

NYSAC Albany Update • May 3, 2021

55th Annual County Finance School



NYSAC
— NEW YORK STATE —
ASSOCIATION OF COUNTIES

515 Broadway Albany, 12207

www.nysac.org

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A portrait of Dave Lucas, a middle-aged man with glasses, wearing a dark blue suit, a light blue striped shirt, and a red patterned tie. He is standing outdoors next to a light-colored stone wall. The background is slightly blurred, showing architectural elements.

Dave Lucas
*Director of Finance and
Intergovernmental Affairs*
NYSAC

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I N C O R P O R A T E D

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A portrait of Stephen J. Acquario, Esq., a bald man with a friendly smile, wearing a blue suit jacket, a white shirt, and a red tie with a small pattern. He is standing outdoors, leaning against a light-colored stone pillar on the right. The background is a soft-focus green landscape.

Stephen J. Acquario, Esq.
Executive Director
NYSAC

Agenda

- **State Budget**
 - The Fiscal Big Picture
- **NYSAC End of Session Priorities**
- **Adult-Use Recreational Marijuana**
- **Federal Update**
- **County Fiscal Condition**



This Time Last Year (April 2020)

Estimated State Budget Gap upon adoption of the SFY 2021

	SFY 2021	SFY 2022	SFY 2023	SFY 2024	4-year Total
Gap	(\$13.3B)	(\$17.8B)	(\$19.1B)	(\$18.9B)	(\$69.1B)

Under the adopted SFY 2021 budget, Local Assistance spending was projected to be \$127.4 billion – an \$8.2 billion cut. The county share of this cut was estimated at \$640 million.



Budget Gap After 30-Day Amendments (February 2021)

	SFY 2021	SFY 2022	SFY 2023	SFY 2024	4-year Total
Gap	\$0	\$0	(\$902M)	(\$3.6B)	(\$4.5B)

- The 4-year projected deficit dropped from \$69 billion to \$4 billion. Mainly driven by income tax receipts coming in much higher than expected at the start of the 2021 fiscal year. The Executive Budget also assumed \$3 billion in unrestricted federal aid will be available in SFY 2022.



Year over Year Tax Receipts – 2020 to 2021

Tax Source	SFY 2020 <i>Actual</i>	SFY 2021 <i>Actual</i>	% Change
PIT	\$53.7B	\$55B	2.4%
Consumption	\$18B	\$16.1B	-10.9%
Business	\$9B	\$8.8B	-2.3%
Other	\$2.2B	\$2.5B	13.6%
TOTAL	\$82.9B	\$82.4B	-0.6%

The budget gap of \$13 billion projected a year earlier evaporated



Budget Gap - Adopted SFY 2022 Budget – State Financial Plan has not been released yet

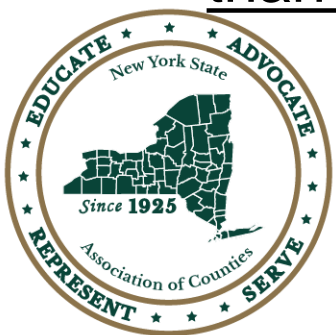
	SFY 2021	SFY 2022	SFY 2023	SFY 2024	4-year Total
Gap	\$0	\$0	?	?	?

Between 30-day amendments and final 2022 budget adoption, state resources came in \$3 billion higher than projected over that 6-week period, **AND** the American Rescue Plan was signed into law, providing \$12.6 billion to the State of New York in unrestricted aid, plus billions more for State Agencies.



Surprise Cash = SFY 2021 End of Year Budget Actions

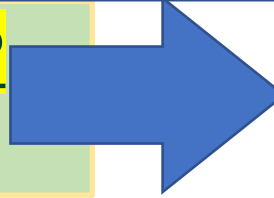
- \$3.1 billion paid for debt service prepayments and debt defeasance (\$1.5 billion higher than most recent forecast)
- \$918 million paid to eliminate all remaining state pension amortization costs (this is an acceleration of scheduled payments that would have been paid in 2022, 2023 & 2024)
- \$693 million from the General Fund was used to support education aid to offset lower than anticipated receipts from Video Lottery Terminals (\$448.8 million higher than the most recent forecast)
- \$513 million in previously collected monetary settlements from financial and other institutions was transferred from the General Fund to the Dedicated Infrastructure Investment Fund (\$617 million lower than the most recent forecast)
- \$3.4 billion in debt service on short-term notes issued earlier in the year was



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Q. Why did the fiscal situation improve?

A. \$5.2 trillion in Federal Stimulus*



Businesses closed, 33 million people lost their jobs, but most could still pay their bills & the stock market doubled!

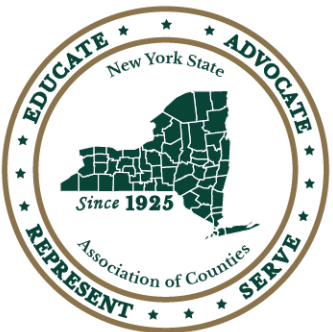
2020 - COVID Stimulus (\$3.3 trillion)

- **\$7.8 billion** for immediate health response, March 6th
- **\$192 billion** – Families First Coronavirus Relief Act, March 18th
- **\$1.7 trillion** – CARES Act, March 27th PPP (\$377B), UI benefits (\$270B), stimulus checks (\$293B), health care providers (\$100B)
- **\$483 billion** – April 24th Additional PPP (\$321B) & Health care providers (\$75B)
- **\$962 billion** – December 21st COVID Supplemental Appropriations– more stimulus checks, UI, etc.

2021 (March) – American Rescue Plan (\$1.9 trillion)

- State & local aid (\$350B), UI (\$242B), stimulus checks (\$414B), education (\$170B), Health care for individuals (\$150B), transportation (\$90B), restaurants (\$25B), rental

***To put this in perspective, the entire federal budget in 2019 was \$4.4 trillion**



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Governor's Major Budget Proposals for Counties

Positive

- Permanency on local sales tax rates
- County sales tax rate (~4%) on adult-use marijuana
- Reduces 20% cut to 5% for SFY 2021
- Expands investment options for counties
- Telehealth permanent for Children with Special Needs populations
- Reduces judgement interest rates
- Fully funds Hurrell-Harring (+\$50M) & RTA
- Shared county jails

- Administrative actions are to be taken to provide counties flexibility on jail staffing levels
- Airbnb would be required to collect sales tax

Negative

- Continues \$250 million in the diversion of local sales tax for state purposes (helping fiscally distressed health facilities but could also be used for any general fund purpose)
- New AIM-Related Sales Tax Diversion proposed
- Continues 5% state reimbursement cuts
- Cuts community college funding by \$11 million
- Eliminates VLT local aid
- Election reforms will add new local responsibilities and costs, but no state aid is provided.
- Cuts Extreme Weather Road Funding (\$65 million)
- Heavily reliant on federal stimulus
 - **Budget assumed at least \$6 billion in federal aid over next 2 years**



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Governor's Major Budget Proposals for Counties

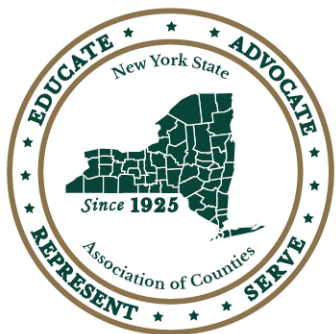
Positive

- ~~Permanency on local sales tax rates~~ **NO**
- ~~County sales tax rate (~4%) on adult use marijuana~~ **(1%)**
- Reduces 20% cut to 5% for SFY 2021 - **YES**
- ~~Expands investment options for counties~~ **NO**
- Telehealth permanent for Children with Special Needs populations - **YES**
- ~~Reduces judgement interest rates~~ **NO**
- Fully funds Hurrell-Harring (+\$50M) & RTA - **YES**
- ~~Shared county jails~~ **NO**

- Administrative actions are to be taken to provide counties flexibility on jail staffing levels **YES**
- ~~Airbnb would be required to collect sales tax~~ **NO**

Negative

- Continues \$250 million in the diversion of local sales tax for state purposes (fiscally distressed health facilities but could also be used for GF purpose) **(SURVIVED – Scheduled to Sunset in SFY 2022)**
- ~~New AIM-Related Sales Tax Diversion proposed~~ **OUT**
- ~~Continues 5% state reimbursement cuts~~ **NO CUT**
- ~~Cuts community college funding by \$11 million~~ **(RESTORED, plus adds \$14M)**
- ~~Eliminates VLT local aid~~ **(RESTORED)**
- ~~Election reforms will add new local responsibilities and costs, but no state aid is provided.~~ **(\$20M added)**
- ~~Cuts Extreme Weather Road Funding (\$65 million)~~ **(funded at \$100M)**
- Heavily reliant on federal stimulus **(budget utilizes \$5.5 billion in new federal funds in 2022)**



Snapshot of 2022 Enacted Budget Spending Totals

- Total State Operating Funds: \$111 billion, (+10%)
- All Funds spending \$212 billion, (+9%)
- School Aid: \$29.1 billion, a \$3 billion increase (+12%)
 - Supported by:
 - **Additional federal resources** (\$5.5 billion in SFY 2022)
 - **Higher income taxes on the wealthy** (\$2.8 billion in SFY 2022)
 - **Higher Corporate Taxes** (\$750 million in SFY 2022)
 - **Mobile Sports Betting** (\$99 million in SFY 2022)
 - Remaining federal aid of \$7.1 billion is reserved for future state budget years



SFY 2022 Enacted Budget Revenue Actions

Personal Income Tax Increase

- New Yorkers earning over \$1 million in annual income (joint filers @ \$2 million) would see their state income tax rate rise from 8.82% to 9.65%
- Between \$5M to \$25M, the tax rate would increase from 8.82% to 10.3%
- Over \$25 million, the tax rate would be 10.9%

Corporate Franchise Tax Increase

- The rate will increase from 6.5 to 7.25 percent for three years, for companies earning less than \$5 million in income
- Generating \$750 million in SFY 2022, growing to \$1 billion in SFY 2023



SFY 2022 Enacted Budget Revenue Actions

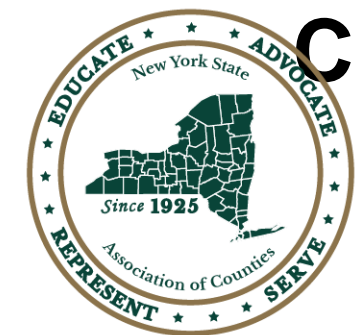
Personal Income Tax Cuts *Scheduled middle income tax cuts will proceed in 2021 (Governor proposed pausing the reduction for one year)*

- \$43,000 to \$161,550 income bracket the tax rate will drop from 6.09% to 5.97%
- \$161,550-\$323,200 income bracket the tax rate will drop from 6.41% to 6.33%

Establishes Temporary Real Property Tax Relief

Credit

- NYS resident homeowners with incomes below \$250,000 will be eligible for a state tax credit if their total property tax exceeds 6 percent of adjusted gross income (AGI).
- The calculation of this credit is capped at \$350 per STAR-eligible household,



SFY 2022 Enacted Budget Revenue Actions

Mobile Sports Wagering

- Legalized in the State Budget and could be operational by the end of this calendar year and generate:
 - \$99 million in SFY 2022,
 - \$357 million in SFY 2023, and
 - Reach \$500 million by SFY 2026
- The NYSAC supported proposal to allow sports betting through on-site kiosks at tracks, stadiums, arenas, and some OTB parlors was not included in the finalized budget deal



SFY 2022 Enacted Budget Spending

Governor's Authority to Withhold Appropriations

- Last year's State Budget allowed the Governor to withhold appropriations from local governments as necessary to balance the budget.
- This authority was not extended in the SFY 2022 Budget.
 - There is withhold authority if a community fails to submit their police reform plan to the State, but all funds withheld can be restored once the plan is submitted. All counties have submitted.



SFY 2022 Enacted Budget Spending

State & Municipal Facilities Program (SAM)

- Includes another round of \$385 million in SAM spending, bringing the multi-year total to \$2.8 billion, hundreds of millions of dollars from prior years are still available. This is a members' item fund so discuss with your state and Governor representatives about your projects
 - Created to fund capital costs for construction, improvement, rehabilitation or reconstruction of facilities owned by eligible municipalities and the acquisition of capital assets with a useful life of not less than 10 years.
 - Examples – Roads, off ramps, water/sewer, county-owned properties such as parks, airports, memorials, arts and cultural facilities, and arenas have been funded. Priority is given to projects that meet certain economic development goals that create or retain jobs. Project awards have ranged from \$50,000 to over \$10 million.



SFY 2022 Enacted Budget Spending

Aid and Incentives to Municipalities (AIM)

- The enacted budget maintains current law requiring the diversion of \$60 million in county sales tax by the state to support AIM-related payments to towns and villages.
- The Governor proposed to transfer \$15 million in remaining AIM payments to towns and villages to the county sales tax diversion program with a 20% cut to all prospective AIM-related payments, but the proposal was rejected.
- The Assembly and Senate both restored the AIM program to its 2018 form in their 1-House budgets - this did not survive in the final budget



SFY 2022 Enacted Budget Spending

Aging

- The final budget maintains \$15 million for EISEP services through local offices for the aging. It continues to waive the local maintenance of effort for this funding
- The enacted budget also includes an additional \$8 million for the unmet needs of the elderly, as reported to NYSOFA.



SFY 2022 Enacted Budget Spending

Agriculture

- The enacted budget provides \$35.8 million in Ag & Markets local assistance appropriations, an increase of \$8 million above the Executive proposal.
- The enacted budget also includes \$20 million for services and non-point source pollution control, farmland preservation, and other agricultural programs.



2022 Enacted Budget Spending

Community Colleges – Governor’s proposed cuts rejected

- An additional \$14.4 million for community college base aid above the Governor’s proposal was added, raising the per FTE from \$2,947 to \$2,997, a \$50 per FTE increase, or 1.7 percent
- Each campus is guaranteed to receive at least 98 percent of the prior year base aid amount
 - When including the 5 percent across the board cut last year, the SFY 2022 base aid is slightly above last year in total dollars
 - Other targeted state funding items are level funded with childcare funding increased slightly from \$1.55 million to \$2 million



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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
2021-22	\$2,997	1.7%	\$50

Had State funding kept pace with inflation during this period, the support in SFY 2022 would be \$3,320 per FTE.

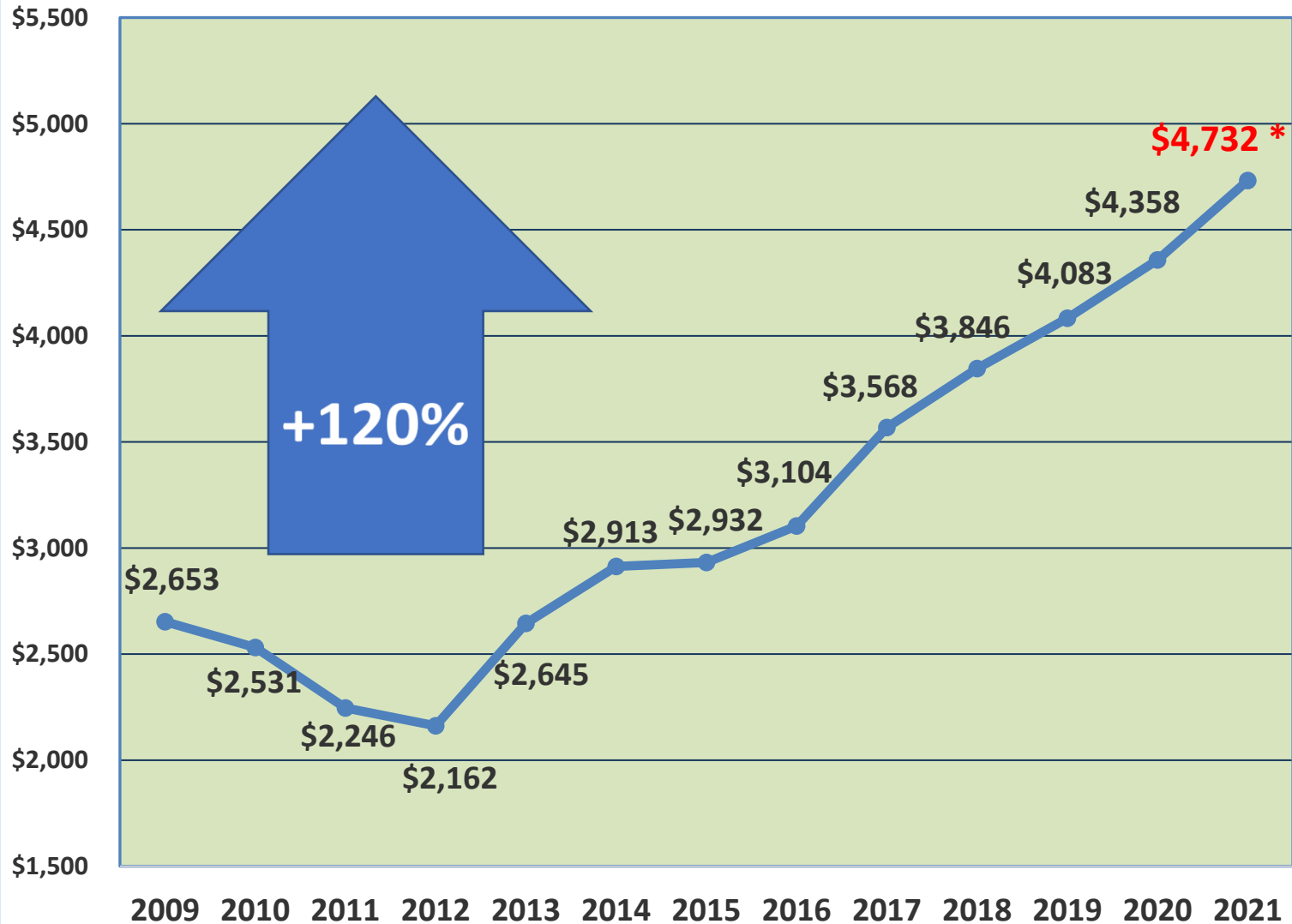


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***Chargeback rates for 2021 are currently being recalculated to now include the 5% across the board state cut that was finalized a couple of months ago.**



Average Community College Chargeback Rate, 2009 - 2021



Lack of sufficient state aid increases fueled Community College chargeback growth of 120% over the last 10 years.

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¹In 2021, \$1.1 billion in federal aid was added to the total, resulting in a .4% increase in funding for schools

K-12 School Aid Funding 2008 through 2020		
Year Ending in	Funding Level	Percent Change
2008	\$19.3 billion	
2009	\$20.7 billion	5.0%
2010	\$20.4 billion	-1.6%
2011	\$19.9 billion	-2.1%
2012	\$19.4 billion	-2.9%
2013	\$19.9 billion	2.7%
2014	\$20.8 billion	4.6%
2015	\$21.8 billion	4.6%
2016	\$22.9 billion	5.0%
2017	\$24.3 billion	5.9%
2018	\$25.2 billion	3.7%
2019	\$26.4 billion	4.7%
2020	\$27.8 billion	5.3%
2021¹	\$26.0 billion	-6.5%¹
2022	\$29.1 billion	11.9%

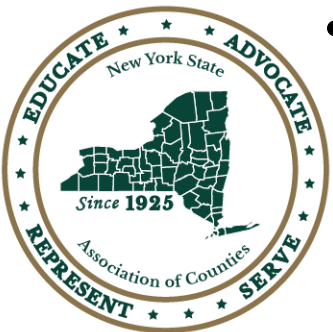


2022 Enacted Budget Spending

Economic Development

Creates the “Pandemic Recovery and Restart Program” to provide assistance in getting workers in the severely impacted food service and entertainment industries back to work

- Restaurant Return-to-Work Tax Credit Program provide eligible businesses with a credit equal to \$5,000 for each new full-time employee with a cap of \$50,000 per business. The total amount of tax credits is capped at \$35 million.
- The New York City Musical and Theatrical Production Tax Credit will be 25 percent of the total qualified production expenditures paid for during a qualified production and will be capped at \$3 million per production. The total amount of tax credits is capped at \$100 million.



2022 Enacted Budget Spending

Economic Development

Regional Economic Development Councils (REDC)

- The enacted budget includes \$150 million in core capital funding, as well as tax-credit funding, that will be combined with a wide range of existing agency programs for a tenth round of REDC awards totaling \$750 million.
- Downtown Revitalization Initiative funded at \$100 million for another

We mention these programs in the context of American Rescue Plan funds counties will receive. There are numerous federal (PPP, targeted restaurant and theatrical assistance programs and federal congressional member items) and state programs (REDC, SAM, etc.) available to provide assistance to select industries and businesses of all sizes in your community. Counties should review all existing



2022 Enacted Budget Spending

Elections

- \$20 million for local boards of elections for expanded early voting hours and options enacted outside of the budget to address capital needs, plus \$2.7 million in reappropriated funds
- \$2 million for local boards of election for operating aid

Environment

- \$3 Billion Environmental Bond Act – goes to voters in 2022
Counties and other localities would be eligible to apply for funding
 - restoration and flood risk reduction
 - open space land preservation and recreation
 - climate change mitigation, and
 - water quality improvement and resilient infrastructure, among others



2022 Enacted Budget Spending

Environment

Increases Municipal Rebates and Grants for Electric Vehicles and Charging Infrastructure

- The rebate will now be a minimum of \$2,500 per vehicle (previously \$750) and a maximum of \$7,500 (previously \$5,000)
- The legislation also extends the ZEV rebate and ZEV infrastructure grant programs from April 1, 2023, to April 1, 2025.
- Infrastructure projects must allow public access to receive grant funding, and those that maximize access to multiple public users who may not otherwise have access can now receive a maximum of \$300,000 per facility



2022 Enacted Budget Spending

Gaming

- **Restores VLT Aid** the Governor proposed eliminating for counties and other municipalities
- **Commercial Casino Tax Reduction** – The enacted budget includes \$7 million for local governments to offset lost revenue due to tax breaks for commercial casinos
 - Commercial gaming casinos will be allowed to petition the gaming commission for a lower tax rate on their slots



2022 Enacted Budget Spending

Labor

- **Requires Paid Leave for COVID-19 Vaccination** (up to 4 hours) adopted outside of the budget.
- **Early Retirement Incentive** - The enacted budget includes language to provide for an early retirement incentive for certain workers in the City of New York only.
- **Excluded Workers Fund** – Establishes a \$2.1 billion fund for services and expenses designed to mirror federal assistance programs for workers excluded or unable to qualify for such federal aid fund



2022 Enacted Budget Spending

Transportation

- **CHIPS** and the Marchiselli are funded at \$538 million, an increase of \$100 million over the prior year
- **PAVE-NY** funded at \$150 million in highway aid, an increase of \$50 million
- **Extreme Weather Funding** is funded at \$100 million, a \$35 million increase



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NYSAC End of Session Priorities

The Legislature's scheduled last day is June 10th. There are 17 session days remaining including today. NYSAC "post-budget" priorities platform on our website, top items include:

- Enact an Early Intervention Covered Lives Assessment Fee on Commercial Insurance to Help Fund Services for Infants with Special Needs S.5560-A / A.5339
- Expand Investment Options for Counties S.6323 (Guaghan) / Thiele (Bill Forthcoming)
- Enact Civil Service Reforms for Policing Entities to Be Ensure Diversity in Hiring (bill is being developed)
- Create a More Stable and Comprehensive Electronic Waste Recycling System by Enacting S.1095 / A.4500
- Create an AIM Redesign Task Force S.5418-C (Cooney) / Rivera (Bill Forthcoming)
- Preventing the enactment of legislation harmful to counties
- Working to ensure the passage of home rule legislation
- Working with NACo, Treasury and our federal delegation on ARP guidance & implementation



Recreational Adult-Use Marijuana

Fiscal Impacts

Enacted outside of the budget but does have fiscal implications in the out years

- In the first year of legalization, New York State expects to receive \$20 million in revenue from licensing fees.
- When the MRTA is fully implemented, the State projects \$360 million in annual state revenue and \$75 million for local governments.
 - 1 percent of retail sales goes to the county with a retail establishment and 3 percent goes to the host municipality

Administration

- Creates a state Office of Cannabis Management - OCM) that will manage adult-use, medical and hemp agricultural



Recreational Adult-Use Marijuana

Personal Cultivation & Public Consumption

- People over the age of 21 can have three mature and three immature cannabis plants within their private residence, with a limit of six mature and six immature plants per private residence. Plants can be stored in the person's residence or on the grounds.
- Counties, towns, cities, and villages can reasonably regulate personal cultivation of cannabis provided that a violation of any regulation approved is no more than an infraction and punishable by no more than a discretionary civil penalty of \$200. Counties, towns, cities, and villages cannot prohibit personal cultivation
- The law allows cannabis to be smoked anywhere tobacco smoking is allowed, but localities can more strictly regulate smoking in public pursuant to article 13-e of the public health law, including violations (not to exceed \$25 or an amount of community service not exceeding 20 hours).



Recreational Adult-Use Marijuana

Local Opt-Out

- Towns, cities, and villages can opt-out of allowing retail dispensaries and/or on-site consumption via local law, subject to permissive referendum. Towns, cities, and villages have until December 31, 2021, or nine months after the effective date of this legislation, whichever is later
- No local law can be adopted to prohibit these establishments after December 31, 2021, or nine months after the effective date (whichever is later); however, localities can pass a local law to repeal a previously adopted prohibition after this date



Recreational Adult-Use Marijuana

Expungement of Records & Resentencing

- The law allows for the expungement of marijuana related offenses and expands current possession limits from 2 oz to 3 oz.
- Any previous arrests/convictions that would be deemed legal today are subject to automatic expungement and re-sentencing. Under automatic expungement the State will notify the state Court System, DCJS, police, District Attorneys, and all applicable law enforcement agencies

Public Health

- Regulations will establish guidelines on advertising, location for retail sale and on-site consumption, product safety, packaging, etc.



Recreational Adult-Use Marijuana

Use of Revenues

- Revenue raised will be used to cover administrative expenses of state agencies, research and monitoring.
Remaining funds:
 - 40 percent for the state lottery fund to support school districts, supplement not supplant existing state resources
 - 40 percent for a Community Grants Reinvestment Fund, to assist communities disproportionately affected by past federal and state drug policies
 - 20 percent to a Drug Treatment and Public Education Fund to educate youth about the health impacts of cannabis use and prevention, addiction services, and statewide public education campaigns on appropriate use





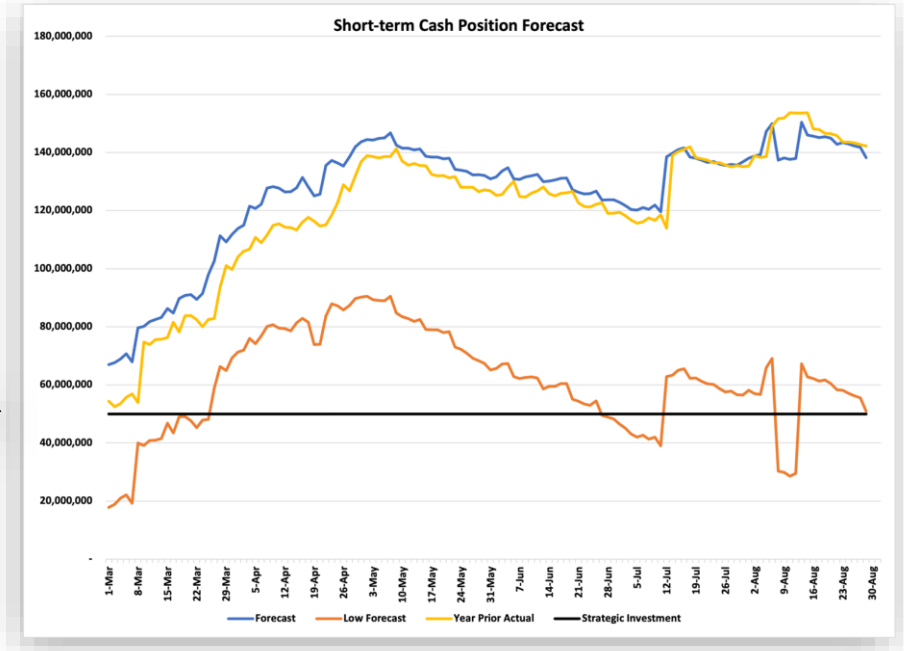
Federal Update – American Rescue Plan

\$350 Billion State/Local Stimulus – NYS & Local Aid

Jurisdiction	Estimated Funding Distribution
New York State	\$12.6 billion
New York City	\$5.6 billion
57 Counties	\$2.2 billion
CDBG entitlement communities	\$2.1 billion
Other Cities, Towns & Villages	\$.825 billion

- *Funds to NYS, NYC, Counties, CDBG entitlement communities flow directly from the U.S. Treasury.
- Funds for other cities, towns & villages flow through the Governor. Delivered based on population within 30 days but extensions up to a max of 120 days could happen.

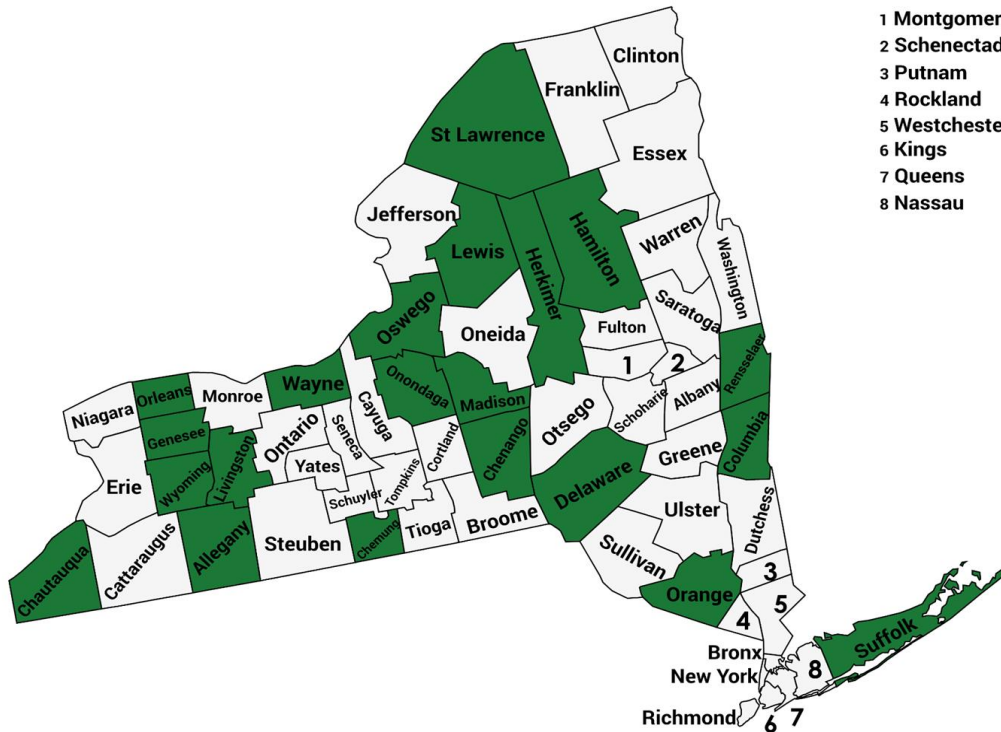
- cashVest equips finance officials with liquidity data resources to **execute cash, operating, and investment management decisions with more confidence and greater ease.**
- Early-stage A.I. for future liquidity forecasting provides **actionable data to optimize short-term liquidity & complements cash flow forecasting.**
- 21 NY Counties have access to nationwide peer benchmarks to **certify their bank structures are equitable** in any rate environment.
- cashVest®'s liquidity & treasury services monitoring allowed Suffolk County to **evaluate its banks & streamline service arrangements**, resulting in a \$2.4 million+ benefit.



“The external analysis that three+one brings, and the forecasting, has been absolutely outstanding. Something all of us had kind of hoped for, but none of us had the ability to engage in.”

**Suffolk County Comptroller,
 John Kennedy, Jr., Esq.**

three+one[®] proudly serves
21 counties across NYS.



three+one clients

The County's operating cash is currently **exceeding benchmarks by approximately 400%**.

The County has realized **seven-figure increases** in the value they've received on deposits.

*"It has been **one of the greatest things** I think I've done in my career here at Allegany County through the whole 37 years."*
-Allegany County Treasurer, Terri Ross

By using rfpPrep[®], the County had an apples-to-apples comparison of each bank proposal, **resulting in 50% savings** in evaluating responses.

Federal Update – American Rescue Plan

State and County Direct Federal Aid – Use of Funds

Treasury will provide more guidance soon and NYSAC is planning a future webinar on this topic (May 24th). The funds are available in two tranches (12 months apart) the first receipt could occur in May. The law outlines the following as eligible uses:

- Costs associated with responding to the COVID public health emergency or its negative economic impact, including but not limited to, assistance to households, small businesses, and nonprofits or aid to impacted industries such as tourism, travel and hospitality
- To support workers performing essential work during the COVID public health emergency, including premium pay
- To cover revenue losses caused by the pandemic
- To make necessary investments in in water, sewer, or broadband infrastructure
- Funds may not be used to cover the costs of pension funds, or to offset a reduction in local taxes.



Federal Update – American Rescue Plan

State and County Direct Federal Aid – Use of Funds

We want to remind folks of the long list of federal and state grant programs, some created in response to COVID and others that already exist, that can provide other funding opportunities for local projects and initiatives that might also be called upon by your ARP funds. Some of these programs may be available to directly fund projects in your county or assist impacted industries and individuals. We encourage due diligence of other sources to maximize the impact of your ARP spending.

State

- CHIPs/PAVE-NY, Extreme Winter Weather funds – provided significant increases in SFY 2022
- REDC opportunities
- State and Municipal Assistance (SAM) – state representative member items program
- Congressional member items are being restored this year, after a long absence
- NYS clean water projects fund @ \$500 million per year the last several years
- Shared services state funding match
- State and federal rental assistance programs



Federal Update – American Rescue Plan

State and County Direct Federal Aid – Use of Funds

Federal - In addition to direct county ARP funding, the Federal COVID response bills increased funding for ongoing programs at 2 or 3 times their annual appropriation level, or created new programs to assist business, such as:

- \$1 trillion in Paycheck Protection Funding (PPP) for businesses, tens of billions of dollars still available
- \$25 billion targeted to restaurants (ramping up in early May)
- \$184 billion to health care providers (\$12 billion to NYS providers so far, with 40% still available)
- \$15 billion for Economic Injury Disaster Loan (EIDL) Program – specifically targeted to small business
- \$8 billion in SNAP & WIC funding (counties eligible)
- \$15 billion in Child Care Development Block Grant Funding available through 2024 (counties eligible)
- \$5 billion for LIHEAP (the state may pass down to counties in New York) – this includes \$500 million for low-income household drinking water and sewer costs assistance (for households unable to pay their water bills)
- \$3 billion for community mental health and substance abuse programs
- \$8 billion for state and local public health departments
- \$30 billion for transit infrastructure and \$8 billion for airports
- \$50 billion for FEMA
- \$7 billion for libraries for student connectivity (county-owned libraries are eligible)



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Federal Update

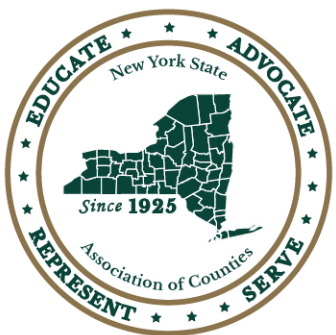
Medicaid COVID eFMAP Extension

- Since January 1, 2020 a federal enhancement of the federal matching rate for Medicaid (eFMAP) of +6.2 percent has been in affect.
- The eFMAP is in effect as long as the national public health emergency (PHE) related to COVID is in place, and passed through on a quarterly basis
 - President Biden expects this emergency to last through most of 2021 – the COVID emergency was recently extended through July 20, 2021
- Counties and NYC share in this federal savings – about \$160 million per quarter – with 80% advance to counties through lower weekly shares
 - If the PHE stays in effect for a full 2 years, counties savings will reach \$1.3 billion
- On July 1, 2020, county weekly shares were lowered by 12% (on average) through March 31, 2021, to pass savings though for eFMAP earned through Sept. 2020
- We expect these lower weekly shares to continue through all of 2021, and into 2022 based on quarters earned and future quarters of COVID eFMAP to come



County Fiscal Update Fiscal Year 2021 Budgets

- Only 2 counties exceeding the property tax cap for 2021
 - Quick actions taken at the beginning of the pandemic to control costs proved highly valuable for alleviating deeper cuts or large tax increases in 2021
- Revenues in some parts of the state have recovered, mainly sales tax, but in total, sales tax was down by \$197 million for the 57 counties last year between March and December (COVID months)
 - Occupancy tax, casino gaming revenues, local fees and other receipts for all counties combined were down by over one hundred million dollars
- In addition to local revenue losses, counties had to manage \$306 million in state aid cuts (including \$31 million to community colleges) and newly imposed mandates in the SFY 2021 budget equal to \$480 million in new recurring costs and the diversion of local sales tax for state programs
- Property taxes may have some lagging impacts going forward – NYC is assuming a 10% decline in property tax collections next year



County Sales Tax Update – 2020 and 2021

- Sales tax is the top local revenue source for more than half of the counties
- As mentioned, for the COVID months during 2020 (March-December)
 - Counties outside NYC were down \$197 million, **-2.7%**
 - 26 counties were up – the average was +4.5%
 - 31 counties were down – the average was **-4.6%**
 - NYC was down \$1.7 billion, **-20%**
- For 2021, most counties budgeted sales tax below what they budgeted for 2020 or remain unchanged from actual collections in 2020, this is before the state diversion of \$110 million in county sales
 - **With general inflation rising and commodity prices surging (building materials and motor fuels), plus conservative sales tax budgeting by counties, we expect significant upside potential in full year sales tax receipts for counties**



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