



LOCAL GOVERNMENT



SUPPORT FOR LOCAL GOVERNMENT

The Executive Budget continues to deliver core local government aid, including Aid and Incentives to Municipalities (AIM), and restructuring and efficiency-based funding that seeks to maintain the solid financial footing that local governments have predominantly been experiencing.

The State provides broad support for local governments, including through general purpose aid and a variety of local government restructuring and efficiency grants designed to help municipalities work together, capture efficiencies, save money, and protect programs and services.

The **Aid and Incentives to Municipalities (AIM) program** provides general-purpose aid to New York State's cities, towns, and villages. Other programs providing aid to local governments include small government assistance, miscellaneous financial assistance and support for municipalities with video lottery gaming facilities.

Competitive Local Government Efficiency Grants help cover costs associated with consolidation, shared services, or other efficiency initiatives.

Citizens Reorganization Empowerment Grants are available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.

For cities, towns, or villages that consolidate or dissolve, **Citizen Empowerment Tax Credits** provide an annual aid bonus to bolster the newly combined local government and provide direct relief to property taxpayers.

In addition, the **Financial Restructuring Board for Local Governments** assists distressed municipalities by conducting comprehensive reviews to develop recommendations for restructuring and improving fiscal stability. The Board may offer grants or loans to help implement its recommendations.

SUMMARY OF ALL FUNDS LOCAL GOVERNMENT STATE SPENDING				
CATEGORY	FY 2024 (MILLIONS OF DOLLARS)	FY 2025 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT CHANGE (%)
Aid and Incentives to Municipalities	714.7	714.7	0	0
County-Wide Shared Services Initiative	7	9	2	28.5
Citizens Empowerment Tax Credits and Grants	5.6	6.4	0.8	13.5
Local Government Efficiency Grants	3.1	5.1	2	29.9
Local Government Performance and Efficiency Program	5	10	5	50
VLT Impact Aid	28.9	30.1	0.2	4.3
Miscellaneous Financial Assistance	23.9	18.8	-5.1	-21.5
Small Government Assistance	0.2	0.2	0	0

SUPPORTING THE CONTINUED FISCAL HEALTH OF LOCAL GOVERNMENTS TO BENEFIT RESIDENTS AND TAXPAYERS

An unprecedented number of local governments in New York State stand on strong financial footing. Municipalities are propelling the economy and serving New Yorkers by paving roads, improving water and sewer infrastructure, and redoubling efforts to keep communities safe. These endeavors continue to be supported both by local and State resources, but also by Federal funding from the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act.

Also helping local budgets, local sales tax collections through November 2023 were 4.4 percent higher than in 2022, on a Statewide basis. New York City collections were 6.1 percent higher, and collections in Rest of State were up in all regions, reaching as high as 5.7 percent growth in the Mohawk Valley.

While these robust sales tax results are largely due to stronger consumer purchasing and higher prices of goods and services, they also reflect the State's continued focus on enforcement and compliance with respect to internet sales tax collection. As a result of these efforts, from State Fiscal Year 2020 through the first half of the State's 2024 Fiscal Year, counties and local governments have benefitted from an additional \$1.87 billion in local revenue, cumulatively, and New York City benefitted from an additional \$1.13 billion.

With the infusion of extraordinary Federal aid and increased sales tax revenues, combined with the State's longstanding efforts to provide mandate relief, encourage shared services, and promote efficiencies, the vast majority of local governments are on exceptionally strong financial footing.

The number of local governments experiencing fiscal stress, as identified by the Office of the State Comptroller's Fiscal Stress Monitoring System for 2023, is at a new record low of 14 municipalities out of nearly 1,600 counties, cities, towns, and villages. For the second year in a row, the system did not identify any of the State's 57 counties as experiencing fiscal stress.

Only two municipalities were designated as experiencing "significant fiscal stress," and seven municipalities were designated as experiencing "moderate stress." For comparison, the 2020 data designated nine municipalities as being in "significant fiscal stress" and five municipalities being in "moderate stress". The 2023 data represents a significant decrease from the high of 69 municipalities in 2014, with a consistent downward trend since.

Among the main beneficiaries of the strong financial position of local governments are New York's taxpayers. Property taxes, the most important revenue for local governments, remained stable throughout the economic fallout of the pandemic and the subsequent recovery. Through the twelfth year of the Property Tax Cap, taxpayers have saved over \$111 billion, comparing growth rates under the cap to the ten-year period preceding it. For the typical taxpayer, this equates to cumulative savings of \$15,000. Taxpayers have also enjoyed significant predictability, with average increases of just 1.87 percent per year – which is roughly one-third of the average annual growth from 2000 to 2010. Moreover, many counties, cities, towns, and villages are reducing property tax rates and levies in their adopted budgets for 2024.

The ultimate beneficiaries of the strong fiscal health of local governments are New York State residents, who depend on local governments for everything from drinking water to drivable roads to a litany of vital local services. The firm financial footing of local governments position them to address emerging and pressing needs and to focus on things that further improve their community's quality of life.

Impact of the FY 2025 Executive Budget on Local Fiscal Year 2025

The overall impact of the Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2025 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total nearly \$57.6 billion in FY 2025 under the Executive Budget. This represents an increase of \$3.5 billion over the prior year, predominantly due to increases in School Aid, Medicaid, and support for New York City migrant services.

The second way of measuring the impact of the FY 2025 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive local impact of nearly \$2.1 billion for municipalities and school districts for their fiscal years ending in 2025.

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 \$7.4 billion in FY 2025 under the Executive Budget. This includes over \$3.3 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net positive impact of \$267 million in County Fiscal Year 2025, most of which is due to significant investments in partnerships with counties, including:

- \$85 million for a new partnership with counties on public safety communications systems,
- \$50 million for a new partnership with counties on infrastructure grants,
- \$50 million in new resources to support anti-poverty initiatives in Rochester, Syracuse, and Buffalo,
- \$30 million in funding for district attorney offices and GIVE jurisdictions to prevent domestic violence,
- \$3.8 million for grants to counties to improve flood resiliency (\$15 million over two years),
- \$3.7 million in the upcoming local fiscal year (\$14.7 million over two years) to provide new e-poll books and \$3.7 million increase annually to provide postage to boards of election, and

- \$10 million annually for dedicated retail theft teams in district attorney offices, with a separate \$5 million annually for local law enforcement agencies to combat retail theft.

Other actions with a positive local fiscal impact for counties include \$16.5 million to increase human services case management and wrap-around services, \$15.2 million in administrative efficiencies in the Early Intervention Program, as well as several revenue actions including repealing and replacing the cannabis potency tax and modernizing Tax Law to include the vacation rental industry.

These positive impacts are partially offset by an increased TANF FFFS child welfare threshold (\$14.6 million impact) as well as a five percent in-person Early Intervention rate increase (\$2.4 million) and a four percent Early Intervention rate modification in rural counties (\$0.2 million).

Support for Cities, Towns and Villages. The Executive Budget provides over \$1.2 billion in support for towns, villages, and cities other than the City of New York. Traditional local impacts result in a net positive impact of \$7.9 million due to several revenue actions, including repealing and replacing the cannabis potency tax (\$6.5 million) and modernizing the Tax Law to include the vacation rental industry (\$1.1 million).

Support for New York City. Total State spending on behalf of New York City through major local aid programs is expected to total over \$24.5 billion in FY 2025 under the Executive Budget. This includes \$4.0 billion attributable to the State takeover of local Medicaid growth and over \$13.3 billion in School Aid. Total support for New York City is higher than FY 2024 by \$2.1 billion, in large measure due to significant support for the City's response to the migrants crisis. In all, The Executive Budget provides an additional \$2.4 billion to address migrants and asylum seekers. With the \$1.9 billion already included in the FY 2024 Financial Plan, the State is providing a total of \$4.3 billion. The funding in the Budget will support:

- Humanitarian aid for the City of New York, including short term shelter services for migrant individuals and families.

- Costs associated with operating humanitarian emergency response and relief centers (HERRCs) at Creedmoor Psychiatric Center, Randall’s Island, and Floyd Bennett Field.
- Legal and case management services to help asylum seekers file paperwork to receive work authorization.
- Programs to provide communicable disease testing, immunizations, and other health services.
- Programs to assist in relocation of migrant individuals and families.
- Expenses related to the deployment of the National Guard and other facets of the State's response.

The \$4.3 billion in the State's Financial Plan supports both State and City programs and services, but nearly \$3.4 billion is estimated to directly reimburse City costs for migrants.

As these funds flow to the City of New York, they result in a net positive traditional local impact of over \$1.2 billion for the 2025 New York City Fiscal Year. This is primarily due to \$530 million in direct State support for City migrant costs in City Fiscal Year 2025 alone (the Executive Budget also includes a new \$530 million for City Fiscal Year 2024), as well as \$350 million in State reimbursement for 100 percent of the costs of shelters at Creedmoor Psychiatric Center, Randall’s Island, and Floyd Bennett Field (the Executive Budget also includes \$288 million in City Fiscal Year 2024).

In addition, New York City will receive a year-to-year Foundation Aid increase of \$222.3 million in the 2025 School Year, as well as a \$119.7 million increase in school expense-based aid and categorical aid programs.

Several revenue actions will increase City revenue by \$38.9 million, most notably by permanently extending the itemized deduction limit on high income filers (\$20 million) and modernizing the Tax Law to include the vacation rental industry (\$10 million).

Partially offsetting these investments is the extension of an intercept of sales tax in New York City in order to provide funding for distressed hospitals that would otherwise sunset March 31, 2025 (\$37.5 million in

new impact in City Fiscal Year 2025; \$150 million annualized going forward), as well as several smaller negative impacts, including an increased TANF FFFS child welfare threshold (\$5.1 million).

Support for School Districts. For SY 2025, the Executive Budget increases Foundation Aid for school districts outside New York City by \$284.8 million and expense-based and categorical aids by \$198.2 million. Partially offsetting this impact, the Budget continues the current State share of CSE placements leading to a negative impact of \$28.6 million.

PROPOSED FY 2025 BUDGET ACTIONS

Expand and Improve the Local Government

Efficiency Grant Program. The Local Government Efficiency Program provides technical assistance and grants for intermunicipal projects targeting shared opportunities, cost savings, and delivery of efficient, quality services. To expand the reach of this successful program, the FY 2025 Executive Budget increases the number of awards possible each year and the maximum award amounts. Currently, planning grants may be up to a maximum of \$12,500 per municipality and \$100,000 total per grant. Beginning in FY 2025, the new maximum would be \$20,000 per municipality and \$120,000 total per grant. Implementation grant maximums would increase from \$200,000 per municipality and \$1 million total per grant to \$250,000 per municipality and \$1.25 million total per grant.

Total annual funding to support planning and efficiency grants will double from \$4 million to \$8 million. This larger pot for the annual procurement, combined with the increased grant maximums, will encourage and support more local governments to work together and tackle larger shared services opportunities.

Support Local Government Reorganization

Programs. The FY 2025 Budget continues support for local government restructuring and efficiency grants. Citizens Reorganization Empowerment Grants provide funding of up to \$100,000 to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions. Citizen Empowerment Tax Credits support cities, towns,

or villages that consolidate or dissolve through tax credits that provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used as direct relief to property taxpayers.

Sunset State Matching Funds for the County-Wide Shared Services Initiative. 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 ensures that matching fund applications for projects already implemented will be supported. After that, the ability to provide matching funds will sunset, while counties would still have the option to convene shared services panels to generate future savings for taxpayers.

Create the County Partnership Grants Program. The FY 2025 Executive Budget creates a \$250 million grants program to fund shared expenses and promote collaboration between the State and Counties. The Program will consist of \$135 million of new funding, including \$85 million to help counties purchase public safety equipment, and \$50 million for site development preparation grants.

Increase New York City's Transitional Finance Authority (TFA) Bond Limit. Since 2009, the limit on New York City's TFA bonds outstanding has been \$13.5 billion. Recognizing that this limit has not been adjusted in almost 15 years, combined with the sharp rise in the cost of construction in the City since the pandemic, legislation submitted with the Budget increases this limit to \$19.5 billion on July 1, 2024, and to \$25.5 billion, on July 1, 2025.

Continue the State Cap and Takeover of Local Medicaid Costs. The FY 2025 Executive Budget shoulders \$7.3 billion in Medicaid cost increases on behalf of local governments as part of the State cap and takeover of local Medicaid growth. In FY 2024 alone, New York City will save \$3.9 billion and counties across the State will save an additional \$3.3 billion by the State's assumption of costs. From FY 2007 when the State cap of Medicaid growth began, through FY 2023, the State has assumed nearly \$39 billion in Medicaid costs that counties and New York City would have otherwise had to bear.

Local Savings from the State Medicaid Cost Takeover				
	Cumulative Local Savings SFYs 2007 - 2023	SFY 2024 Estimated Local Savings	SFY 2025 Proposed Local Savings	Proposed Cumulative Local Savings
Statewide Total	\$38,954,432,908	\$6,370,364,196	\$7,252,618,546	\$52,577,415,649
New York City	\$18,226,431,527	\$3,394,017,325	\$3,946,655,823	\$25,567,104,675
ROS Total	\$20,728,001,381	\$2,976,346,871	\$3,305,962,723	\$27,010,310,975
Albany	\$401,787,007	\$63,393,559	\$71,492,023	\$536,672,590
Allegany	\$67,649,564	\$10,038,153	\$11,315,483	\$89,003,200
Broome	\$462,159,096	\$61,284,310	\$67,641,541	\$591,084,947
Cattaraugus	\$142,679,628	\$21,372,610	\$23,813,462	\$187,865,701
Cayuga	\$148,723,278	\$21,377,557	\$23,652,613	\$193,753,449
Chautauqua	\$289,625,060	\$42,608,173	\$47,330,109	\$379,563,341
Chemung	\$159,132,880	\$23,638,085	\$26,434,433	\$209,205,398
Chenango	\$86,881,639	\$12,267,214	\$13,683,827	\$112,832,680
Clinton	\$126,954,410	\$19,086,356	\$21,418,882	\$167,459,648
Columbia	\$130,135,717	\$17,496,942	\$19,318,662	\$166,951,320
Cortland	\$90,215,598	\$12,484,563	\$13,923,488	\$116,623,649
Delaware	\$85,348,966	\$12,323,798	\$13,663,768	\$111,336,532
Dutchess	\$573,272,004	\$75,645,085	\$83,167,005	\$732,084,094
Erie	\$1,623,408,985	\$253,006,663	\$282,538,873	\$2,158,954,521
Essex	\$53,979,536	\$8,036,542	\$8,979,893	\$70,995,971
Franklin	\$87,784,591	\$12,218,499	\$13,638,663	\$113,641,753
Fulton	\$105,375,237	\$15,448,335	\$17,315,825	\$138,139,397
Genesee	\$81,460,203	\$12,654,883	\$14,074,598	\$108,189,684
Greene	\$98,198,989	\$13,324,108	\$14,797,483	\$126,320,581
Hamilton	\$6,090,079	\$946,353	\$1,047,790	\$8,084,222
Herkimer	\$123,122,531	\$17,286,307	\$19,256,012	\$159,664,849
Jefferson	\$164,778,826	\$25,744,322	\$28,661,686	\$219,184,835
Lewis	\$35,956,536	\$6,057,355	\$6,766,805	\$48,780,696
Livingston	\$93,113,494	\$13,208,960	\$14,642,093	\$120,964,547
Madison	\$106,036,566	\$14,852,114	\$16,510,783	\$137,399,464
Monroe	\$1,385,430,123	\$228,936,496	\$255,004,237	\$1,869,370,855
Montgomery	\$134,777,950	\$18,196,006	\$20,117,700	\$173,091,655
Nassau	\$2,295,254,810	\$328,130,466	\$363,973,965	\$2,987,359,241
Niagara	\$376,919,860	\$56,079,731	\$62,565,716	\$495,565,307
Oneida	\$477,189,694	\$70,710,527	\$78,777,646	\$626,677,867
Onondaga	\$953,455,976	\$140,629,970	\$156,143,347	\$1,250,229,292
Ontario	\$157,201,374	\$22,619,608	\$25,099,031	\$204,920,014
Orange	\$940,387,647	\$121,891,325	\$134,217,208	\$1,196,496,179
Orleans	\$75,587,209	\$11,270,015	\$12,518,212	\$99,375,435
Oswego	\$249,389,191	\$35,337,486	\$39,177,433	\$323,904,110
Otsego	\$81,553,996	\$12,251,078	\$13,703,997	\$107,509,071
Putnam	\$107,631,551	\$15,498,345	\$17,098,815	\$140,228,711
Rensselaer	\$233,285,640	\$35,942,270	\$40,401,194	\$309,629,104
Rockland	\$902,826,751	\$113,068,656	\$124,508,531	\$1,140,403,938
St. Lawrence	\$199,491,975	\$26,409,642	\$29,620,023	\$255,521,639
Saratoga	\$260,138,400	\$36,980,577	\$40,910,316	\$338,029,294
Schenectady	\$370,483,483	\$51,356,290	\$56,795,366	\$478,635,140
Schoharie	\$45,826,587	\$7,291,319	\$8,122,612	\$61,240,518
Schuyler	\$26,276,469	\$4,358,312	\$4,876,399	\$35,511,180
Seneca	\$51,292,064	\$7,879,726	\$8,763,770	\$67,935,560
Steuben	\$158,209,134	\$24,430,125	\$27,234,096	\$209,873,355
Suffolk	\$2,868,474,305	\$388,063,738	\$428,648,223	\$3,685,186,266
Sullivan	\$220,839,568	\$30,304,465	\$33,530,195	\$284,674,227
Tioga	\$61,018,437	\$9,120,470	\$10,221,950	\$80,360,858
Tompkins	\$110,952,441	\$15,597,662	\$17,355,083	\$143,905,186
Ulster	\$416,825,298	\$56,815,985	\$62,749,459	\$536,390,743
Warren	\$90,275,427	\$14,264,794	\$15,956,742	\$120,496,963
Washington	\$115,350,141	\$16,460,890	\$18,229,273	\$150,040,304
Wayne	\$191,573,635	\$25,248,589	\$27,754,943	\$244,577,168
Westchester	\$1,740,447,086	\$252,448,781	\$282,404,259	\$2,275,300,126
Wyoming	\$51,124,408	\$7,661,605	\$8,496,115	\$67,282,128
Yates	\$34,640,328	\$5,291,077	\$5,901,067	\$45,832,473