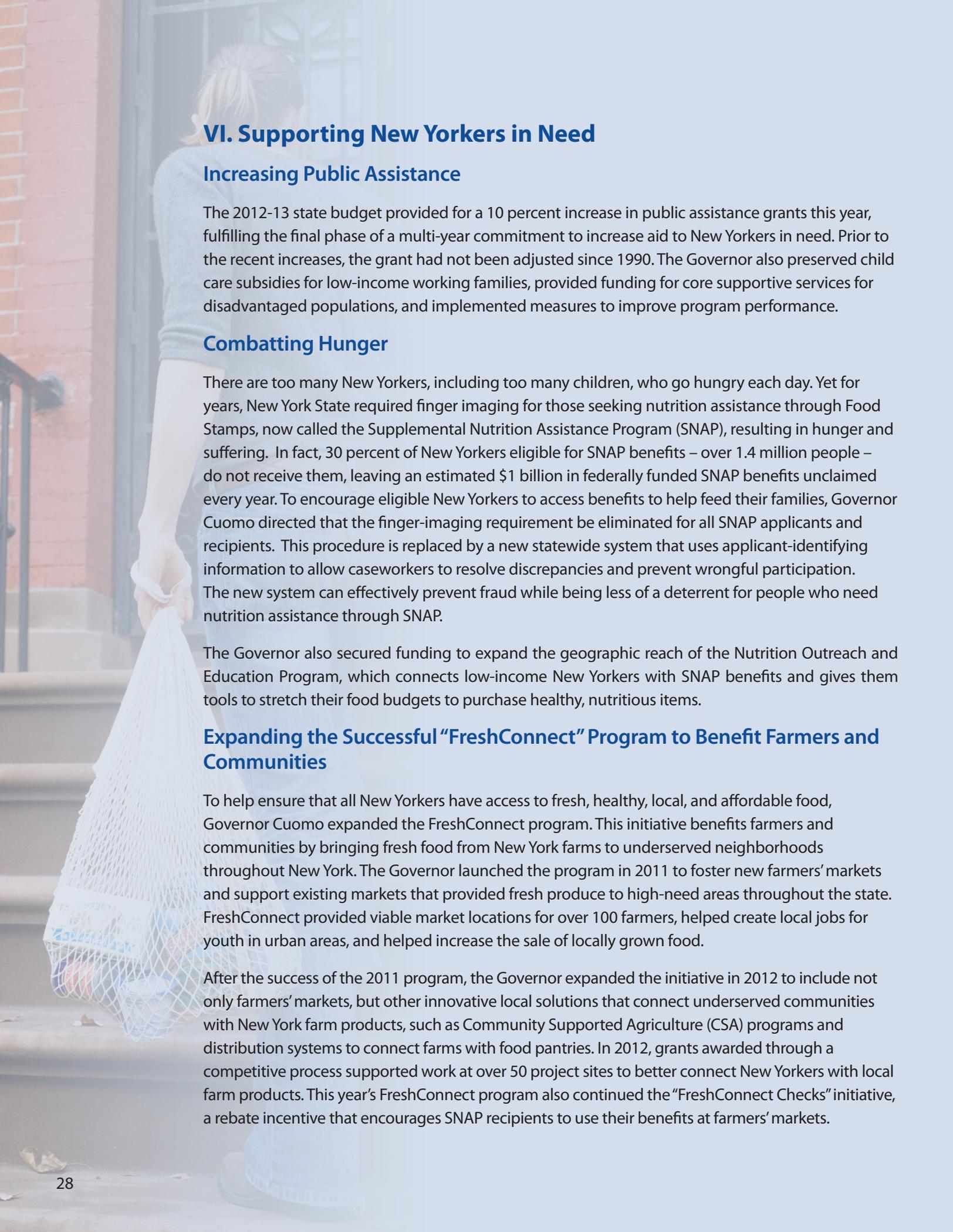
Protecting Open Space

The Governor has made the protection of land and parks a hallmark of his first two years in office. In August, the Governor announced the landmark acquisition of 69,000 acres of the former Finch Pruyn lands in the Adirondacks. This acquisition, made possible through EPF funding, represents the largest addition to the State Forest Preserve in over a century.

Maintaining and Expanding Parks

For the second year in a row, the Governor opened every state park on time. Attendance at state parks and historic sites has increased by 8.9% over the same period last year. Camping attendance was also very strong this year, with a 7% increase in overnight stays over last year. In October, the Governor announced an expansion of the park system with the addition of the Franklin D. Roosevelt Four Freedoms Park on Roosevelt Island in New York City as the 179th State Park.

Governor Cuomo established the State's first-ever "I Love My Park Day" to improve New York's parks and historic sites and bring visibility to the system and its needs. During this volunteer initiative in May, thousands of New Yorkers participated in clean up, beautification, and stewardship events at more than 35 state parks and historic sites. The Governor joined hundreds of New Yorkers to volunteer at the Franklin D. Roosevelt State Park in Westchester County and the Roberto Clemente State Park in the Bronx.



VI. Supporting New Yorkers in Need

Increasing Public Assistance

The 2012-13 state budget provided for a 10 percent increase in public assistance grants this year, fulfilling the final phase of a multi-year commitment to increase aid to New Yorkers in need. Prior to the recent increases, the grant had not been adjusted since 1990. The Governor also preserved child care subsidies for low-income working families, provided funding for core supportive services for disadvantaged populations, and implemented measures to improve program performance.

Combatting Hunger

There are too many New Yorkers, including too many children, who go hungry each day. Yet for years, New York State required finger imaging for those seeking nutrition assistance through Food Stamps, now called the Supplemental Nutrition Assistance Program (SNAP), resulting in hunger and suffering. In fact, 30 percent of New Yorkers eligible for SNAP benefits – over 1.4 million people – do not receive them, leaving an estimated \$1 billion in federally funded SNAP benefits unclaimed every year. To encourage eligible New Yorkers to access benefits to help feed their families, Governor Cuomo directed that the finger-imaging requirement be eliminated for all SNAP applicants and recipients. This procedure is replaced by a new statewide system that uses applicant-identifying information to allow caseworkers to resolve discrepancies and prevent wrongful participation. The new system can effectively prevent fraud while being less of a deterrent for people who need nutrition assistance through SNAP.

The Governor also secured funding to expand the geographic reach of the Nutrition Outreach and Education Program, which connects low-income New Yorkers with SNAP benefits and gives them tools to stretch their food budgets to purchase healthy, nutritious items.

Expanding the Successful “FreshConnect” Program to Benefit Farmers and Communities

To help ensure that all New Yorkers have access to fresh, healthy, local, and affordable food, Governor Cuomo expanded the FreshConnect program. This initiative benefits farmers and communities by bringing fresh food from New York farms to underserved neighborhoods throughout New York. The Governor launched the program in 2011 to foster new farmers’ markets and support existing markets that provided fresh produce to high-need areas throughout the state. FreshConnect provided viable market locations for over 100 farmers, helped create local jobs for youth in urban areas, and helped increase the sale of locally grown food.

After the success of the 2011 program, the Governor expanded the initiative in 2012 to include not only farmers’ markets, but other innovative local solutions that connect underserved communities with New York farm products, such as Community Supported Agriculture (CSA) programs and distribution systems to connect farms with food pantries. In 2012, grants awarded through a competitive process supported work at over 50 project sites to better connect New Yorkers with local farm products. This year’s FreshConnect program also continued the “FreshConnect Checks” initiative, a rebate incentive that encourages SNAP recipients to use their benefits at farmers’ markets.



VII: Making our Healthcare System the Finest in the Nation

Statewide Health Exchange to Reduce Coverage Costs

In April, the Governor issued an Executive Order to establish a statewide Health Exchange, which will significantly reduce the cost and expand the availability of health insurance coverage for individuals, small businesses, and local governments. The Exchange, which will be instrumental in establishing the first-ever comparative marketplace, will help more than one million uninsured New Yorkers access affordable coverage. Costs for planning and developing of the Exchange will be financed entirely by the federal government.

Helping New York's Hospitals and Nursing Homes

Governor Cuomo allocated over \$300 million in additional HEAL grants to 40 hospitals and nursing homes throughout New York, continuing his efforts to transform the State's health care system to improve patient care, reduce costs, and ensure that all New Yorkers have access to quality treatment. The grants will help to improve primary and community-based care, eliminate excess bed capacity, and reduce over-reliance on inpatient care in hospitals and nursing homes. The awards will also help implement recommendations from the Governor's Medicaid Redesign Team, including enabling health care facilities to deliver more efficient, higher quality care through restructuring, merging, and realigning operations.

Supportive Housing for High-Cost Medicaid Recipients

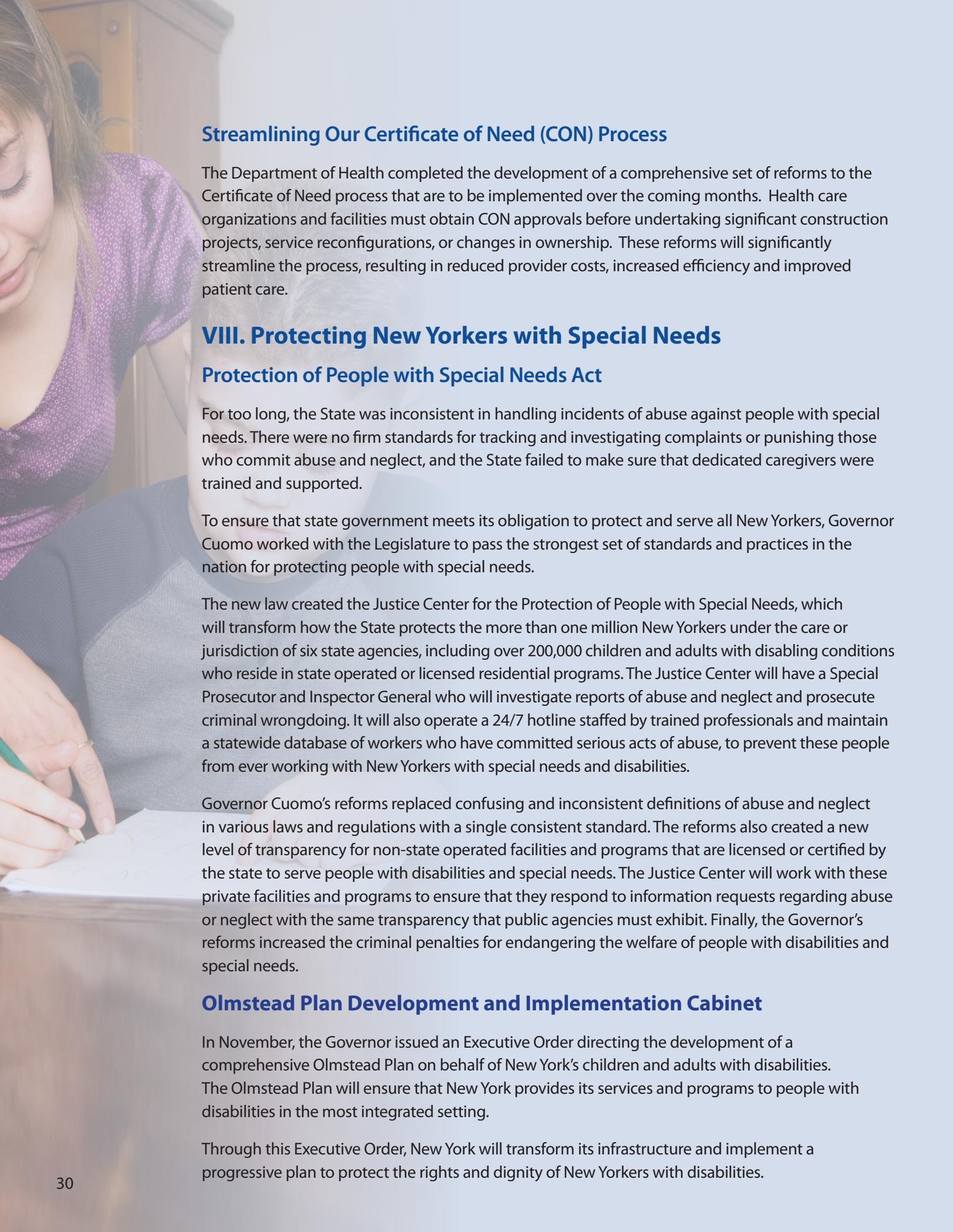
Governor Cuomo announced the allocation of \$75 million to create as many as 1,600 additional units of supportive housing for high-cost Medicaid recipients. The funds will be managed by several state agencies working cooperatively and will support both capital projects and rental and service subsidies. Twenty-five million dollars will be spent in combination with New York City funds to accelerate NYNY III housing units. Although the link between stable housing and Medicaid cost control is well known, this is the first time that projected Medicaid savings have been directed to the development of supportive housing.

Battling Breast Cancer

In July, the Governor signed legislation to help ensure that women who may be at a higher risk for breast cancer have the information they need to conduct necessary screenings and other preventive measures. As dense breast tissue can make it harder to find cancer on a mammogram and may also be associated with an increased risk of breast cancer, the new law is designed to help improve breast cancer detection and prevention by requiring mammography services to inform patients if dense breast tissue is found during an exam.

Integrated Licensure Project

To better treat New Yorkers receiving services for mental health or substance use disorder, and to reduce preventable hospital utilization by these populations, the Department of Health has better integrated its licensure program. The changes will ensure that patients have access to the care they need regardless of the primary focus or license of the facility providing them treatment. By facilitating the co-location and integration of physical health and behavioral health services, New York State is seeking to reduce preventable hospital utilization among these patient groups and improve their overall health status and quality of life.



Streamlining Our Certificate of Need (CON) Process

The Department of Health completed the development of a comprehensive set of reforms to the Certificate of Need process that are to be implemented over the coming months. Health care organizations and facilities must obtain CON approvals before undertaking significant construction projects, service reconfigurations, or changes in ownership. These reforms will significantly streamline the process, resulting in reduced provider costs, increased efficiency and improved patient care.

VIII. Protecting New Yorkers with Special Needs

Protection of People with Special Needs Act

For too long, the State was inconsistent in handling incidents of abuse against people with special needs. There were no firm standards for tracking and investigating complaints or punishing those who commit abuse and neglect, and the State failed to make sure that dedicated caregivers were trained and supported.

To ensure that state government meets its obligation to protect and serve all New Yorkers, Governor Cuomo worked with the Legislature to pass the strongest set of standards and practices in the nation for protecting people with special needs.

The new law created the Justice Center for the Protection of People with Special Needs, which will transform how the State protects the more than one million New Yorkers under the care or jurisdiction of six state agencies, including over 200,000 children and adults with disabling conditions who reside in state operated or licensed residential programs. 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 transparency that public agencies must exhibit. Finally, the Governor's reforms increased the criminal penalties for endangering the welfare of people with disabilities and special needs.

Olmstead Plan Development and Implementation Cabinet

In November, the Governor issued an Executive Order directing the development of a comprehensive Olmstead Plan on behalf of New York's children and adults with disabilities. The Olmstead Plan will ensure that New York provides its services and programs to people with disabilities in the most integrated setting.

Through this Executive Order, New York will transform its infrastructure and implement a progressive plan to protect the rights and dignity of New Yorkers with disabilities.



IX: Preserving Affordable Housing for Our Families

Protecting Mitchell-Lama Housing Developments

Recognizing the historic role that Mitchell-Lamas have played in maintaining affordability in the downstate rental market, the State worked creatively in 2012 to achieve two major developments to maintain affordability. First, in September, Island House on Roosevelt Island was preserved as affordable housing for another 30 years, using a model that will allow its tenants to either purchase their units or remain as rent-regulated tenants. In November, at Co-op City in the Bronx, the largest Mitchell-Lama development in the state, New York State Homes and Community Renewal (HCR) joined with HUD and New York City in guaranteeing a \$621 million Wells Fargo refinanced loan. The loan will pay for renovations and will also preserve affordability for 35 years for the 60,000 residents of Co-op City.

Enforcing the Rent Law Expansion

In 2011, New York passed the greatest strengthening of the state's rent laws in forty years, and in 2012, Governor Cuomo created a new Tenant Protection Unit at HCR. This new unit is proactively preventing problems and rooting out fraud before it affects the lives of rent-regulated residents. The unit is now enforcing landlord obligations to tenants, and its ability to impose strict penalties for failure to comply with HCR orders and New York's rent laws has already yielded an enormous increase in compliance, including the number of landlords now properly registering their properties with the state.

Housing for Homeless Families and Individuals

To help struggling individuals and families build a foundation for a better future, the Governor awarded \$19.6 million in grants for five homeless housing projects across New York. The grants will support the creation of more than 160 units of housing, with 258 beds, for formerly homeless individuals and families. The support services available at these sites will assist survivors of domestic violence, veterans dealing with post-traumatic stress disorder, and individuals with disabilities, mental illness, or chemical dependency. As part of his Medicaid Redesign Team recommendations, the Governor also dedicated \$75 million for the development of supportive housing, a cost-saving model that provides high-quality services to high-needs populations.

Helping New Yorkers Keep their Homes

Keeping New Yorkers in their homes is a high priority for Governor Cuomo. To help achieve this end, this year's budget provided \$9 million to continue mortgage foreclosure counseling, with additional services financed by proceeds from the National Mortgage Servicing Settlement Agreement. In addition, the Department of Financial Services established a new Foreclosure Relief Unit to provide counseling and mediation services. The Foreclosure Relief Unit's mobile division has assisted nearly 1,000 homeowners through 35 visits to communities throughout the state. Due to this effort, the Foreclosure Relief Unit has been actively working with banks and consumers to achieve beneficial outcomes on behalf of nearly 600 homeowners, and will continue this initiative across the state in 2013.

X. Making New York Safer

Expansion of DNA Database

The use of DNA in the area of criminal justice has proven to be a powerful tool to help prevent crime, convict the guilty, and protect the innocent. Under prior state law, DNA data could be collected in fewer than half of all crimes committed in New York, limiting its use in our justice system. Even with these limitations, the state's DNA databank provided leads in over 2,900 convictions and helped exonerate 27 innocent New Yorkers.

To better protect New Yorkers and improve the state's criminal justice system, Governor Cuomo led a successful statewide effort to expand New York's DNA databank. With this expansion, New York became the first state in the nation to require DNA samples from anyone convicted of a felony or Penal Law misdemeanor.

The new law, which was passed by the Legislature, also provides defendants with improved access to DNA testing both before and after conviction, as well as better access to post-conviction discovery, to give the wrongly accused a better opportunity to demonstrate their innocence.

Strengthening Domestic Violence Laws

Domestic violence is a serious problem in New York. Many victims experience repeated and often increasingly serious assaults over time, which sometimes result in death. To strengthen our laws against domestic violence and crack down on repeat offenders, Governor Cuomo and the Legislature passed the Domestic Violence Omnibus Act, which upgrades repeat domestic violence offenses to a felony; allows judges to consider risk factors such as firearm possession and violations of restraining orders in determining bail; establishes a statewide fatality review process to help determine ways to reduce domestic violence related deaths; and improves safeguards to protect the locations of victims of domestic violence. Finally, the legislation ensures that domestic violence offenders, even if they are the victim's spouse, cannot control the disposition of a victim's remains for purposes of a funeral or burial.

Fighting Child Pornography on the Internet

Governor Cuomo and legislative leaders enacted a new law that will more effectively prohibit internet access to child pornography and ensure that child pornography can never be legally possessed in the state. The legislation prohibits individuals from knowingly accessing, with the intent of viewing, child pornography on the internet. This legislation closes a loophole to provide that an individual intentionally accessing a website to view child pornography can be charged with a class E felony.

Reducing Gun Violence

To keep New Yorkers safe and to prevent crime in our communities, Governor Cuomo instituted a new initiative to reduce gun violence in communities across the state. As part of this initiative, this fall five neighborhoods launched a new approach to interrupting the cycle of gang and gun violence. In a strategy that has produced sharp reductions in violence within a short period in other jurisdictions, community members and law enforcement join together to directly engage with these groups and send a clear message -- a community message against violence, a law enforcement



message about the consequences of further violence and an offer of help for those who want it. To accomplish this, law enforcement, social service providers and community members are recruited, assembled and trained to engage in a sustained relationship with groups most likely to commit violent acts.

Fighting Prescription Drug Abuse

Governor Cuomo worked with Attorney General Eric Schneiderman and legislative leaders to develop a comprehensive prescription drug reform package that will make New York a national leader in curbing prescription drug abuse.

The reform package overhauls the way prescription drugs are distributed and tracked in the state, enhancing safeguards for the distribution of prescription drugs that are commonly abused and combatting the growth of prescription drug abuse and fatalities resulting from overdoses.

The new law also creates a “real time” prescription monitoring system to provide timely information to pharmacists and requires all prescriptions to be electronically transmitted. The system will make it significantly more difficult to illegally obtain prescriptions by “doctor shopping” among multiple prescribing practitioners.

The Governor’s Office has instituted a program for the safe disposal of unused prescription medication by consumers. As part of this effort, the New York State Police and a select number of other police agencies in conjunction with the Department of Health have implemented a Medication Drop Box Program at sites across the state which allow the public to safely and anonymously dispose of these medications.

Cracking Down on the Sale of Illegal Bath Salts and Dangerous Synthetic Drugs

Bath salts and other synthetic drugs are manufactured to have a structure that is similar, but not identical, to controlled substances. These dangerous products are then marketed as “bath salts” or “legal alternatives to marijuana.” Recognizing the increasing problem posed by illegal bath salts and synthetic drugs use, Governor Cuomo put new regulations in place to crack down on their use. The regulations, issued by the State Health Department, expanded the existing list of prohibited drugs and chemicals to include dozens of additional substances that are now used to make synthetic drugs, better ensuring that distributors can no longer skirt the law by simply modifying the drug’s ingredients. The Governor’s new regulations have drastically reduced the availability of bath salts and synthetic marijuana.

Reducing Cyberbullying

The Governor championed legislation that requires schools to act in cases of cyberbullying that hurt students or disrupt the school environment. The new law requires school districts to establish procedures to address bullying and harassment and to have a designated person to receive and investigate reports of bullying. The law also requires school employees who witness harassment to report it within one school day. It also compels school districts to coordinate with law enforcement when appropriate and to provide notice to all school community members of the school’s policies and procedures. Finally, the new law requires training on bullying and effective prevention strategies for employees, new teachers, and administrators.



XI. Making New York's Roads Safer and More Convenient for New Yorkers

Removing Repeat Drunk Drivers from Our Highways

To make our highways safer, Governor Cuomo initiated a multi-pronged initiative to keep drunk drivers with a history of repeat alcohol- or drug-related driving convictions off the roads. The Department of Motor Vehicles issued new regulations that gave New York some of the toughest protections in the nation against those who persistently drive under the influence of alcohol or drugs. Under the old law, drivers who were convicted of multiple alcohol- or drug-related driving offenses could not lose their licenses permanently. The new regulations allow DMV to review the lifetime record of all drivers who apply to have a license reinstated after a conviction, and permanently revoke the licenses of those who have persistently engaged in impaired driving. As a result of the new regulations, an estimated 20,000 drivers will have their licenses permanently revoked or delayed this year.

Protecting New Yorkers from Distracted Driving

Texting or using a handheld electronic device while driving is dangerous and has led to fatal accidents in New York State, often involving young people. To crack down on distracted driving and make New York's roadways safer for all, the Governor and Legislature put in place tough new penalties for drivers who use electronic devices while behind the wheel. The law has been an overwhelming success, increasing four-fold the number of tickets given for texting-while-driving violations in the one year since the new measures took effect—bringing the number from more than 4,500 to nearly 21,000 violations per year.

Enhancing Bus Safety

The Department of Transportation partnering with the New York State Police has performed more than 5,800 bus inspections in 2012, which has led to more than 800 unsafe drivers and motor coaches being taken off the road for serious safety defects.

Earlier this year, a permanent rule was put in place strengthening the Department's enforcement capabilities and oversight over the motor coach industry. Since the implementation of this regulation, three bus operators have had their State operating authority revoked, 39 companies have entered into corrective action agreements with the department requiring them to improve their safety compliance rates, and five other new bus company applicants have been denied authority based on poor roadside inspection performance.

The corrective action agreements include civil penalties; additional third party bus inspections and driver training and certification review; and the installation of Electronic On-Board Recording Devices. In the past 11 months, the State has assessed over \$338,000 in civil penalties against bus operators and companies for various safety infractions. Additionally, the Department significantly increased the number of compliance reviews conducted for passenger carriers. To date in 2012, 250 passenger carrier compliance reviews have been completed.

The number of roadside inspections and compliance reviews and the amount of fines assessed against bus operators in 2012 have increased by 800 to 900 percent compared to 2010-2011.

XII: Rebuilding New York After Natural Disasters

Building Back After Hurricane Irene and Tropical Storm Lee

In 2011, Hurricane Irene and Tropical Storm Lee devastated communities, particularly in upstate New York. They uprooted lives and placed a tremendous financial strain on families and local governments. Governor Cuomo promised upstate communities hit hard by these two storms that he would assist in their rebuilding, and he has worked diligently to ensure that communities received resources they required to rebuild “even better than before.”

A year after the storms, the Governor announced that more than \$277 million had been provided in direct aid programs for families, individuals, businesses, farms, and localities throughout the state, including \$137 million to the seven hardest-hit counties. To date, more than 1,500 farms and businesses have received direct aid from the state.

The Governor also announced a series of new measures for affected localities, including: \$2.4 million for dam repairs; \$500,000 to assist businesses and homeowners in the Town of Prattsville; \$145,000 in grants to first-responder organizations in Schoharie County; an initiative to improve cell phone coverage in the Northern Catskills; and additional federal funding to cover unmet individual needs of storm victims.

To minimize the financial burden on these communities, Governor Cuomo ensured that the State covered the local share of disaster response and recovery costs resulting from the storms. The Federal Emergency Management Agency (FEMA) usually covers 75 percent of eligible disaster response and recovery costs, and the remaining 25 percent is typically shared equally by states and localities. Under the Governor’s direction, the state picked up the local share for most eligible expenses, making over \$80 million available to 32 counties to cover costs associated with the storm. The total storm recovery clean-up cost is expected to exceed \$1.5 billion.

Hurricane Sandy

Hurricane Sandy is one of the worst, if not the worst, natural disaster to hit New York State. Its record-breaking storm surges hit the coastal areas of New York City and Long Island at a height of nearly 14 feet and washed away homes, businesses and beaches and damaged major power and transportation infrastructure.

Hurricane Sandy brought widespread devastation to residents, businesses, schools, parks and beaches throughout the region, including in a wide expanse of downstate New York. It left 131 people dead, including 60 in New York. About two million customers were left without power in New York State alone, subway tunnels and roads were flooded, major transmission systems were damaged, and more than 300,000 housing units were destroyed or damaged, leaving countless families homeless, some on a long-term basis.

The financial impact was staggering, with cost estimates as high as \$42 billion, including \$33 billion to repair damaged or demolished housing units and infrastructure. Businesses alone lost \$6 billion.

Under Governor Cuomo’s leadership, New York was in full storm preparation days in advance. On October 26, four days before the storm’s forecasted arrival, Governor Cuomo declared a State of



Emergency and ordered the state's Emergency Operations Center to operate 24 hours a day. At the Governor's direction, state agencies and local governments began planning cooperative response efforts while he and his administration were in frequent contact with the Federal Emergency Management Agency and the National Weather Service. Nearly 2,100 members of the National Guard were deployed to aid local authorities in responding to storm emergencies and damage.

In preparation for the storm and to protect the safety of the public, all MTA services were shut down starting the evening of October 28, which possibly saved countless lives and untold damage to the transportation system. The Governor also closed the canal system and all major state bridges and tunnels in the storm's path.

Throughout the evening of October 29 and the following day, as the storm continued to hit the downstate areas with high winds and heavy rains, Governor Cuomo kept in constant contact with emergency responders, local officials, and the White House.

As the storm intensified, Governor Cuomo traveled to the World Trade Center site to monitor the flooding and damage that was occurring in Lower Manhattan. In the following days and weeks, the Governor toured hard-hit areas, including Long Island, Staten Island, Queens, Lower Manhattan, and the northern suburbs, helping to distribute food, water and generators, coordinating with emergency responders and the National Guard, directing the delivery of corporate charitable donations, and providing aid to storm victims.

In the immediate aftermath of Hurricane Sandy, Governor Cuomo saw to it that the massive transportation system in New York City, including buses, subways and airports, were up and running again quickly. He reopened bridges and deployed thousands of utility personnel to Long Island, where 90 percent of the customer base had lost power.

He pushed utilities to return power as swiftly as possible to the millions left in the dark and cold and then launched a wide-ranging investigation of the power companies' failures.

Governor Cuomo and his administration took other important steps to address the immediate needs of New Yorkers affected by the storm. He extended tax filings and bond payments; secured millions of dollars in federal aid to hire workers for clean-up efforts; procured federal benefits for food programs; suspended numerous state regulations to expedite recovery efforts; changed insurance rules to more quickly document damage; secured waivers for bank fees; eased regulations for various types of health care personnel to administer emergency services; implemented a small business emergency loan fund; obtained FEMA Emergency Assistance for Homeowners; and allocated \$8.2 million in grants for crisis counseling.

After the storm died down, Governor Cuomo led the effort in Washington to secure tens of billions of federal aid to deal with the impact of Sandy. In addition, through Governor Cuomo's dedicated and bold actions, New York State is taking the next steps to address the long-term needs of storm victims and secure future safety. He has formed commissions to review the actions of state regulatory agencies and utilities during the storm; to undertake a comprehensive review of New York State's emergency preparedness and response capabilities; and to examine how to improve the strength and resilience of the state's infrastructure.

XIII. Reforming State Government

Reforming the Redistricting Process

Governor Cuomo led the effort to pass a constitutional amendment and a legal statute that will permanently reform the redistricting process for legislative lines in New York. These reforms will put an end to the partisan gerrymandering that has plagued the redistricting process for over a century.

The state constitution will be amended to establish a new redistricting process for both state legislative and congressional district lines. The separate statute requires the amendment to be passed a second time by both houses no later than January 30, 2013, at which point it will be placed on the ballot statewide for approval by voters. The constitutional amendment will reform the redistricting process permanently, beginning in the next redistricting cycle in 2020-22. The amendment expressly prohibits partisan gerrymandering to benefit either politicians or a political party.

The constitutional amendment requires the appointment of an independent redistricting commission to draw the district lines. The commission's composition will ensure unprecedented and substantial roles in drawing the district lines for both the minority party conferences and for citizens who are not major party members. The amendment further requires that the commission reflect the diversity of the residents of the state. To ensure greater transparency and public involvement, the amendment also requires that the commission hold numerous public hearings and make its draft plans publicly available using the best available technology.

Online Voter Registration System

Since taking office, Governor Cuomo has worked to bring state government into the 21st century and to be more user friendly for all New Yorkers. In August, the Governor announced a new online voter registration service that allows New Yorkers -- for the first time ever -- to apply to register to vote, or update their address or party enrollment, through a secure online site. To date, more than 100,400 New Yorkers -- including nearly 40,000 new voters - have used the online system to register to vote or to change their address or party enrollment.

Restoration of the New York State Capitol

To make the Capitol accessible to the people, on his first day in office, Governor Cuomo reopened to the public its second floor, where the Governor's Office is located, and removed physical barriers that had surrounded the building for years. To open the capitol even more to New Yorkers, this year the Governor directed a series of restoration projects, as well as the installation of museum-quality exhibits, throughout the Capitol.

Completed projects include the renovation of the Hall of Governors, the reopening of the Assembly skylight, and the installation of treasured historical items throughout the Capitol and the Empire State Plaza Concourse. Many of the artifacts now on display had never before been accessible to the public. The Governor accelerated the Capitol restoration project, completing work years ahead of schedule and cutting costs by millions of dollars..

The Department of Financial Services

In 2011, Governor Cuomo had legislation passed that merged the Banking and Insurance departments into a new Department of Financial Services. The goal of the agency is to reform the regulation of financial services in New York to keep pace with the rapid evolution of these industries, to guard against financial crises, and to protect consumers and markets from fraud. The department began operation in late 2011 and has made great strides towards its goals. One of its most noteworthy achievements this year was in August, when DFS took action against Standard Chartered Bank, alleging that the bank hid billions of dollars of transactions with Iran in violation of U.S. sanctions. Eight days later, the bank settled for \$340 million, the largest money laundering fine ever obtained by a single regulator. DFS also ordered that an independent monitor be placed within Standard Chartered to ensure the bank continues to comply with U.S. laws.

Enhanced 511NY and the Drivers First Initiative

With New York Works projects underway to repair roads and bridges in all corners of the state, Governor Cuomo announced a new, updated 511NY – New York’s one-stop travel information service – to help drivers avoid construction delays.

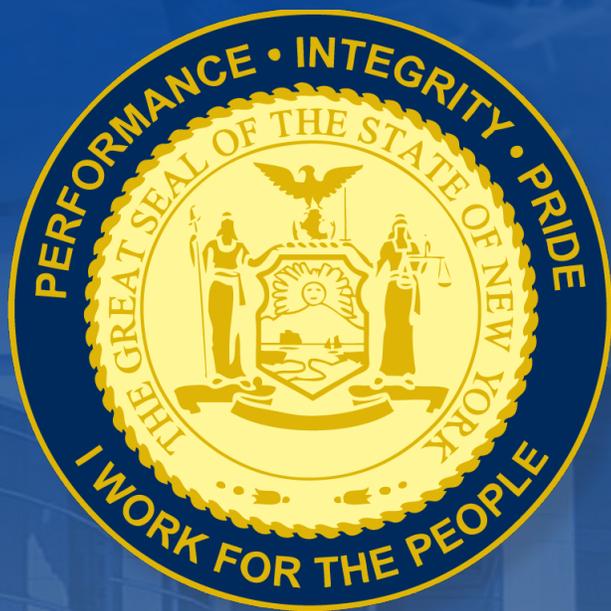
The revamped 511NY includes a new, user-friendly website, easily accessible mobile apps, and real-time updates through social media to alert motorists of construction trouble spots. The new 511NY service allows drivers to personalize maps with familiar routes so they can easily find potential construction delays when traveling.

Modernizing 511NY was part of Governor Cuomo’s work to bring state government into the 21st century and make services offered to the public as convenient and easy to use as possible.

In September, the Governor launched the ‘Drivers First’ initiative, a new approach by the State Department of Transportation to prioritize the convenience of motorists and minimize disruptions from highway and bridge projects. Under this initiative, the Department will require that all construction schedules be designed to cause as few disruptions for motorists as possible when awarding contracts. When launching ‘Drivers First,’ the Governor said, “Our job is not to have people adjust to government, but to have government adjust to the people.”

Fostering the Next Generation of NY Leadership: Empire State Fellows

Governor Cuomo believes that we can help shape tomorrow’s leaders by giving young New Yorkers from every community an opportunity to work in the highest levels of state government. This year, he launched the “New New York Leaders Initiative,” a two-part program to recruit talented young professionals and college students to serve in state government. The Empire State Fellows Program and the Student Intern Program are designed to bring a diverse group of talented leaders, including those from underrepresented groups, to state government to help them become the next generation of policymakers. In September, Governor Cuomo announced the members of the inaugural class of Empire State Fellows. The nine fellows selected from a pool of more than 900 applicants, hail from diverse backgrounds and varied professions and were selected on the basis of their academic and professional experience, leadership potential, commitment to public service, and creativity.



Building a *New* New York

Two Year Progress Report