

## Local Governments

The Executive's proposed budget impact on local governments is a total of \$1,379.6 million, with \$479.9 million being allocated to the counties, \$825.1 million distributed to New York City and \$74.6 million to other various local governments.

### *Aid & Incentives for Municipalities (AIM) – Local Aid*

The Executive's proposed changes to the Aid and Incentives for Municipalities (AIM) Program include an increase of \$50 million in local aid for all towns, villages, and the 61 cities outside of New York City, totaling a \$1.2 billion appropriation.

- For cities the increases will vary from 3.25 percent to 11 percent of current aid, with the increase based on per capita property value.

- For all cities, submission of a three-year financial plan is required to receive the increase, which can only be used as property tax relief, to reduce structural budget gaps, or in cost saving initiatives.
- For all towns and villages the increases will be 3.25 percent, with a minimum floor of \$100.

### *Aid & Incentives for Municipalities (AIM) – SMSI Grants*

The Shared Municipal Services Incentive (SMSI) Award program would be expanded to cover five categories of shared and consolidated services and include an increase of \$22 million for the SMSI portion of the AIM Program for a total appropriation of \$25 million.

Table 2

<b>The Impact of the 2006-07 Executive Budget on Local Governments</b>			
<b>State Fiscal Year Basis</b>			
<b>(\$ in Millions)</b>			
	<b>Total</b>	<b>Counties</b>	<b>NYC</b>
Aid and Incentives for Municipalities	72.3	6.1	N/A
Welfare	41.1	15.4	25.7
Public Protection	24.8	17.3	7.5
Transportation	27.9	17.1	10.8
Public Health	18.4	8.2	10.2
All Other Proposals	29.1	24.8	(4.1)
<b>Subtotal</b>	<b>213.6</b>	<b>88.9</b>	<b>50.1</b>
Medicaid Cap	638.0	233.0	405.0
Family Health Plus Takeover	528.0	158.0	370.0
<b>Total Local Impact</b>	<b>1,379.6</b>	<b>479.9</b>	<b>825.1</b>

The SMSI program would shift to a primarily performance based (rather than unrestricted) basis, beginning in State Fiscal Year (SFY) 2007-08.

The Executive proposes to expand the SMSI into the following five distinct competitive grant pools, with \$1.3 million in administrative sub-allocations included.

- The current grant program for shared services is doubled to \$5.5 million and expanded to cover special purpose districts.
- \$4 million for Local Highway Services grants.
- \$4.5 million for Local Employee Health Insurance Incentive grants (participation in NYS Empire Plan, pooled insurance).
- \$1 million for Countywide Shared Service Plans grants. For counties with service/sharing arrangements with the majority of their sub-county municipalities, including school districts.
- \$10 million for Municipal Consolidation Incentive Funding. Matching grants to cover one-time costs of consolidations over the first two years of mergers.

### *Welfare*

The Executive proposed that there will be a \$41 million increase for the Local Administration Fund, Flex Fund for Family Services, Personal Needs Allowance and Detention Reform.

- An increase of local savings will be inherent from the Full Family Sanction.
- Consequently, penalties will be imposed to local districts that do not meet State work participation requirements.

### *Public Protection*

The Executive proposed a \$24.8 million increase, to be allocated to Probation, Parole and the Division of Criminal Justice Services. This allocation would go towards sex offender supervision, local crime labs and local police and prosecution in the gun trafficking initiative.

- Increase in the reimbursement rate to local jails for housing parole violators and inmates ready for transfer to State prisons.

### *Transportation*

The Executive proposed an increase of \$27.9 million to the Department of Transportation to increase transit operations for downstate counties.

- The Metropolitan Transportation Authority remains under-compensated for its costs of operation as in previous years.

### *Public Health*

The proposed increase in the Department of Health and Aging budget will go predominantly towards equalizing reimbursement rates for core and optional services and insurance reimbursement. The proposed budget increases the

General Public Health Works (GPHW) base grant funding for partial service counties and the base rate for full service counties. In Aging, the proposed budget provides for a 2.5 percent Cost-of-Living-Adjustment (COLA) to Community Services for the Elderly (CSE), Expanded In-Home Services for the Elderly (EISEP) and Senior Nutrition Assistance Program (SNAP) will be applied.

An additional \$528 million is proposed to be allocated towards the State's takeover of Family Health Plus. This entails the State assuming the full cost of the Family Health Plus program that was previously funded by local governments.

### *All Other Proposals*

The Executive budget includes the following fundings to support local governments:

- Acceleration of Efficiency Incentive Grant of \$10 million to the Erie County and the City of Buffalo Fiscal Control Boards for the implementation of cost savings initiatives. The Executive proposes an appropriation of \$20 million.
- Proposes an additional \$6 million of certain scheduled payments to the City of Albany.
- Increases by \$2 million to the Department of Environmental Conservation for Quality Communities funding.

### *Medicaid Cap and Family Health Plus Takeover*

The Governor's budget includes \$638 million to support last year's implemented Medicaid Cap of 3.5 percent. This appropriation is the amount of projected local government spending local governments that would have gone above the 3.5 percent cap.