

Event • Date

# State Fiscal Year 2021 Budget

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## Issues of County Concern



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## Unprecedented Times Creates Uncertainty

- This year’s state budget was enacted in one of the most difficult periods in our lifetimes and we may not know the full extent of the public health, social, and economic changes that will accompany the COVID-19 pandemic for years to come. Even the procedure for voting on the budget was completely remade to address “social distancing”.
- The state budget addresses the economic uncertainty by providing the Governor expansive authority to adjust spending levels based on available revenues throughout the year, utilize more short term borrowing, and to draw down extraordinary federal aid, with the hope of even more to come.
- For counties, the top budget priority of maintaining local Medicaid caps was achieved, but at the cost of mid-year budget cuts, state reimbursement delays and the diversion of even more county sales tax to be used for state spending purposes.



## Unprecedented Times Creates Uncertainty

- One of the most difficult things to measure is the economic ramifications of the COVID-19 pandemic, mainly because we can't accurately measure how long it will take to manage the virus, but also when people will feel comfortable returning to their old habits and spending. The steps necessary to stop the disease has required a planned shutdown of large segments of the New York State and national economy.
  - The unknown duration of the economic shutdown will lead to expansive revenue losses for the state and counties. The State is estimating revenue losses between \$10B and \$15B in the coming fiscal year, more than doubling earlier estimates of \$4B to \$7B.
    - **Counties, outside of New York City, are expected to see sales tax losses of several hundred million dollars to as much as \$2 billion in a worst case scenario.**



# State Budget Issues for Counties – SFY 2020-21

## County Revenue Losses Are Just the Beginning

**Counties will face mid-year state aid cuts and state aid reimbursement delays**

**Many counties have experienced immediate increased spending needs to address the public health and social welfare emergency.**

Cash flow will be tight as revenues and emergency federal assistance will take many months to catch up

**Higher costs will carry over into future years. The likely loss of investment returns in the state retirement fund will lead to increased costs starting in 2021, that will remain elevated for years**

While the Great Recession was a different economic shock, county retirement costs nearly tripled in the years that followed due to a large loss

## New Executive Authority to Cut Spending

- If revenues or spending are out of balance by more than 1 percent during any of three measurement periods, the Executive can cut state aid to localities as necessary to achieve balance
- The reductions “...shall be done uniformly across-the-board to the extent practicable or by specific appropriations as needed.”
- With the State projecting revenue losses of \$10 billion or more, this could translate to significant state reimbursement cuts to counties, possibly as much as 15 percent or more



## New Executive Authority to Cut Spending

The following appropriations are protected from spending cuts:

- Public assistance payments for families and individuals and payments for eligible aged, blind and disabled persons related to supplemental social security;
- Any reductions that would violate federal law;
- Payments of debt service and related expenses for which the state is constitutionally obligated to pay debt service or is contractually obligated to pay debt service; and
- Payments the state is obligated to make pursuant to court orders or judgments



# State Budget Issues for Counties – SFY 2020-21

Possible scenario under enhanced Executive authority to cut spending

What \$10 Billion in Cuts Might Look Like in the State Budget			
Dollar Amount Spent in Budget	Description	State Savings Target	% Cut
<b>\$100 billion</b>	<b>State Operating Funds</b> <i>(does not include Federal or Capital \$)</i>	<b>(\$10 billion)</b>	<b>10.0%</b>
<b>\$23 billion</b>	<b>Medicaid</b>	<b>(\$2.5 billion)</b>	<b>10.9%</b>
<b>\$27 billion</b>	<b>K-12 Education</b>	<b>(\$1.2 billion)</b>	<b>4.4%</b>
<b>\$28.4 billion</b>	<b>State Agencies</b>	<b>(\$2.8 billion)</b>	<b>9.9%</b>
<b>\$21 billion</b>	<b>Other Local Assistance</b>	<b>(\$3.5 billion)</b>	<b>16.7%</b>
<i>\$3.5 billion</i>	<i>Transportation</i>	<i>(\$581 million)</i>	<i>16.7%</i>
<i>\$2.2 billion</i>	<i>STAR</i>	<i>(\$365 million)</i>	<i>16.7%</i>
<i>\$2.8 billion</i>	<i>Social Services</i>	<i>(\$465 million)</i>	<i>16.7%</i>
<i>\$2.9 billion</i>	<i>Higher Education</i>	<i>(\$481 million)</i>	<i>16.7%</i>
<i>\$3.4 billion</i>	<i>Mental Hygiene</i>	<i>(\$564 million)</i>	<i>16.7%</i>
<i>\$5.6 billion</i>	<i>All Other</i>	<i>(\$930 million)</i>	<i>16.7%</i>

## New Executive Authority to Cut Spending

- In 2018, counties received about \$3.1 billion in state reimbursements, or aid
- This was about 12.4 percent of total county revenues in that year
  - This averaged about 14.9 percent per county, with a range of 7.1% to 26.4%
- If the Executive reduce aid to localities as described in the chart on the preceding page, it would cost county taxpayers about \$460 million in lost state reimbursement or aid

## New Executive Authority to Cut Spending

**Cuts could be fully or partially restored under the following circumstances:**

Actual tax receipts in State Operating Funds is 98 percent of the budgeted amount through February 28, 2021; **or**

The federal government provides aid that the director of the budget deems sufficient to reduce or eliminate the imbalance in the General Fund for fiscal year 2020-21 and does not adversely impact the budget gap in fiscal year 2021-22.



Restorations will only occur if the Executive also certifies that all required payments for state fiscal year 2020-21 will be made (including tax refunds), and state reserves are equal to what they were at the start of the state fiscal year.

## Expanded Executive Authority to Borrow & Accept Federal Emergency Funds

- State bonding authority is increased by \$14 billion across several accounts

The budget also includes large lump sum appropriations to draw down federal stimulus and emergency funding to address the COVID-19 pandemic, including:

- **\$25 billion** - All Funds Special Emergency Appropriation Account
- **\$4 billion** - Special Public Health Emergency Appropriation Account
- **\$40 billion** – Unemployment Insurance Benefits

## Home Rule Changes and Extenders

The Transportation, Economic Development and Environmental Conservation Article VII bill also included a variety of home rule bill updates and revenue extenders.

- Subpart C included all county **sales tax** extenders through 2023 – all counties except the three that are still at 3 percent;
- Subpart D included all **occupancy tax** legislation set to expire this year through 2023 – Albany, Chautauqua Nassau and Suffolk;
- Subpart E included all **mortgage recording tax** legislation set to expire at the end of this year through 2023 - Albany, Cortland, Fulton, Genesee, Greene, Hamilton, Herkimer, Schoharie, Steuben, Warren and Yates; and
- Subpart F included an extension all **real estate transfer tax** legislation set to expire at the end of this year through 2023 - Columbia County

# State Budget Issues for Counties – SFY 2020-21

## Community Colleges

The SFY 2020-21 Enacted Budget reduces aid for community colleges by \$31 million. The budget maintains community college base aid at \$2,947 per full-time equivalent (FTE) student.

Community College State FTE Rates			
Year	State FTE \$	% Change	\$ Change
2008-09	\$2,675	0.0%	\$0
2009-10	\$2,675	0.0%	\$0
2010-11	\$2,260	-15.5%	(\$415)
2011-12	\$2,122	-6.1%	(\$138)
2012-13	\$2,272	7.1%	\$150
2013-14	\$2,422	6.6%	\$150
2014-15	\$2,497	3.1%	\$75
2015-16	\$2,597	4.0%	\$100
2016-17	\$2,697	3.9%	\$100
2017-18	\$2,747	1.8%	\$50
2018-19	\$2,847	3.6%	\$100
2019-20	\$2,947	3.5%	\$100
2020-21	\$2,947	0.0%	\$0

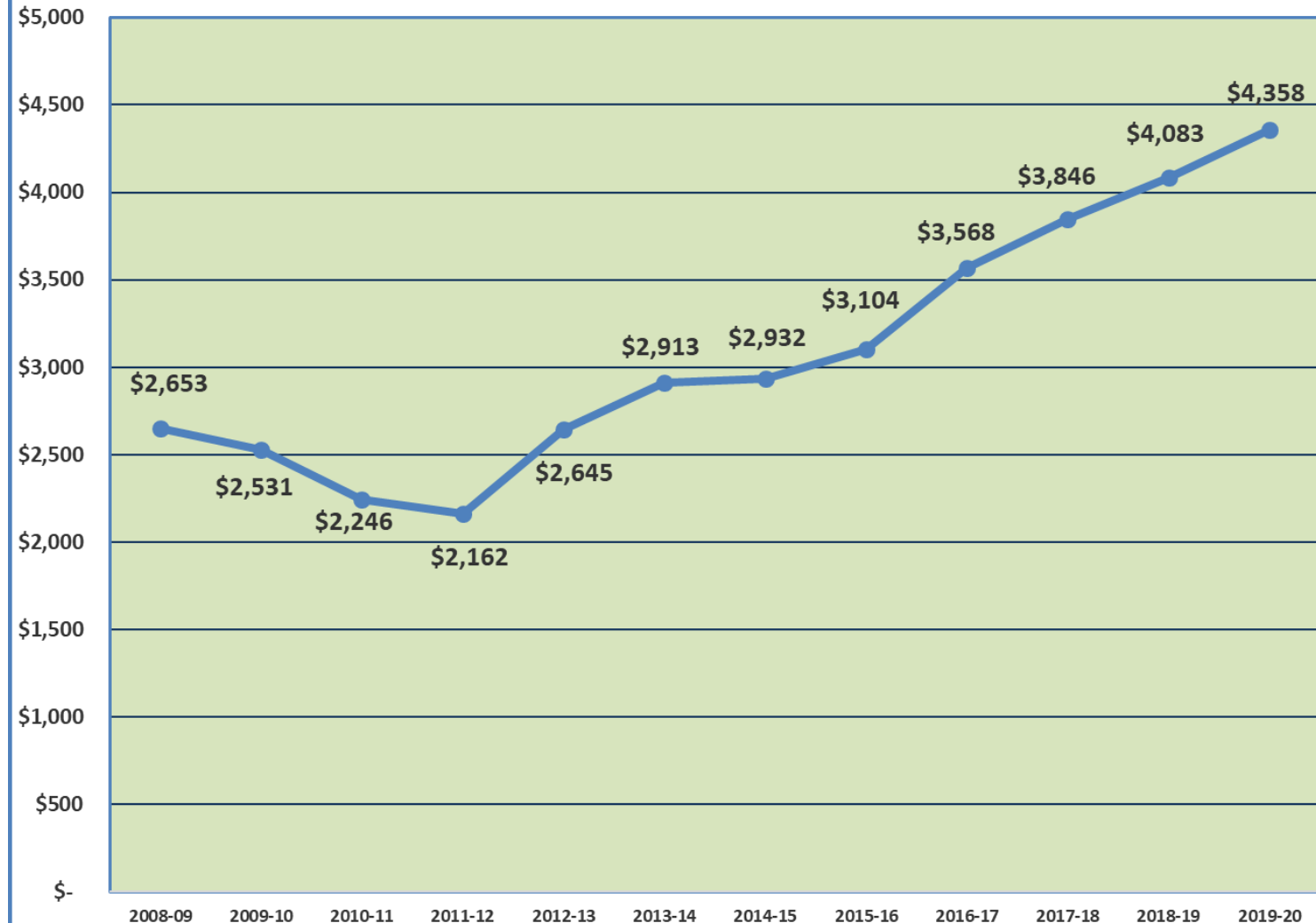
# State Budget Issues for Counties – SFY 2020-21

## Community Colleges - Chargebacks

Cuts in State support for community colleges can contribute to higher chargeback costs per student.



Average Community College Chargeback Rate, 2009 - 2020





# State Budget Issues for Counties – SFY 2020-21

## Medicaid

- Proposals advanced by the Governor to require counties to pay more for Medicaid if they did not stay under the 2% property tax cap or limit the growth in local Medicaid share costs to less than 3%, as well as authorizing the Governor to intercept enhanced federal Medicaid matching funds provided to New York counties under the Affordable Care Act were all rejected.
  - *This preserves the current Medicaid cost growth caps from 2005 and 2012.*
- The Budget does enact a new diversion of county and NYC sales tax in the amount of \$250 million annually for the next two years (county \$50M and NYC \$200M). The diverted sales tax would be used to fund a State Distressed Hospital and Nursing Home Pool. The distribution is not yet defined – the state can keep any funds not distributed in any given year for general fund purposes.
- The Budget enacts Medicaid Redesign Team II proposals that will save \$2.2 billion in SFY 2021 and \$2.7 billion in SFY 2022.



# State Budget Issues for Counties – SFY 2020-21

Fiscally Distressed Hospital & Nursing Home Pool					
Sales Tax Diversion Per Year - \$50 million					
County	Gross Sales Tax First Year Cost <sup>1</sup>	County	Gross Sales Tax First Year Cost <sup>1</sup>	County	Gross Sales Tax First Year Cost <sup>1</sup>
Albany	\$1,677,287	Hamilton	\$24,461	Rockland	\$1,363,282
Allegany	\$129,411	Herkimer	\$200,750	St. Lawrence	\$356,994
Broome	\$831,003	Jefferson	\$467,827	Saratoga	\$756,144
Cattaraugus	\$234,189	Lewis	\$75,878	Schenectady	\$629,900
Cayuga	\$223,431	Livingston	\$208,149	Schoharie	\$94,621
Chautauqua	\$415,114	Madison	\$179,258	Schuyler	\$69,470
Chemung	\$369,395	Monroe	\$3,061,862	Seneca	\$162,703
Chenango	\$143,813	Montgomery	\$190,062	Steuben	\$351,825
Clinton	\$346,640	Nassau	\$7,309,393	Suffolk	\$8,903,119
Columbia	\$266,185	Niagara	\$762,434	Sullivan	\$281,783
Cortland	\$182,541	Oneida	\$877,169	Tioga	\$150,862
Delaware	\$130,096	Onondaga	\$2,164,975	Tompkins	\$331,537
Dutchess	\$1,231,699	Ontario	\$520,144	Ulster	\$744,543
Erie	\$4,848,971	Orange	\$1,741,583	Warren	\$331,967
Essex	\$189,378	Orleans	\$102,814	Washington	\$126,990
Franklin	\$147,780	Oswego	\$282,941	Wayne	\$279,806
Fulton	\$130,970	Otsego	\$236,275	Westchester	\$3,566,606
Genesee	\$251,636	Putnam	\$395,202	Wyoming	\$110,398
Greene	\$202,050	Rensselaer	\$554,323	Yates	\$80,361



# State Budget Issues for Counties – SFY 2020-21

## Medicaid

- The adopted budget does accept the enhanced Medicaid matching funds provide in the COVID-19 federal stimulus bill that increases the FMAP by 6.2% for each quarter the federal health emergency declaration is in place
  - The state has received the 1<sup>st</sup> quarter enhanced payment retroactive to January 1, 2020, as well as an advance for the full 2<sup>nd</sup> quarter, which ends June 30th
  - NYSAC is working with the state to determine how these enhanced federal funds will be passed through to counties. Counties, as mandated payers for Medicaid, are entitled to a share of these funds under federal law



# State Budget Issues for Counties – SFY 2020-21

## Medicaid – MRT II Savings \$2.2B in 2021

- **Continuing savings actions from SFY 2020 – (\$739M)**
  - Managed care reimbursement changes (\$156M), End DSRIP Quality Pools (\$190M), Rate reduction to providers of 1% (\$248M)

### SFY 2021 Actions

- **Managed Care encounter data penalties (\$145M)**
- **Hospital Reductions (\$297M)**
  - Reduce indigent care pools, including county facilities (\$88M), Discontinue hospital quality & sole community provider pools (\$35M), NYC Health and Hospitals Corporation (\$186M)
    - **Long Term Care (\$669M)**
      - Modify eligibility for personal care and CDPAP services (\$120M in 2021, rising to \$277M in 2022), Administrative reforms to personal care and CDPAP (\$82M in 2021, rising to \$263M in 2022)



# State Budget Issues for Counties – SFY 2020-21

## Medicaid – MRT II Savings \$2.2B in 2021

- **Long Term Care (cont.)**
  - Capping Managed Long Term Care enrollment (\$215M)
- **Pharmacy (\$35M)**
- **Transportation (\$75M, rising to \$217M in 2022)**
  - Reduce taxi/livery rates (\$35M), Public emergency transportation certified public expenditures (\$38M)
- **Program Integrity (\$60M)**
- **Additional provider rate reduction of .5% (\$125M)**



# Ryan Gregoire

Legislative Director



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# State Budget Issues for Counties – SFY 2020-21

## Human Services

- *Child Care* - Additional \$200 million in federal stimulus funding
- *Code Blue Investment* - \$13 million to aid with costs incurred with this E.O.
- *Summer Youth Employment* – Additional \$1 million.
- *TANF Cost Shift to Counties* - Reduces county reimbursement by \$25 million.
- *Family Assistance Cost Shift to NYC* - Reduces NYC reimbursement by \$51 million by changing the required local share.
- *Family First Prevention Services Act* - Additional \$75 million
  - \$25 million will assist with statewide FFPSA compliance.
  - \$50 million will provide temporary grants to New York City, which has an expired demonstration project.





## Children with Special Needs

- Early Intervention Program reforms – NOT included.
- State shifts ~\$22 million in CPSE placement costs to school districts.
  - No relief for counties.

# State Budget Issues for Counties – SFY 2020-21

## Public Safety

- Authorize shared county jails (regional jails) - EXCLUDED
- Jail-based restoration programs for county jails – EXCLUDED

### Bail Reform

- Expanded list of crimes now eligible for bail.
- Clarified use of electronic monitoring.
- Judicial discretion - EXCLUDED.

### Discovery Reform

- Discovery material
- Traffic tickets
- Criminal Charges

# State Budget Issues for Counties – SFY 2020-21

## Elections

### **Early Voting – no new additional money.**

- The Budget does re-appropriate remaining funds from capital and operating assistance.

### **Time Off to Vote Clarification -**

- Currently, employers are required to give their employees up to 3 hours of paid time off either at the beginning or end of the employee's shift to vote on Election Day. This part would reduce the paid time off from 3 hours to 2 hours.
- If an employee has 4 consecutive hours at either end of his/her shift, that is sufficient time to vote.

### **Campaign Finance Reform**

- This proposal allows for the creation of public financing of campaigns for statewide offices (including the Assembly and Senate). Takes effect on 11/9/2022 for participants in primary and general elections being held in 2024.

# State Budget Issues for Counties – SFY 2020-21

## Veterans

- **Expand Affordable Housing and Support Services for Homeless Veterans.** The SFY 21 Enacted Budget directs \$5 million to expanding permanent supportive housing for homeless veterans through the Homeless Housing Assistance Program (HHAP).
- **Extension of Hire-A-Vet Credit.** The SFY 21 Enacted Budget extends for an additional year the Hire-A-Vet Tax Credit, through tax year 2021.
- **Joseph P. Dwyer Veteran Peer to Peer Program:** \$2.487 million, \$1.8 million less than last year.



# State Budget Issues for Counties – SFY 2020-21

## Veterans – Dwyer County Awards

County	Funding Level	County	Funding Level
Broome County	\$92,500	Onondaga	\$92,500
Cattaraugus County	\$67,500	Orange	\$92,500
Chautauqua County	\$92,500	Putnam	\$92,500
Columbia County	\$50,000	Rensselaer	\$72,500
Dutchess County	\$92,500	Rockland	\$92,500
Erie County	\$92,500	Saratoga	\$92,500
GLOW Counties	\$92,500	Suffolk	\$92,500
Jefferson County	\$92,500	Sullivan*	\$185,000
Monroe County	\$92,500	Ulster*	\$185,000
Nassau County	\$92,500	Warren & Washington	\$92,500
Niagara County	\$92,500	Westchester	\$92,500
NYC	\$250,000	UAlbany	\$105,000

\* indicates new program.



## Office for the Aging

### Expanded EISEP Services

- The Budget includes an additional round of \$15 million to support enhanced EISEP services that are provided by your county AAA
- This funding was included in the SFY 20 Enacted Budget.
- The typical 25% local maintenance of effort match is exempt from this funding.
- The funds must be used to address the unmet needs of the elderly as reported to NYSOFA.



# Alex LaMonte

Legislative/Policy Coordinator



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## Agriculture

- \$31.2 million in local agricultural assistance (\$2M reduction from 2019-20 budget).
- Amends the *Farm Laborer Fair Labor Practices Act* to expand the definition of immediate family members, who are exempted from the required day of rest.
- *Extending and Expanding the New York State Fair* - The Enacted Budget includes \$26.6 million for the State Fair, an increase of \$5.3 million over last year to support an additional 5 days of operation.

## Public Health

- Maintains core public health funding (Article 6).
- Enacts various tobacco control policies:
  - Effective June 1, 2020:
    - Ban on flavored vapor products used in e-cigarettes.
  - Effective July 1, 2020:
    - Prohibition on sale in pharmacies.
    - Prohibition on price reduction instruments.
    - Restriction on delivery to private residences.
    - Increased fines for selling tobacco products to underage purchasers.
    - Prohibition on advertisements near schools.
    - DOH/DOE education campaign.

## Economic Development

- \$750 million available for a 10th round of REDC awards.
- \$100 million available for a 5th round of the Downtown Revitalization Initiative.
- Requires that prevailing wage be paid on certain private construction projects (effective January 1, 2022).
  - Includes projects that are paid for with at least 30 percent public funds with project costs that exceed \$5 million (with exemptions).
  - Does not preempt any existing contract nor apply to any appropriations of public funds first appropriated prior to the effective date.

## Education State Aid – K-12

- The adopted budget cuts state general fund support for K-12 education by \$400 million compared to the Executive Budget
- However, the adopted budget increases federal education funding by \$1.2 billion from \$4.6 billion to \$5.8 billion - this funding was provided as part of a federal COVID-19 federal stimulus bill
- This results in an overall increase in support for k-12 education of \$850 million over the Executive Budget Recommendation

## Environment & Energy

- \$3 billion Restore Mother Nature Bond Act (subject to voter approval).
- \$500 million for clean water infrastructure.
- \$300 million for the Environmental Protection Fund (EPF).
- Bans on most Styrofoam products (single-use and packaging).
- Creates a new renewable energy siting process:
  - Intends to "ensure that renewable energy generation projects be sited in a timely and cost-effective manner that includes consideration of local laws..."
  - Creates an Office of Renewable Energy Siting within DOS. The Office must make a final decision on a siting permit within 1 year.
  - Requires that a permittee provide a host community benefit.

# Patrick Cummings

Counsel



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## Gaming and VLT Aid

- **Amend Sports Betting Lounge Restrictions** - Under current law, a sports pool, and sporting bets, can only be operated in a sports wagering lounge at a casino. A sports pool is defined as the business of accepting wagers on any sports event by any system or method of wagering. The SFY 2020-21 enacted budget amends current law to allow a sports bet to be made from anywhere in the casino
- **Eliminate Video Lottery Terminal (VLT) Aid** - The adopted budget maintains VLT Aid to all municipalities and counties outside of Yonkers. The Executive Budget proposed the elimination of \$9.3 VLT aid outside of Yonkers which is split among 15 different municipalities including 8 counties.



## Indigent Legal Services

- The enacted budget provides \$150M in Local Assistance funding for increased support for the Office of Indigent Legal Services – a \$50 million increase. This funding provides for the continued expansion of the Hurrell-Harring Settlement reforms to every county in order to improve the quality of indigent criminal defense statewide through three initiatives:
  - counsel at arraignment,
  - caseload relief, and
  - quality improvement
- We believe this appropriation is protected from across-the-board Executive Budget cuts because it is related to a judicial settlement





## Litigation & Judiciary

- **Judgement Interest Rates** – the Governor proposed lowering current judgement interest rates from 9% to the prevailing federal rate which is around 2 percent today – this was **NOT INCLUDED**
- **DA Salary Increases** – while not part of the budget adoption process we do want to clarify that *The Commission on Judicial Salaries* ruled that they would not recommend a COLA increase for the judiciary, which means there is no mandatory increase in salaries for District Attorneys in 2020



# Mark LaVigne

Deputy Director



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## Transportation

- *CHIPS* - Bidding threshold increased from \$250k to \$350k
- *Highway & Bridges Funding*
  - Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year's level of \$477.8 million.
- *Extreme Winter Recovery* - \$65 million
- *Airports* - provides up to \$100 million for a second round of funding for the Upstate Airport Economic Development and Revitalization.
- *Legalize E-Bikes & E-Scooters*



# State Budget Issues for Counties – SFY 2020-21

## Transportation Cont'd

### Operating Aid to Downstate Non-MTA Mass Transit

<b>Nassau County/Long Island Bus</b>	\$86.5 M; Incr. of \$55.2 M
<b>New York City Department of Transportation</b>	\$113.8 M; Incr. of \$16 M
<b>Rockland County</b>	\$4.4 M; Incr. of \$612,100
<b>Staten Island Ferry</b>	\$42.6 M; Incr. of \$6 M
<b>Suffolk County</b>	\$33.6 M; Incr. of 4.7 M
<b>Suffolk Shuttle</b>	\$500,000; LEVEL FUNDING
<b>Unspecified formula driven aid</b>	\$41.3 M; Incr. of \$5.8 M
<b>Westchester County</b>	\$71.5 M; Incr. of \$10 M
<b>Lower Hudson Transit Link</b>	\$11 M; LEVEL FUNDING

### Operating Aid to Upstate Non-MTA Mass Transit

<b>Capital District Transportation Authority</b>	\$42.4 M; Incr. of \$1.7 M
<b>Central NY Regional Transportation Authority</b>	\$38.7 M; Incr. of \$1.6 M
<b>Niagara Frontier Transportation Authority</b>	\$61.1 M; Incr. of \$2.5 M
<b>Rochester – Genesee Regional Transportation Authority</b>	\$47 M; Incr. of \$1.9 M
<b>Unspecified formula driven aid</b>	\$46.7 M; Incr. of \$1.9 M

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