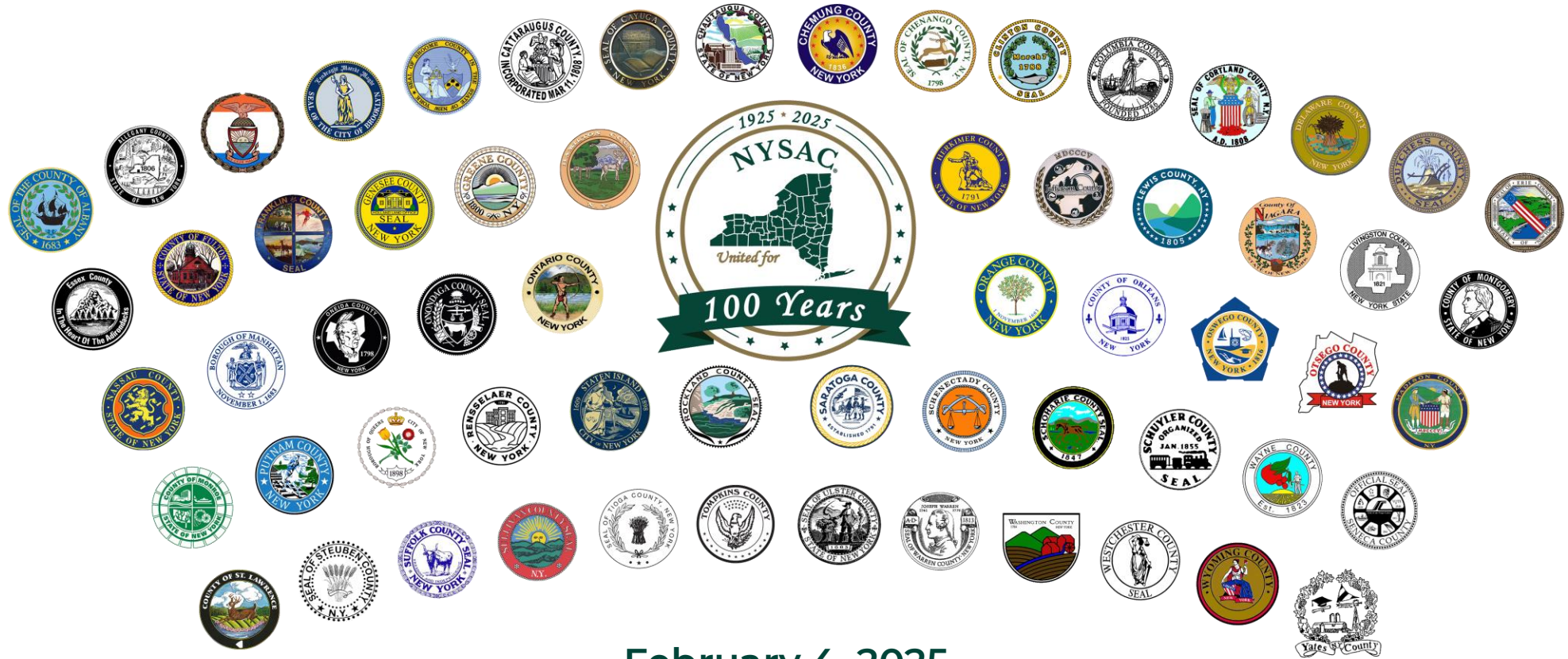


Executive Budget Review



February 4, 2025

County Leader's State Budget Briefing

County Impact Report



Read the full report at:
www.nysac.org/budget

Federal Impact



Presidential Agenda

- Extending tax cuts from the TCJA – **\$4-6 trillion over 10 yrs.**
- Enacting new tax cuts (tipped wages, social security benefits, additional corporate tax cuts) –**up to \$2 trillion.**
- Increasing spending for the Defense Department – **\$200 billion over 2 years.**
- Border Security and Mass Deportation – **\$100 billion (timeframe unknown).**
- Cut mandatory and discretionary spending by up to **\$2.5 trillion over 10 years.**
- Some programs and spending would be protected including Defense, Veterans Services, Medicare, Social Security, interest on the debt.



Federal Impact



Impact on New York

- Major liability is **large cuts to Medicaid** with targets exceeding \$1 trillion over 10 years.
- Funding formula changes to remove the floor (50%) on calculating the federal Medicaid match (FMAP) could cut up to **\$500 billion over 10 years** (this is the SALT Cap of Medicaid). 75% of the impact of this cut would fall to three states, CA, NY and NJ.
- Per capita Medicaid caps and/or block grants, depending on implementation, could hit NYS even harder.
- How the state responds to these cuts, if they occur, could have significant impacts on county finances.



County Leader's State Budget Briefing



Overview

On January 21st, Governor Kathy Hochul unveiled her proposed budget for State Fiscal Year (SFY) 2026.

Total spending:

- \$252 billion, an increase of about \$14 billion (+6%).

Largest increases :

- Medicaid \$4.3 billion increase (+14%)
- Capital projects \$4.1 billion increases (+24%)
- Agency Operations \$3.1 billion increase (+9.3%).

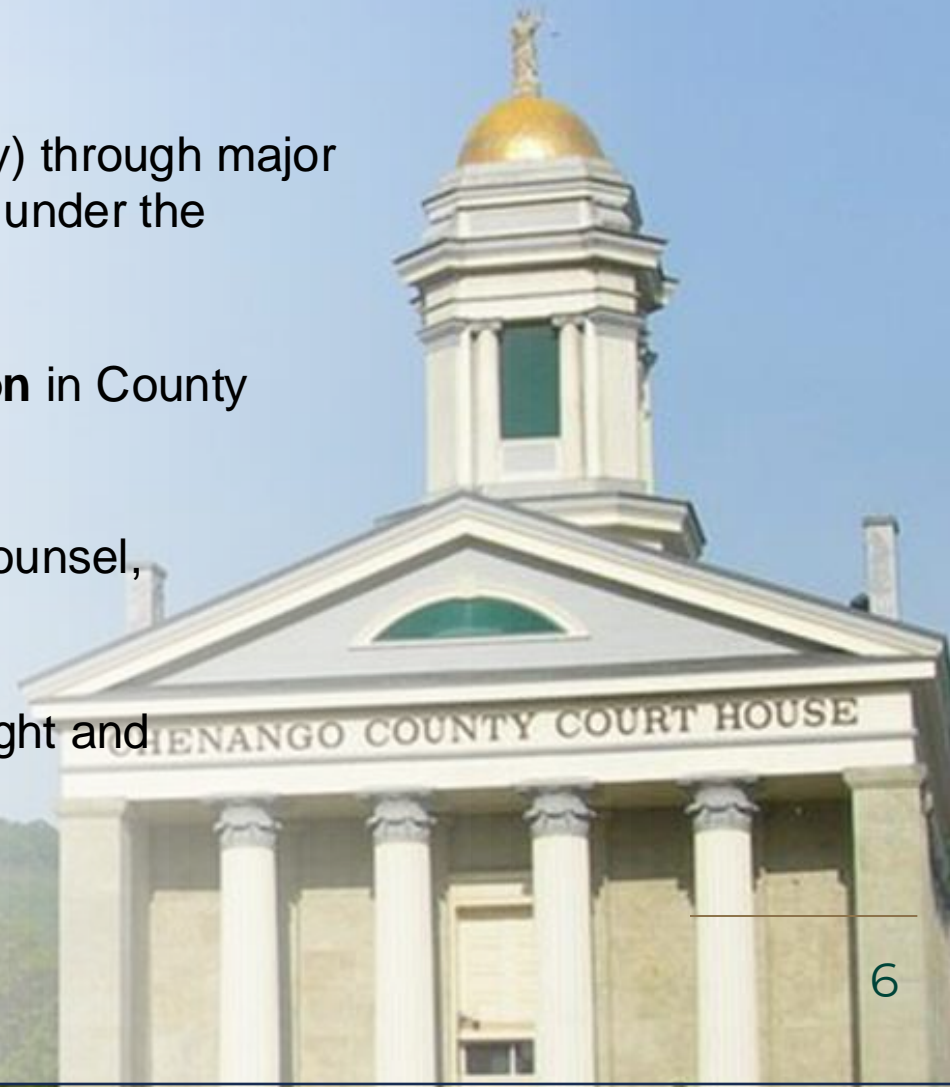
Federal operating aid is projected to fall by \$6 billion (-6%).

Changes in Taxation & Finance



General Support for County Governments

- Total State spending on behalf of counties (outside of New York City) through major local aid programs is expected to total over **\$8.2 billion** in FY 2026 under the Executive Budget.
- Traditional local impacts result in a net positive impact of **\$91 million** in County Fiscal Year 2026, including:
 - **\$56 million** continued 18-b reimbursement rate for assigned counsel,
 - **\$15.0 million** in recurring parental representation aid,
 - **\$11.3 million** in various youth services investments,
 - **\$9.6 million** to streamline assisted outpatient treatment oversight and enhance funding,
 - **\$6.4 million** increase in CHIPS, and
 - **\$6.3 million** in capital grants for childcare centers.



Aging Services



Executive Budget Investments in Aging Services

- **\$45 million** in new state funding to meet the unmet needs and waitlists for aging services across the state.
- **\$18 million** in baseline aid.
- **\$15 million** in increased EISEP funding.
- Total of **\$68 million** for county aging services.



Agriculture



Agriculture and Markets Local Assistance Funding

- **\$53.4 million** for local agriculture assistance.
- Decrease of \$7 million from FY 2025 State Budget.
- **\$20 million** for non-point source pollution control, farmland preservation, and other agricultural programs.



Maintaining the Community College Funding Floor

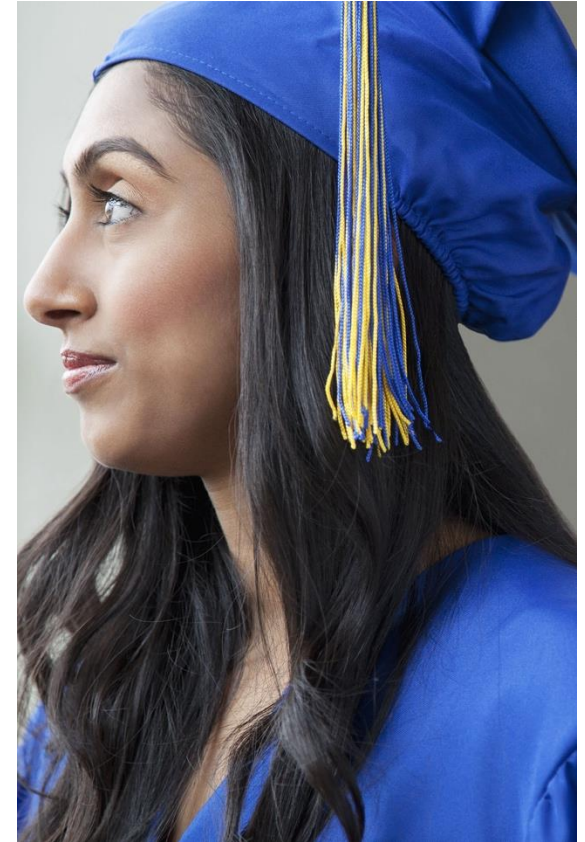
- Maintains a funding floor for community colleges at **100 percent** of prior year funding.

Free Community College in High Demand Occupations

- \$48 million net increase for community colleges includes funding for free community college in high demand occupations. 100% financed by the state.

New York Opportunity Promise Scholarship

- Provides grants for tuition, fees, books, and supplies for SUNY/CUNY students between the ages of 25 and 55, pursuing an associate's degree in certain high-demand fields, such as nursing, engineering, and advanced manufacturing.



Economic Development



Downtown Revitalization

- **\$100 million** for the Downtown Revitalization Initiative (DRI) and \$100 million for New York Forward.

Communities Impacted by DOCCS & Juvenile Justice Facility Closures

- **A portion of the \$200 million** allocated to DRI may be appropriated to communities impacted by the closure of New York State correctional and juvenile justice facilities.

Tourism Promotion Matching Grants

- **\$2.45 million** for local tourism promotion matching grants.

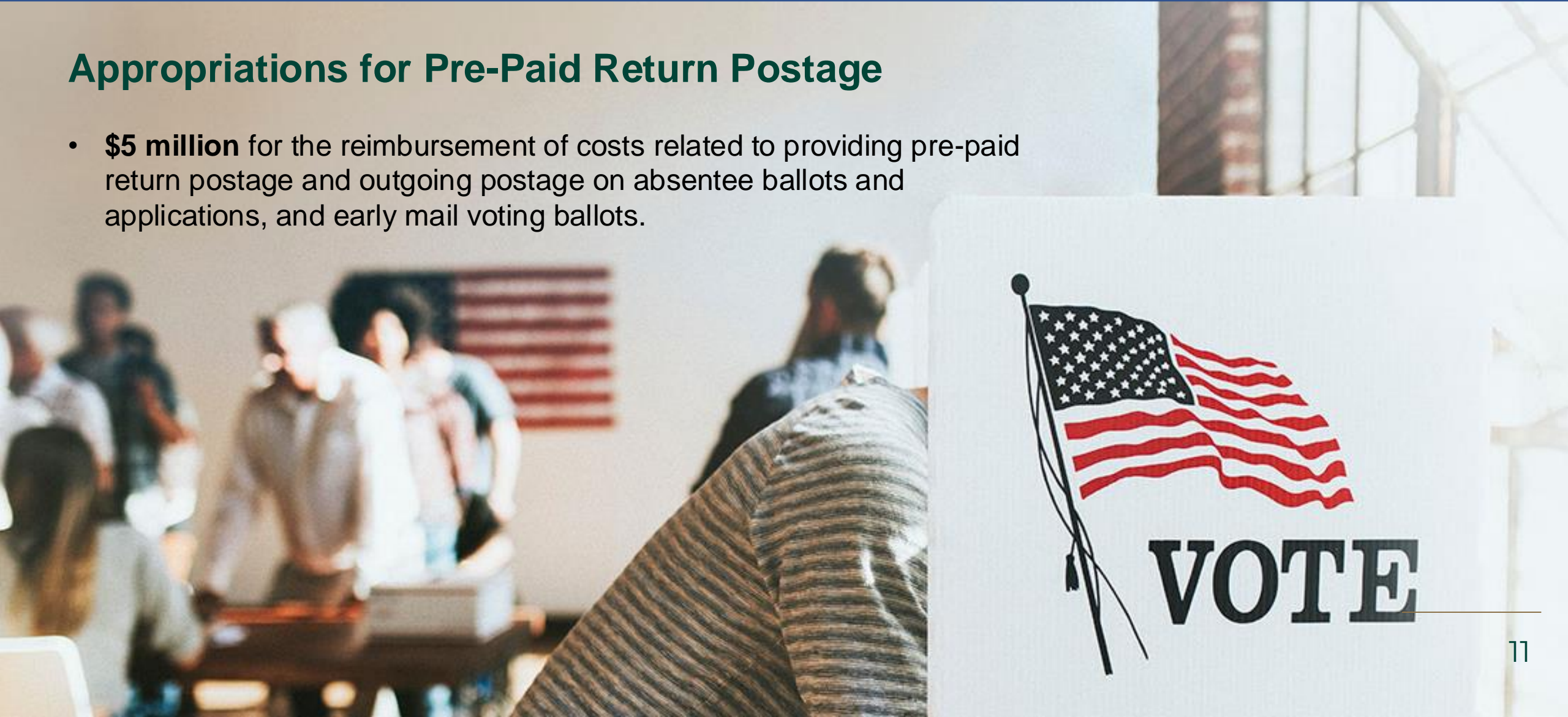


Elections



Appropriations for Pre-Paid Return Postage

- **\$5 million** for the reimbursement of costs related to providing pre-paid return postage and outgoing postage on absentee ballots and applications, and early mail voting ballots.



Environment



Clean Water Infrastructure

- **\$500 million** for clean water infrastructure projects, consistent with last year's appropriation.

Sustainable Future Program

- **\$1 billion** in new Capital Projects funding for climate mitigation and adaptation projects.

Extend the Waste Tire Management and Recycling Fee

- Extends the Waste Tire Management and Recycling Fee **for five years**, through December 31, 2030.

Environmental Protection Fund

- **\$400 million** for projects to mitigate climate change and protect our agricultural and water resources.

Gaming



Commercial Gaming Offset Fund

- **\$17 million** to compensate localities for lower reimbursements due to the state lowering tax rates for commercial gaming facilities - the same as last year.

VLT & Other Host Community Aid

- **\$10.5 million** aid to localities with video lottery terminals.
- State aid to **Madison County** for hosting a Native American gaming facility is level funded.

Commercial and Tribal Compacts

- Total commercial gaming revenues for local aid are level funded at **\$62 million**.
- Projected tribal compact gaming revenues increased to **\$251 million**.



General Government



County Partnerships Program

- The Budget reappropriates **\$50 million** from SFY 25.
- Projects that have public benefit, such as for housing, healthcare, or treatment facilities.
- The SFY 26 Budget **does not** include any new funding for the program.



Sunset County-Wide Shared Services Initiative

- Executive Budget provides for matching fund applications for projects included in a plan submitted to the State **prior to January 31, 2024**, and already implemented, will be supported.
- Expected to be the **last and final appropriation** to be enacted, providing all counties until **March 31, 2026**, to submit any remaining or outstanding application.

General Government



Expand Support for Intelligence Sharing and Agency Coordination

- **\$13 million** for the creation of the New York State Crime Analysis and Joint Special Operations Command Headquarters (CA-JSOC).

Authorize DASNY to Provide Services to Municipalities

- Authorizes municipalities to use DASNY's planning, design, procurement, and construction management services to streamline project completion.

Market Rate of Interest on Court Judgments

- Proposes a variable **market-based interest rate** on court judgments paid by public and private entities, which will provide relief for local governments and lower state taxpayer costs.
- Weekly average one-year constant maturity treasury yield, which is the same rate used by the Federal court system.

Affordable Homebuyer Tax Exemption

- Allow any county, city, town, or village to adopt a local law that would provide a real property tax exemption of between **25 and 50 percent** of the assessed value of a real property.
- For properties subject to restrictive covenant or declaration, legal requirement, regulatory agreement or other contractual obligation with a governmental entity, nonprofit housing organization, or land bank, and sold or leased to a qualified low-income household.

Enhancing County Social Services

- **\$56 million** to offset higher assigned counsel rates.
- Added support for the **Code Blue** program.
- **\$37 million** to create a year-round Youth Employment Program.



Medicaid



Medicaid Spending

The Division of Budget (DOB) estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total nearly **\$124 billion in FY 2026**, as follows:

- **\$71 billion** – Federal
- **\$44 billion** – State
- **\$8.8 billion** – County/NYC



Preserves Local Medicaid Cap

- The Executive Budget assumes the **continuation of the local cap** on Medicaid costs through the Financial Plan period.
- Projected to save local districts a total of **\$8.3 billion** in FY 2026

Mental Health



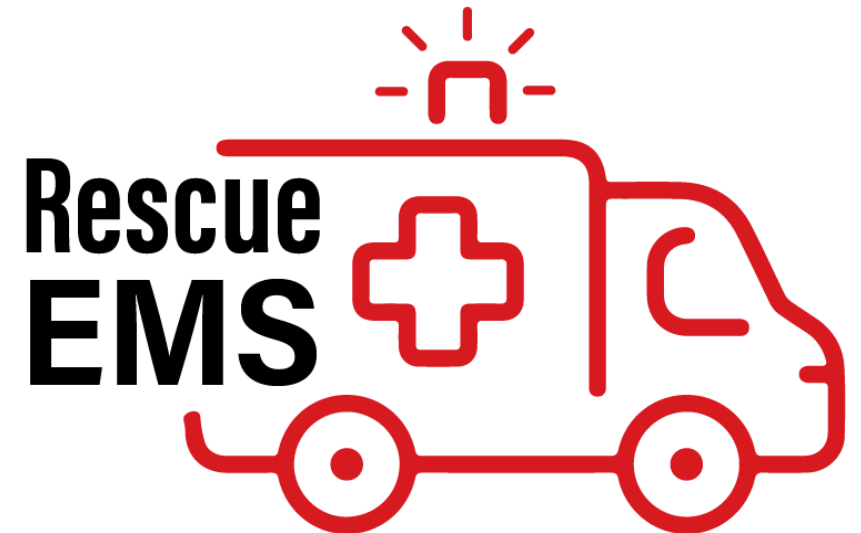
Bolster Involuntary Commitment and Assisted Outpatient Treatment (AOT)

- **\$16.5 million** to counties – \$6.9M NYC/\$9.6 million ROS – to enhance county-level implementation of Assisted Outpatient Treatment (AOT) programs.
- **\$2 million** for additional OMH staff to increase reporting and monitoring, enhance statewide training, and provide additional support for counties and providers.
- Includes amendments to Mental Hygiene Law to expand standards for **involuntary commitment** and to strengthen the AOT statute.



Emergency Medical Services

- **\$5.6 million** directly to counties to develop their individual EMS plans with oversight under the Statewide EMS task force.
- Designates EMS as an **essential service**.
- Authorizes municipalities to **establish special districts** for the purpose of financing and implementing EMS service expansion within their region.
- Municipalities will be prohibited from dissolving any pre-existing ambulance district, except in instances where the **county provides explicit consent**.



Public Safety



New Public Safety Funding

- **\$85 million** in new funding for Public Safety Grants to counties to purchase equipment.

Maintained Public Safety Funding

- **\$80 million** in DCJS resources
- **\$18 million** for the GIVE antigun violence initiative,
- **\$12.5 million** for Next Gen 911 upgrades,
- **\$10 million** for pre-trial services,
- **\$9.8 million** for threat assessment management teams,
- **\$7 million** for re-entry programs, and
- **\$7 million** for anti-fentanyl innovation grants to district attorneys.



Public Safety



Raise the Age

- **\$250 million** appropriation for Raise the Age funding.
- **\$985,146,000** in reappropriated Raise the Age funds from prior years.
- Total of **\$1,235,146,000** available to counties .

Protecting the Northern Border

- **\$8 million** to strengthen State Police's enforcement efforts at the state's northern border.

Transportation



Highway Funding

CHIPS and Marcheselli Aid: **\$637.8 million**

Pave our Potholes: **\$100 million**

PAVE NY: **\$150 million**

Bridge NY: **\$200 million**

Extreme Winter Recovery: **\$100 million**

Touring Routes: **\$140 million**

Veterans



Joseph P. Dwyer Funds

- **\$8 million** for Joseph P. Dwyer funds, which is flat funding from the SFY 25 Enacted Budget.

Hire a Vet Credit

- Extends the hire a vet tax credit provided to taxpayers under Articles 9, 9- A, and 22 for hiring qualified veterans for an additional **three years**.

Suicide Prevention Initiatives

- **\$1 million** to expand suicide prevention initiatives for veterans, including enhanced risk assessment training, outreach tools, gun safety programs, and improved access to mental health services.



County Leader's State Budget Briefing

County Impact Report



Read the full report at:
www.nysac.org/budget