

Interim

SFY 2026 Executive Budget County Impact Report



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**SFY 26 Executive Budget
County Impact Summary**

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Introduction

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

This report details areas of the proposed budget that would have a direct or indirect impact on county operations, including various departments, services, and programs. It is considered an interim report as it will be updated as more details become available with continued analysis and amendments submitted by the Governor and her Division of Budget.

In addition to this report, NYSAC will provide testimony on this Executive State Budget proposal to the Joint Legislative Committee on Local Government on February 4th, and we will make that testimony available when it has been completed.

Overall, total spending in the Governor's proposed SFY 2026 budget would rise to \$252 billion, an increase of about \$14 billion over the adopted SFY 2025 budget (+6%). The largest increases in spending are related to Medicaid state spending of \$4.3 billion (+14%) and Capital projects increases of \$4.1 billion (+24%). This is followed by a \$3.1 billion increase in Agency Operations (+9.3%). Federal operating aid is projected to fall by \$6 billion (-6%).

Changes in Taxation & Finance Important to Counties

Support for County Governmentsⁱ

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. This includes nearly \$3.7 billion attributable to the State takeover of local Medicaid growth.

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 (\$25 million split across 2025 and 2026). These positive impacts are partially offset by various changes within the Early Intervention program area (\$12.4 million).

Direct Local Government Assistance Grants

Most direct aid programs to local governments were continued at prior year levels. The County Partnership program was not included in the initial draft of the Executive Budget, but we have been informed that was a budget drafting error and the funding will be provided in either the 21 or 30 day amendments to the proposed spending plan.

Direct Local Government Assistance Programs

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Program	SFY 2024	SFY 2025	\$ Change
AIM	\$715,172,213	\$715,172,213	\$0
County Partnership Program ¹	\$50,000,000	\$0	(\$50,000,000)
Temporary AIM	\$50,000,000	\$50,000,000	\$0
Citizen's Empowerment Grants	\$35,000,000	\$35,000,000	\$0
Local Govt. Efficiency Grants	\$8,000,000	\$8,000,000	\$0
VLT Aid	\$10,519,594	\$10,519,594	\$0
Commercial Gaming Offset Revenue	\$17,000,000	\$17,000,000	\$0
Madison County Gaming	\$3,750,000	\$3,750,000	\$0
County of Broome	\$115,000	\$0	(\$115,000)
Onondaga County-School Project	\$1,200,000	\$0	(\$1,200,000)
<i>Small Government Assistance Program</i>			
Essex	\$124,000	\$124,000	\$0
Franklin	\$72,000	\$72,000	\$0
Hamilton	\$21,300	\$21,300	\$0
TOTAL	\$890,974,107	\$839,659,107	(\$51,315,000)

¹ The \$50M for the County Partnership program was not in the initial budget release. NYSAC has been informed this was an error, and the funding will be restored in future amendments to the budget.

Other Major Changes in Taxation

One-Time Inflation Refundⁱⁱ

The Budget would create a one-time inflation refund tax credit as a personal income tax credit for certain taxpayers for the 2025 tax year. Specifically, taxpayers who filed 2023 resident tax returns as married filing jointly or qualifying surviving spouse, and whose 2023 New York adjusted gross income was \$300,000 or less, would receive a \$500 credit in 2025. Taxpayers who filed 2023 resident tax returns as single, married filing separately, or head of household, and whose 2023 New York adjusted gross income was \$150,000 or less, would receive a \$300 credit in 2025.

The Tax Department would issue advanced payments of this credit without requiring an application from taxpayers, and it would not be subject to state or local personal income tax. This proposal would reduce All Funds revenue by \$3.08 billion in FY 2026.

Provide a Middle-Class Tax Cutⁱⁱⁱ

The Budget proposes to reduce the tax rates paid by married couples with incomes up to \$323,200 who file jointly, for heads of households with incomes up to \$269,300, and for single taxpayers and married taxpayers who file separately with incomes up to \$215,400. The tax rates would be reduced in two phases: an initial rate cut applicable for tax year 2025 and a second rate cut beginning in tax year 2026. All funds revenue would be reduced by \$458

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million in FY 2026, \$1.115 billion in FY 2027, \$35 million in FY 2028, and increased by \$2.56 billion in FY 2029 and \$3.972 billion in FY 2030.

State Financial Plan

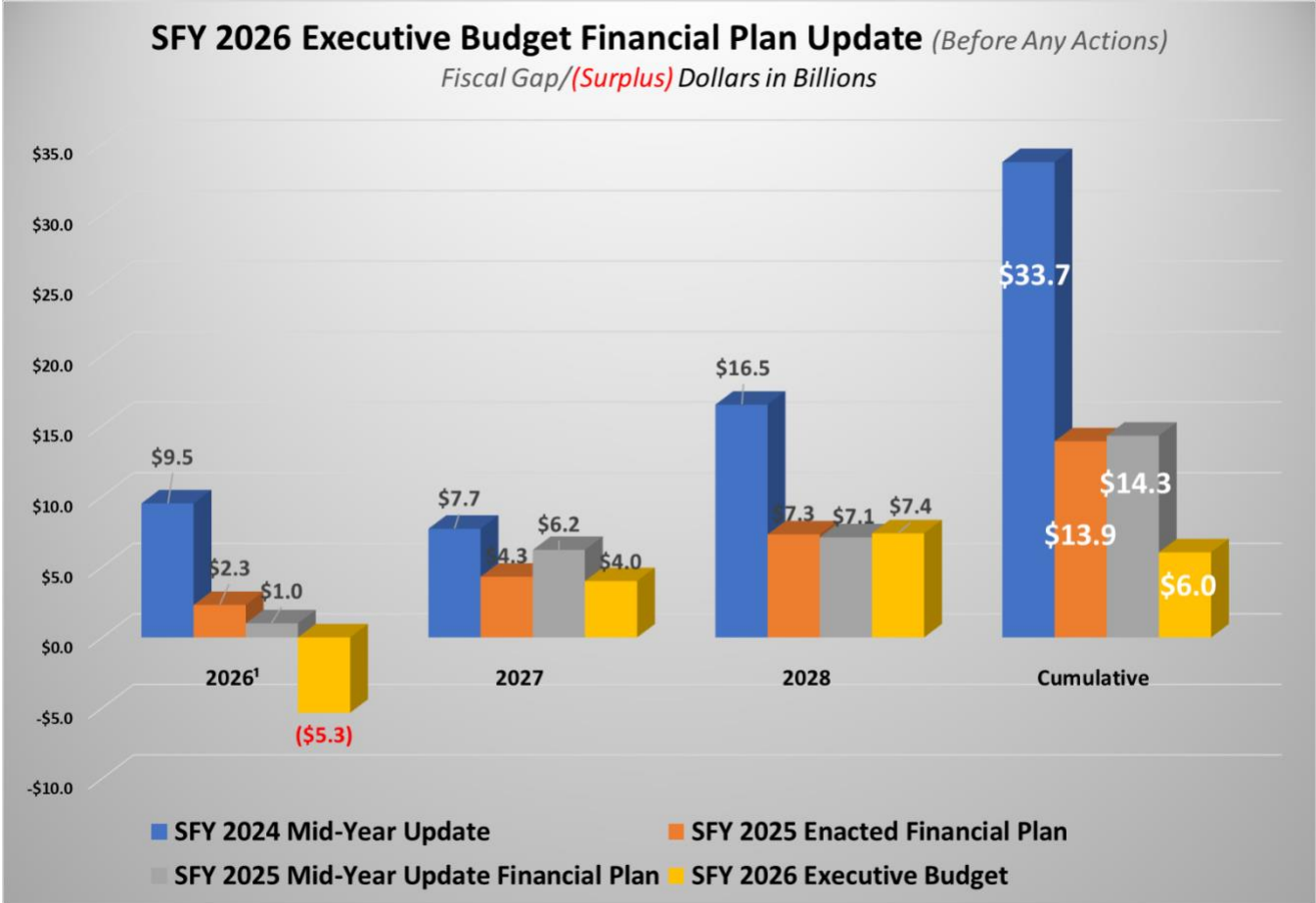
According to the Executive Budget release, the state is seeing improvements in receipts and lower spending in some areas set against higher than anticipated spending for Medicaid and School Aid across the four years of the financial plan. Overall, the near-term financial outlook has improved since the Midyear Financial Plan update came out in October. Through December 2024, general fund tax receipts are higher by \$1.1 billion than estimated in the Mid-Year Update (released in October), driven mainly by strength in personal income tax collections. Consumption and use tax receipts remain on track with projections, however, business tax collections to date continue to fall below expectations.

Non-tax receipts have also been increased in the financial plan, including upward revisions to investment income based on revised interest rates, and additional Federal revenue linked to retroactive rate increases under the recent state Home and Community-Based Services (HCBS) waiver. This is counter-balanced by increased spending by a cumulative \$6.1 billion through SFY 2029 compared to the Mid-Year Update, largely attributable to Medicaid and School Aid increases of \$6.1 billion and \$3.1 billion, respectively. The higher spending reflects costs related to updated Medicaid enrollment and utilization, particularly for Medicaid long-term care services, and inflationary growth in the Foundation Aid formula. In addition, higher pension costs are expected across all years of the Financial Plan due to workforce and salary increases, benefit expansion, and recent retirement fund investment losses that drive higher contribution rates for State and local governments.

Overall, the updates to the Financial Plan in the SFY 2026 Executive Budget due to economic, revenue and spending changes show an improved financial picture through SFY 2028 with the cumulative financial gap dropping from nearly \$34 billion over the period to \$6 billion.

The chart below summarizes the changes in the financial plan through SFY 2028 since the SFY 2024 Midyear Update from October 2023.

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¹ Includes new surplus generated in SFY 2025 & 2026 related to re-estimates in the SFY 2026 Executive Budget.

Not shown in the chart above are fiscal estimates for SFY 2029 which appear for the first time with the release of the SFY 2026 Executive Budget, which indicates a sharply growing deficit for that year of \$11.8 billion. The Executive Budget also assumes that the SALT deduction will be renewed and remain capped at current levels. Any change in that cap or a complete repeal would likely have impacts on state revenue estimates.

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State Spending by Functional Areas

Below is an interim analysis of how the SFY 2026 Executive Budget impacts county programs, services, and operations.

Aging Services

Executive Budget Investments in Aging Services^{iv}

The Executive Budget includes \$45 million in new state funding to meet the unmet needs and waitlists for aging services across the state.

In addition, the budget continues \$18 million in baseline aid and \$15 million in increased EISEP funding for a total of \$68 million for county aging services.

Agriculture

Agriculture and Markets Local Assistance Funding^v

The Executive Budget proposes \$53.4 million for local agriculture assistance, compared to \$60.3 million in the FY 2025 State Budget. The Budget also includes \$20 million for non-point source pollution control, farmland preservation, and other agricultural programs.

Enhance the Agricultural and Farmland Protection Program^{vi}

The Budget amends Agriculture and Markets Law to update and improve the Agricultural and Farmland Protection Program by:

- Adding definitions for urban agriculture, local and regional food systems, and local food supply chains that encourage the consideration of food security and urban agricultural lands as part of the local planning process;
- Clarifying and streamlining the current program's processes; and
- Authorizing additional financial assistance programs to support a variety of agricultural stakeholders and organizations.

Community Colleges & Higher Education Tuition Assistance

Maintaining the Community College Funding Floor^{vii}

The Executive Budget maintains a funding floor for community colleges at 100 percent of prior year funding. Without a funding floor, community colleges would face a \$124 million (19 percent) loss in formula aid due to enrollment declines.

Free Community College in High Demand Occupations^{viii}

The executive budget will appropriate a \$48 million net increase for community colleges includes funding for free community college in high demand occupations.

New York Opportunity Promise Scholarship for Community College^{ix}

The Executive Budget proposes to create the New York Opportunity Promise Scholarship program at SUNY and CUNY community colleges, which would provide grants for tuition, fees, books, and supplies for 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.

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Early Childhood Development and Children with Special Needs

Preschool and Summer School Special Education Programs^x

Approximately 80,000 preschool-age children with disabilities receive special education services year-round and 50,000 school-age students with disabilities receive summer services. Services are delivered by private providers and special act school districts, as well as BOCES and school districts (primarily for summer programs). Counties and school districts pay for the cost of services in the first instance and are partially reimbursed by the State. The Executive Budget fully funds the State share of costs for both programs, providing \$1.1 billion to reimburse counties for the cost of preschool special education services, a \$57 million (5.5 percent) year-to-year increase, and \$413 million to reimburse school districts for the cost of summer school services, a \$9 million (2.2 percent) year-to-year increase.

Early Intervention Reforms^{xi}

The executive budget proposes the following reforms to the early intervention program, with an overall negative impact to counties of \$12.4 million.

Impact of SFY 2026 Executive Budget on Local Governments, LFY Ending in 2026 Includes SFY 2026 Major Local Aid Programs for Local Governments (\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
Health						
- End EI Individual Therapy	3.8	2.3	0.0	1.5	0.0	0.0
- End EI Consecutive Group Sessions	2.2	1.3	0.0	0.9	0.0	0.0
- Clarify EI Multidisciplinary Assessment Requirement	2.0	1.2	0.0	0.8	0.0	0.0
- Clarify EI Supplemental Evaluations	1.2	0.7	0.0	0.5	0.0	0.0
- Delay EI Teletherapy Reimbursement Change	(1.1)	(0.9)	0.0	(0.2)	0.0	0.0
- Delay EI Group Session Billing Change	(1.2)	(1.0)	0.0	(0.2)	0.0	0.0
- Allow EI Consecutive Sessions	(39.2)	(23.5)	0.0	(15.7)	0.0	0.0
Health - Total SFY 2026 Executive Budget Impact on LFY 2026	(32.3)	(19.9)	0.0	(12.4)	0.0	0.0
Health - Total SFY 2026 Major Local Aid Programs	514.6	264.6	0.0	250.0	0.0	0.0

Economic Development

Establish the CATALIST NY Program^{xii}

The Governor proposes to create a new statewide economic development program called the Companies Attracting Talent to Advance Leading Innovations and Scale Technologies in New York (CATALIST NY) Program. Administered by the Department of Economic Development, CATALIST NY small businesses nominated by New York State incubators would be eligible to provide a personal income tax benefit for up to eight of its newly hired full-time employees.

Extend and Amend the Excelsior Jobs Program^{xiii}

The Budget extends the existing excelsior jobs program for ten years, from 2029 to 2039. Additionally, it enhances excelsior benefits for semiconductor supply chain businesses; creates two new programs known as the semiconductor research and development project program and the semiconductor manufacturing workforce training incentive program; and sunsets the employee training incentive program.

Regional Economic Development Councils (REDCs)^{xiv}

The Budget includes \$150 million in core funding for REDCs. Municipalities may have to be certified as a Pro-Housing Community to qualify for funding.

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Downtown Revitalization^{xv}

The Executive Budget provides \$100 million for the Downtown Revitalization Initiative (DRI) and \$100 million for New York Forward, which is focused on the revitalization of downtowns in rural and smaller communities. This funding is specifically for transformative housing, economic development, transportation, and community projects, including those designed to increase the property tax base. Municipalities may have to be certified as a Pro-Housing Community to qualify for funding.

Funding to Communities Impacted by DOCCS & Juvenile Justice Facility Closures^{xvi}

A portion of the \$200 million allocated to the Downtown Revitalization Program may be appropriated to communities impacted by the closure of New York State correctional and juvenile justice facilities. All or a portion of the funds may be suballocated or transferred to any department, agency, or public authority, according to the following:

For payments related to a downtown revitalization program designed and executed by the department of state and the division of housing and community renewal for transformative housing, economic development, transportation, and community projects, including those designed to increase the property tax base.

An amount up to \$100,000,000 is hereby appropriated for services and expenses related to the economic development, transportation, and community projects administered through the NY Forward program.

Tourism Promotion Matching Grants^{xvii}

The budget includes a \$2.45 million appropriation for local tourism promotion matching grants.

Elections

Appropriations for Pre-Paid Return Postage^{xviii}

The executive budget includes \$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

Fund Clean Water Infrastructure^{xix}

The Executive Budget includes \$500 million for clean water infrastructure projects, consistent with last year's appropriation.

Environmental Protection Fund (EPF)^{xx}

The Budget includes \$400 million for the Environmental Protection Fund to support projects that mitigate the effects of climate change, improve agricultural resources, protect water sources, advance conservation efforts, and provide recreational opportunities.

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Sustainable Future Program^{xxi}

The Budget includes \$1 billion in new Capital Projects funding for climate mitigation and adaptation projects, including reducing greenhouse gas emissions and pollution, decarbonizing and retrofitting buildings, creating and utilizing renewable energy, and advancing clean transportation initiatives, among other purposes.

Extend the Waste Tire Management and Recycling Fee^{xxii}

The Budget extends the Waste Tire Management and Recycling Fee – set to expire December 31, 2025 – for five years, through December 31, 2030. Additionally, the Budget removes a provision that exempts mail order tire sales from the fee and requires out-of-state sellers that meet the requirements for sales tax collection to collect the fee on sales of new tires that are delivered in New York.

Extend the Youth Hunting Program^{xxiii}

The Budget extends the deer hunting program for mentored youth for an additional 5 years, from December 31, 2025, to December 31, 2030. Established in 2021, this program allows youth ages 12 and 13 to learn safe, responsible, and ethical hunting from an experienced adult hunter. Fifty-two of 54 eligible counties have passed a local law to participate in the program.

Hazardous Waste Superfund Reauthorization^{xxiv}

The Budget reauthorizes and amends the Inactive Hazardous Waste Disposal Site Program, known as the State Superfund, to provide the program with measures to accelerate the remediation of sites and enable development for manufacturing, clean energy, housing, and other needs. The Budget also increases the amount of bonds that may be issued for purposes of financing the program.

Tax Disclosure for Climate Act Implementation^{xxv}

The Budget amends the Tax Law to authorize the Department of Taxation and Finance to disclose certain data from the returns of petroleum or fossil fuel businesses to the Department of Environmental Conservation (DEC) and the New York State Energy Research and Development Authority (NYSERDA) to implement programs to be created pursuant to the Climate Leadership and Community Protection Act.

Extend the Clean Heating Fuel Credit for Three Years^{xxvi}

This bill would extend the sunset date for the clean heating fuel credit to January 1, 2029. The credit is equal to \$.01 per percent of the biodiesel fuel, not to exceed 20 cents per gallon, purchased by the taxpayer for residential purposes.

Extend the Alternative Fuels and Electric Vehicle Recharging Property Credit for Three Years^{xxvii}

This bill would extend the alternative fuels and electric vehicle recharging property credit for three years through tax years beginning before January 1, 2029.

Gaming

Commercial Gaming Offset Fund^{xxviii}

The gaming offset of \$17 million to compensate localities for lower reimbursements due to the state lowering tax rates for commercial gaming facilities was included, the same as last year.

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VLT & Other Host Community Aid^{xxix}

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

Commercial and Tribal Compacts^{xxx}

Total commercial gaming revenues for local aid are level funded at \$62 million. Projected tribal compact gaming revenues have increased slightly from \$200 million to \$251 million. The increase in appropriation does not guarantee an increased distribution. These funding levels often include additional room if funds become available. Currently the Seneca compact is up for renewal and renegotiation.

General Government

County Partnerships Program^{xxxi}

The Budget reappropriates \$50 million from SFY 25 for site development preparation grants to counties for collaboration with the State to support county infrastructure 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 State Matching Funds for the County-Wide Shared Services Initiative^{xxxii}

The FY 2018 Budget enacted the County-Wide Shared Services Initiative (CWSSI) to provide a process whereby each county could develop, approve, and submit to the State a plan for new shared services that, once implemented, achieves demonstrable taxpayer savings. The Executive Budget continues to ensure that matching fund applications for projects included in a plan submitted to the State prior to January 31, 2024, and already implemented, will be supported. However, it is expected that the appropriation included in the FY 2026 Executive Budget will be the last and final appropriation to be enacted, providing all counties until March 31, 2026, to submit any remaining or outstanding application for State matching funds for any prior plan.

Expand Support for Intelligence Sharing and Agency Coordination^{xxxiii}

The Executive Budget includes \$13 million for the creation of the New York State Crime Analysis and Joint Special Operations Command Headquarters (CA-JSOC). This first-in-the-nation headquarters will track crime trends, create real time dashboards and maps, share intelligence, and coordinate responses in real time, further enhancing public safety across New York State

Authorize DASNY to Provide Services to Municipalities^{xxxiv}

The FY 2026 Budget authorizes municipalities to use DASNY's renowned planning, design, procurement, and construction management services to streamline project completion.

The bill would amend the definition of the terms "dormitory" and "educational institution" contained in Public Authorities Law ("PAL") §§ 1676(2)(b) and 1680(1), respectively, to include any county, city, town and village regarding planning, design, procurement, and construction management services. The inclusion of such entities within the definitions of "dormitory" and "educational institutions" would authorize DASNY to provide its services to such entities.

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Provide a Market Rate of Interest on Court Judgments^{sxxxv}

The Executive Budget 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. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate used by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated. This change would result in estimated savings of \$2.5 million in FY 2026 and FY 2027.

Mandate Reporting of Local Government Cyber Incidents^{sxxxvi}

This bill would require all municipalities to report cybersecurity incidents and, when applicable, any demand of ransom payment. Municipalities would have 72 hours after the local government believes a cybersecurity incident has occurred to notify DHSES.

All records related to ransom payments would be required to be made available to DHSES within 24 hours of the payment. A written report detailing the circumstances of the payment made to cyber criminals, including any steps made to find alternatives to payment, would be required to be submitted to DHSES within 30 days of the payment.

The bill would also authorize DHSES to work with other appropriate state and federal law enforcement agencies to share information to mitigate cybersecurity threats.

Mandate Cybersecurity Awareness Training for All Local Government Employees^{sxxxvii}

This bill would amend State Technology Law by adding section 103-e to require employees of the State and local governments that use technology as a part of their official job duties to take annual cybersecurity awareness training.

Cybersecurity is an evolving threat to the State. Requiring awareness training will reduce this risk by equipping employees with the necessary knowledge to recognize these threats.

Miscellaneous Municipal Assistance

Monroe County received \$15 million in municipal assistance to support local initiatives.

Suffolk County received \$50 million in capital appropriations to support a variety of infrastructure needs including, but not limited to, intermodal transportation projects.

Housing

Waiting Period Restriction and Limit Deductions on Institutional Real Estate Investors^{sxxxviii}

To allow New Yorkers access to housing opportunities that institutional investors otherwise might quickly acquire, the Budget prohibits certain institutional investors from seeking to buy a single- or two-family home unless it has been on the market for at least 75 days. The Budget also prohibits institutional investors from claiming interest and depreciation deductions for

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one- and two-family homes. These prohibitions apply to investors who own 10 or more single- or two-family homes and have \$50 million or more in assets.

Equip Communities to Acquire Abandoned Properties^{xxxix}

Section 1971 of the Real Property Actions and Proceedings Law currently permits a city, town, or village to make a finding that a vacant dwelling is abandoned if the property is not sealed or continuously guarded and if the property has either a year of unpaid taxes or is subject to a vacate order or other governmental prohibition on occupancy.

To help municipalities acquire abandoned dwellings that impact the health and safety of their communities, the Budget would amend section 1971 to clarify that not sealed or continuously guarded means that admittance to the property may be gained without damaging any portion of the property. It would also add as a third basis for finding that a not guarded or sealed property is vacant that the property has had an outstanding zoning, building, or property maintenance code violation, that has the potential to injure, endanger, or unreasonably annoy the health and safety of others, for at least one year after notice was served upon the owner pursuant to the Civil Practice Law and Rules.

Create An Affordable Homebuyer Tax Exemption^{xl}

The Budget amends the Real Property Tax Law to add a new section 457-a, which would 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 that is 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.

Qualified low-income households would be required to use the property as a primary residence and have a household income of up to 80 percent of the Area Median Income at the time of initial occupancy. Eligibility of the low-income household requirements would be certified by the nonprofit housing organization, community land trust, land bank, or appropriate governmental entity. The tax exemption would be discontinued if the property is no longer used primarily for residential purposes, no longer used as a primary residence, or is transferred to another person or entity other than to any heirs or distributees of the owner that meet the qualified low-income household requirements at the time of the transfer.

Human Services

Advance Health Equity for Justice-Involved Youth^{xli}

To ensure a smooth transition back into the community for incarcerated juveniles, the Budget will expand Medicaid coverage to provide pre- and post-release services for juveniles in carceral settings under 21 years of age and up to 26 for those formerly in foster care. Eligible young people will receive targeted case management services, including physical and behavioral health screenings and diagnostic services to help bridge the coverage gaps related to re-entry.

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Enhancing County Social Services^{xliii}

The Budget also continues Governor Hochul's efforts to increase assistance for local social services, including by providing \$56 million to offset higher assigned counsel rates, added support for the Code Blue program, and \$37 million to create a year-round Youth Employment Program.

Judiciary and Court-Related Matters

Provide a Market-Based Interest Rate on Court Judgements^{xliiii}

The variable market-based interest rate is based on the weekly average one-year constant maturity Treasury yield, which is the same rate permitted for civil money judgments recovered in federal district court. Currently, the interest rate is established at 9 percent per year on judgments and accrued claims. This fixed rate was increased to the current level in the early 1980s at a time when the prevailing interest rates exceeded 12 percent.

The intent of the legislation was to provide claimants with a reasonably equitable interest rate on judgments and claims while mitigating the fiscal impact on taxpayers. (see General Government section)

Office of Indigent Legal Services & Legal Defense

The Executive Budget includes \$476.37 million in Local Aid appropriations for ILS Distributions and Grants, implementation of the *Hurrell-Harring* settlement, extension of *Hurrell-Harring* reforms statewide, improved quality 18-B Family Court representation, and reimbursement to counties for increased statutory assigned counsel rates that would be allocated as follows:

- **ILS Distributions and Grants:**^{xliv} \$81 million to finance ILS distributions and grants. This funding amount will continue current funding levels for ILS programs.
- **Implementation of Hurrell-Harring Settlement:**^{lxxxvi} \$19.5 million to finance implementation of the *Hurrell-Harring* settlement programs (counsel at arraignment, caseload relief, and quality improvement).
- **Extension of Hurrell-Harring Reforms Statewide:**^{lxxxvii} \$274 million to fully fund statewide implementation of *Hurrell-Harring* settlement reforms pursuant to plans filed by ILS on December 1, 2017. The appropriation language includes the same annual reporting requirement that was in previous years' final budgets, as well as the same authorization to transfer a portion of these funds to support ILS' State Operations budget and/or suballocate funding to other state agencies.
- **Article 18-B Family Court Representation – Parental Defense:**^{xlv} \$9.9 million is allocated to improve the quality of representation to persons who, under County Law Article 18-B, are entitled to assigned counsel in Family Court matters.
- **ACP Rate Increase:**^{xlvi} \$92 million is allocated to reimburse 50 percent of eligible expenditures that counties and NYC incur as a result of the increased statutory rate for County Law Article 18-B assigned counsel. This funding will continue FY 2024-25 levels and is to be disbursed upon submission of a certification submitted to ILS on a quarterly basis.

At this time, NYSAC is still trying to determine the additional \$56 million for counties mentioned in the Executive Budget proposal.

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Medicaid & Health Care

Medicaid

According to the most recent federal data, New York's has the second highest total spending for Medicaid services in total dollars, behind only California, which has more than twice the population. New York's Medicaid program is financed by the Federal government, the State, and counties, including the City of New York. 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 (General Fund-DOH, \$36B and \$8.3B other state agencies including HCRA resources)
- \$8.8 billion – County/NYC (\$7.6 billion in mandatory program cost share and \$1.2 billion in voluntary IGT/DSH payments to draw down additional federal funds for county and city owned health facilities)

Growth trends in Medicaid enrollment continue to far outstrip prior estimates by DOB, and the state continues to overestimate cost savings initiatives in the program adding billions of dollars in unanticipated costs annually above the prior year. Enrollment trend estimates were off by over 90 percent as the state expected nearly 1 million people to disenroll upon the required post-COVID recertification, but enrollment grew instead, with over seven million New Yorkers now on Medicaid (35% of the state's population). Another 1.5 million are enrolled in the Essential Plan (7.6%), and 589,000 are in CHIP (3%).

This means that more than 45% of New York's population receives their health care under publicly funded health insurance, which raises significant ongoing financial concerns if Congress reduces funding for Medicaid and other federal health care programs.

Preserves Local Medicaid Cap

The Executive Budget assumes the continuation of the local cap on Medicaid costs through the Financial Plan period. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures and indexed to a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out all growth in the local share of Medicaid costs over a three-year period.

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is projected to save local districts a total of \$8.3 billion in FY 2026 -- roughly \$3.7 billion for counties outside the City of New York and \$4.6 billion for the City of New York. These savings grow as follows:

- SFY 2027 = \$9 billion (NYC - \$5B, Counties \$4B)
- SFY 2028 = \$9.7 billion (NYC - \$5.5B, Counties \$4.2B)
- SFY 2029 = \$10.9 billion (NYC - \$6.2B, Counties \$4.7B)

Health Care Stability Fund

The Executive Budget includes \$3.7 billion in new federal funding to support a myriad of different Medicaid health care providers to help stabilize provider finances. The funding was approved in December 2024 and will be generated by a temporary health care provider tax

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assessed on Medicaid managed care organizations (MCO). The tax was approved for two years, and any renewal will be subject to approval by the Trump administration.

The new funding will be spread across three state fiscal years and be used to fund \$1 billion in existing commitments supported by the Medicaid Global Cap and the remaining \$2.7 billion will support new health care delivery investments. If the MCO provider tax is not approved other state resources would need to be found to continue any of these programs.

Mental Health

Bolster Involuntary Commitment and Assisted Outpatient Treatment (AOT)^{xlvi}

The FY 2026 Executive Budget designates \$16.5 million (\$6.9M NYC/\$9.6 million ROS) to counties to enhance county-level implementation of Assisted Outpatient Treatment (AOT) programs across the State and \$2 million for additional OMH staff to increase reporting and monitoring, enhance statewide training, and provide additional support for counties and providers. This will improve statewide consistency and effectiveness of AOT services while also offering enhanced voluntary service packages for individuals who wish to access enhanced intensive services. The Budget also includes amendments to Mental Hygiene Law to expand standards for involuntary commitment and to strengthen the AOT statute.

Authorize Homeless Youth to Consent to Behavioral Health Treatment^{xlvi}

To ensure vulnerable minors have access to necessary behavioral health services, the Budget amends Mental Hygiene Law and Public Health Law to allow runaway and homeless youth to receive outpatient and inpatient behavioral health services without parental consent.

Public Health & Nursing Homes

Core Public Health Funding^{xlvi}

The Executive Budget includes a \$230 million appropriation for local health departments to provide public health services pursuant to Article 6 of the Public Health Law.

Opioid Overdose Prevention^l

The Governor proposes to update the state-controlled substance schedules to align with those of the Federal Drug Enforcement Administration (DEA). The Executive Budget also increases access to methadone, buprenorphine, and other controlled substances appropriate for use as emergency treatments for substance use disorders. Specifically, the Executive Budget authorizes emergency medical technician-paramedics to administer these substances to relieve acute withdrawal symptoms and permits providers to distribute 3-day supplies of buprenorphine.

Universal Free School Meals^{li}

The Executive Budget appropriates \$340 million to establish a Universal Free School Meals program, enabling all New York State students to eat school breakfast and lunch at no charge regardless of income or the school they attend beginning in the 2025-26 school year.

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Establish the Birth Allowance for Beginning Year (BABY) Benefit^{lii}

The Executive Budget authorizes the Office of Temporary and Disability Assistance (OTDA) to provide a monthly benefit for New Yorkers who receive Public Assistance (PA) throughout pregnancy and an additional \$1,200 benefit payment at birth.

Public Safety

Ensure Access to Emergency Medical Services^{liii}

The Executive Budget allocates \$5.6 million directly to counties to develop their individual EMS plans with oversight under the Statewide EMS task force.

It designates EMS as an essential service, requiring all municipalities to provide adequate EMS response capacity to meet community needs. The provisions of this bill would not apply to any city with more than one million residents.

This bill also authorizes municipalities to establish special districts for the purpose of financing and implementing EMS service expansion within their region, as needed to comply with the designation of EMS as an essential service. These provisions expressly prohibit any overlap of these special districts, ensuring a fair distribution of revenues to be used in support of expanded EMS services.

Municipalities will be prohibited from dissolving any pre-existing ambulance district, except in instances where the county provides explicit consent to assume the responsibility for EMS services previously provided for by that district.

This bill would also authorize the Commissioner of Health to approve and deploy EMS demonstration programs to promote innovation in the delivery of EMS services, and test novel delivery methods developed by agencies and practitioners.

Supporting Local Public Safety Efforts^{liv}

The Executive Budget included \$85 million in new funding for Public Safety Grants to counties to purchase equipment, and continued the following increases from the FY 2024 Budget:

- \$80 million in DCJS resources for prosecutorial and defense expenses,
- \$18 million in new funding 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 new funding for re-entry programs, and
- \$7 million in new funding for anti-fentanyl innovation grants to district attorneys.

Ensure Access to Emergency Medical Services (EMS)^{lv}

The Executive Budget modernizes EMS provision by defining EMS as an essential service and requiring counties to develop EMS mapping to be used by the Statewide EMS Task Force, allowing the Task Force to identify gaps in EMS service coverage.

**SFY 26 Executive Budget
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Protecting the Northern Border^{lvi}

The Executive Budget includes \$8 million to strengthen State Police’s enforcement efforts at the northern border, which has experienced elevated levels of drug, weapon, and currency seizures from transnational criminal networks.

Raise the Age Funding^{lvii}

The Executive Budget includes another \$250 million appropriation for Raise the Age funding. There is also \$985,146,000 in reappropriated Raise the Age funds from prior years dating back to SFY 2018 for a total of \$1,235,146,000 available to counties.

Transportation

Local Highways and Bridges^{lviii}

The Executive Budget continues the state’s record funding for local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at the FY 2025 level of \$637.8 million. The budget provides the fourth year of an annual \$100 million for the local Pave Our Potholes program, \$150 million in highway aid through the PAVE NY program, and \$200 million to fund local projects from the BRIDGE NY program. The \$100 million Extreme Winter Recovery and \$140 million State Touring Route programs are further improving conditions on State and local roads and bridges.

Veterans

Joseph P. Dwyer Funds^{lix}

The executive budget includes \$8.023 million for Joseph P. Dwyer funds, which is flat funding from the SFY 25 Enacted Budget.

Joseph P. Dwyer Grant Allocations (SFY 24)		
County Name	SFY 25 Enacted	SFY 26 Executive Budget
Albany County	\$109,200	\$109,200
Allegany County	\$104,000	\$104,000
Broome County	\$192,400	\$192,400
Cattaraugus County	\$192,400	\$192,400
Cayuga County	\$104,000	\$104,000
Chautauqua County	\$192,400	\$192,400
Chemung County	\$104,000	\$104,000
Chenango County	\$104,000	\$104,000
Clinton County	\$54,600	\$54,600
Columbia County	\$104,000	\$104,000
Cortland County	\$104,000	\$104,000
Delaware County	\$104,000	\$104,000
Dutchess County	\$192,400	\$192,400
Erie County	\$192,400	\$192,400
Essex County	\$104,000	\$104,000

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Fulton County	\$104,000	\$104,000
Genesee County	\$83,200	\$83,200
Greene County	\$104,000	\$104,000
Hamilton County	\$104,000	\$104,000
Herkimer County	\$104,000	\$104,000
Jefferson County	\$192,400	\$192,400
Lewis County	\$104,000	\$104,000
Livingston County	\$104,000	\$104,000
Madison County	\$104,000	\$104,000
Monroe County	\$192,400	\$192,400
Montgomery County	\$104,000	\$104,000
Nassau County	\$192,400	\$192,400
Niagara County	\$192,400	\$192,400
Oneida County	\$109,200	\$109,200
Onondaga County	\$192,400	\$192,400
Ontario County	\$104,000	\$104,000
Orange County	\$192,400	\$192,400
Orleans County	\$54,600	\$54,600
Oswego County	\$104,000	\$104,000
Otsego County	\$104,000	\$104,000
Putnam County	\$192,400	\$192,400
Rensselaer County	\$192,400	\$192,400
Rockland County	\$192,400	\$192,400
Saratoga County	\$192,400	\$192,400
Schenectady County	\$109,200	\$109,200
Schoharie County	\$104,000	\$104,000
Schuyler County	\$104,000	\$104,000
Seneca County	\$104,000	\$104,000
St. Lawrence County	\$104,000	\$104,000
Steuben County	\$104,000	\$104,000
Suffolk County	\$192,400	\$192,400
Sullivan County	\$192,400	\$192,400
Tioga County	\$104,000	\$104,000
Tompkins County	\$104,000	\$104,000
Ulster County	\$192,400	\$192,400
Warren and Washington Counties	\$192,400	\$192,400
Wayne County	\$104,000	\$104,000
Westchester County	\$192,400	\$192,400
Wyoming County	\$54,600	\$54,600
Yates County	\$104,000	\$104,000

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University at Albany School of Social Welfare	\$218,400	\$218,400
NYC	\$416,000	\$416,000

Extend the Hire a Vet Credit for Three Years^{lx}

This provision would extend 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. The credit would be available through tax years beginning before January 1, 2029, for veterans who begin employment before January 1, 2028.

Expand Suicide Prevention Initiatives for Veterans^{lxi}

The Executive Budget includes a \$1 million investment to expand suicide prevention initiatives for veterans, including enhanced risk assessment training, outreach tools, gun safety programs, and improved access to mental health services.

Budget References

- ⁱ Pg. 99, SFY 26 Briefing Book
- ⁱⁱ REV, Part A
- ⁱⁱⁱ REV, Part B
- ^{iv} Pg. 9, Aid to Localities
- ^v Aid to Localities, Ag & Markets (11498)
- ^{vi} TED, Part OO
- ^{vii} Pg. 81, SFY 26 Briefing Book
- ^{viii} Pg. 82, SFY 26 Briefing Book
- ^{ix} ELFA, Part F
- ^x Pg. 56, SFY 26 Briefing Book
- ^{xi} Pg. 291, State Financial Plan, SFY 26
- ^{xii} REV, Part G
- ^{xiii} REV, Part H
- ^{xiv} Capital Projects (47009)
- ^{xv} Capital Projects (51275)
- ^{xvi} Pg. 572, Aid to Localities
- ^{xvii} Aid to Localities (21417)
- ^{xviii} Pg. 318, Aid to Localities
- ^{xix} Capital Projects (25722)
- ^{xx} Capital Projects (30455)
- ^{xxi} Capital Projects, Miscellaneous (SFEC25SD)
- ^{xxii} TED, Part PP
- ^{xxiii} TED, Part QQ
- ^{xxiv} TED, Part RR
- ^{xxv} TED, Part ZZ
- ^{xxvi} REV, Part Y
- ^{xxvii} REV, Part Z
- ^{xxviii} Pg. 618, Aid to Localities
- ^{xxix} Pg. 620, Aid to Localities
- ^{xxx} Pg. 621, Aid to Localities

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- xxxix Pg. 98, SFY 26 Briefing Book
- xxxix Pg. 101, SFY 26 Briefing Book
- xxxix Pg. 112, SFY 26 Briefing Book
- xxxix TED, Part JJ
- xxxix Pg. 120, SFY 26 Briefing Book
- xxxix Part K, PPGG
- xxxix Part X, PPGG
- xxxix REV, Part F
- xxxix ELFA, Part J
- xl ELFA, Part K
- xli Pg. 72, SFY 26 Briefing Book
- xlii Pg. 98, SFY 26 Briefing Book
- xliii Part T, PPGG
- xliiv Pg. 815, Aid to Localities
- xliiv Pg. 815, Aid to Localities
- xliiv Pg. 815, Aid to Localities
- xliiv Pg. 106, SFY 26 Briefing Book
- xliiii HMH, Part DD
- xlix Aid to Localities (26815)
- l HMH, Part O
- li ELFA, Part B
- lii ELFA, Part Q
- liii Pg. 74, SFY 26 Briefing Book + Part R, HMH
- liiv Pg. 98, SFY 26 Briefing Book
- liv Pg. 100, SFY 26 Briefing Book
- lvi Pg. 112, SFY 26 Briefing Book
- lvii Pg. 1063, Aid to Localities
- lviii Pg. 126, SFY 26 Briefing Book
- lix Page 874, Aid to Localities
- lx REV, Part CC
- lxi Pg. 92, SFY 26 Briefing Book