Executive 2024-25 State Budget

Joint Legislative Budget Testimony

February 6, 2024

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Counties Primary Concern

Thank you for the opportunity to speak to the State Legislature's Joint Budget Committee on Local Government. My name is Stephen Acquario, and I am the Executive Director of the NYS Association of Counties. I am joined by NYSAC President, the Honorable Daniel McCoy, the Albany County Executive.

Counties have many issues to consider in every state budget. We are the state's administrative arm and county employees are often the front-line workers that engage directly with the public to ensure they receive the state and federal benefits they are entitled to under state and federal law.

I do want to say up front, and we do not say this often, the Governor's SFY 2025 Budget is fiscally positive for counties over the short run. But, and of course there's a but, there are new costs that will be incurred by counties from previous state budgets that will likely grow significantly over time but are difficult to quantify.

There are more details in our written testimony on each of the topics I am addressing verbally today, and we encourage Members and staff to reach out to us if they have questions.

Counties in New York, including New York City, have fiscal requirements under state law that most counties across the nation do not. The extra responsibilities placed on counties by the state show up in our local budgets, in our levels of taxation; and every renter, homeowner and small business must navigate the affordability crisis that higher levels of taxation play in obtaining housing and running a business.

This year the counties and New York City will send over $14 billion in local taxes to Albany to pay for state programs. Without these funds the State Budget is effectively out of balance and could not be implemented.

Counties and New York City send $150 million in local taxes every week to the state to pay for Medicaid. But for state budgeting purposes, these local taxes never show up as a revenue the state utilizes to pay for this program.

When higher costs are imposed on local governments by the state the affordability crisis gets worse, not better. For renters, homeowners and small businesses alike, we have the same outcome, when local government costs are forced higher by state spending that is out of control, affordability and quality of life for all New Yorkers is at further risk.

- The overall growth in spending for Medicaid is unsustainable as the Governor and budget director pointed out during their presentations. This has been a recurring theme for many governors and budget directors…getting Medicaid costs under control. During this entire period of "controlling spending" New York has stood out as having one of the highest local tax burdens in the country because the state relies too heavily on local taxes to pay for state programs.

  The mandated county/NYC fiscal contribution of $7.6 billion to pay for the state designed and controlled Medicaid program, when combined with other cost sharing mandated to pay for other state programs, will exceed $14 billion in total this year. Each state cost shift has a cumulative impact and as they grow it worsens the affordability crisis for families, while also increasing the level of unmet needs in our communities.

  There is no denying the link between this highest in the nation reliance on local governments to pay for state programs to New York's ongoing affordability crisis, especially housing.

  Nationwide, it is reported that about 80 percent of existing mortgages have a fixed interest rate below five percent. At his level for a typical 30-year mortgage in New York at least one-third of the entire mortgage payment is necessary to cover property taxes in the first year. The portion of mortgage payments necessary to cover property taxes only grows as the years progress. This must be compared against the rest of the country as most counties and local governments are not required to pay for so many state programs at such a uniquely high scale.

  Local taxpayers are already rightly concerned about New York's highest in the nation local tax burden, but as the state continues to expand their programs without the clear ability to pay the costs, local taxpayers are continually asked to pay more. To make matters worse, the taxing options for localities are property and sales taxes, both of which are much more regressive than the taxing options available to the state. When state actions force these local taxes higher through continued cost shifts, they will make the affordability crisis worse, especially housing.

  In order to fundamentally alter the affordability issues facing New York families the state needs to control its spending and end the cycle of costs shifts to county taxpayers.

The SFY 2025 Proposed Budget Highlights

In terms of the budget highlights, let's start with what we like.

The positives include new county partnership programs the Governor is proposing to address a variety of purposes including public safety, ameliorating entrenched poverty, infrastructure, and housing.

We are also encouraged by the Governor's proposals to bolster emergency medical services which are facing a crisis as private and volunteer EMS providers exit the business or reduce their operational footprint. While EMS is not a traditional county function, many are having to step in to address service gaps.

The concerns of higher costs to counties and local taxpayers stem from as few big issues.

- First, there is a proposal in the budget to lift the current cap on the number of supreme court justices in the state. The current cap is based on population with no more than one judge per

50,000 in population, creating a current cap of about 400. The amendment would allow the Legislature to increase the number of supreme court justices as needed. While the system may need more judges, county taxpayers are responsible for the capital expense of building new chambers for each judge. The Office of Court Administration estimates that it costs $1 million to build chambers for each new judge on average. The costs for chambers do not include increases in courtroom space that will likely be necessary to accommodate the additional judges. Over time the legislature could add hundreds of judges to the system. If approved by voters and fully implemented this would place hundreds of millions of dollars in additional costs on local taxpayers.

We strongly encourage the Legislature and Governor to provide full state funding support to cover the capital costs for each new judge they approve if the amendment is approved by voters.

- Second, the U.S. Supreme Court ruled last spring that any surplus generated from a tax foreclosure sale must be returned to the prior owner(s) minus delinquent taxes, penalties, and reasonable administrative costs. Counties agree this is appropriate, but New York's tax foreclosure process requires counties to hold harmless school districts and towns for their unpaid taxes, and more than half the counties hold their villages harmless as well. In 2022 over $450 million in unpaid school, town and village properties taxes were turned over to counties for further collection efforts. While most of these funds are eventually collected, a portion is never collected and many counties experience losses under this process. These losses will grow under the new Supreme Court requirements because surplus funds on one property cannot be used to offset losses on other properties. Additionally, the current higher interest rate environment makes this multiyear process much more expensive for counties because carrying costs for higher interest will be much higher than they have been for the last decade.

  We are generally supportive of the Governor's in rem proposal with some minor revisions. We will be submitting a 30-day amendment request. We strongly encourage the Legislature and Governor to provide additional state funding support to address the growing losses counties will incur under the new model, particularly with our requirement to make other jurisdictions whole.

- Finally, as highlighted above, counties are currently absorbing a record amount of new, recurring state cost shifts implemented over the past 18 months. This is on top of managing the effects of inflation, our difficulty in hiring and maintaining staff, and accommodating unmet needs in our communities. These new state costs include:
  - The intercept of all federal Affordable Care Act eFMAP savings that had been shared with counties since 2013 ($623 million)
  - 18-b attorney rate increase ($90 million)
  - Safety Net cost shift ($45 million)
  - Foster Care rate increase ($200 million)
  - Continued sales tax diversion against New York City ($500 million)
  - Pension contribution increases ($120 million for the 57 counties, much more for NYC)

  For the 57 counties this annual increase equals $590 million per year and is equivalent to 11.2 percent of the total county property tax levy for 2023. This is exactly what I meant when I said that state mandates and cost shifts make the affordability crisis worse in New York.

eFMAP Reconciliation
As highlighted above, in addition to the loss of prospective eFMAP savings from the Affordable Care Act (ACA), counties want to ensure unreconciled amounts of federal eFMAP savings from the ACA and COVID response bills are returned to local taxpayers. The state indicated that 80 percent of such savings were distributed initially to counties with an additional amount to be reconciled later. For the first few years under the ACA these reconciliations occurred, unfortunately the reconciliation of withheld funds ended after SFY 2016. Counties believe hundreds of millions of dollars are owed to counties related to ACA and COVID eFMAP savings that were not fully shared. We continue to maintain the state should complete these reconciliations.

It is the strong view of NYSAC that congress intended these federal savings be shared with counties proportional to the amount they contribute toward the nonfederal Medicaid match. Since 2003, the state has shared the funds proportionally based on our analysis of savings we have received during periods when an enhanced federal Medicaid match was enacted by Congress.

These federal savings have been used by counties to maintain local and state services, and to reduce the burden on property taxpayers.

Addressing The Asylum Seeker Crisis
The FY 2024 Financial Plan included $1.9 billion to support the migrant crisis, including the cost of shelter, social services, and resettlement.

As the migrant crisis continues, the FY 2025 Executive Budget extends an additional $2.4 billion to support efforts in New York City and elsewhere in the State to safely manage the influx with the appropriate humanitarian response.

> **Counties support the State's continued aid for migrant assistance at the $2.4 billion level, as well as the Governor's request for additional federal financial and other assistance.**

Rescuing Our EMS Services
The Budget makes a series of investments to strengthen and stabilize the state's healthcare delivery system. These include:

- Streamlining the certificate of need (CON) process,
- Creation of five "Emergency Medical Service (EMS) zones" across the state, overseen by the newly established EMS statewide Task Force to augment the EMS workforce,
- Establishing a Paramedic Telemedicine Urgent Care program, to expand care in rural areas and reduce preventable emergency department visits, and
- Allowing general hospitals to provide care in a patient's home without obtaining a license as a home care agency and allowing emergency medical technicians (EMTs) to provide non-emergent care in the community. Participating hospitals would be required to submit operating cost data to the Department of Health annually.

> **Counties support these initiatives to enhance emergency medical services across the state, but we need to do more. This year, NYSAC has been leading a statewide, EMS provider-driven coalition with widespread support from legislative leaders.**
>
> As a form of healthcare, EMS is subject to the same escalating costs as the rest of the healthcare industry. Municipalities that operate EMS departments, or contract for

services with those that do, feel the ongoing financial strain of these costs that are far outpacing inflation.

The "Rescue EMS" package is outlined in our written testimony and includes a series of bills that will help support and strengthen this critical first line of emergency health care in our state. It includes the following legislation:

- **S.4020-B (Mayer) / A.3392-B (Otis)** - This comprehensive legislative package allows special taxing districts to be created to fund EMS services. In addition, this legislation would recognize EMS as an essential service and provide reforms to the Emergency Medical Services Council.
- **S.5000 (May) / A.4077 (Lupardo)** - This legislation would remove EMS services from the real property tax cap, which would allow local municipalities to expand and better support their local EMS services. This measure is needed in the short-term while other solutions are being discussed.
- **Authorization of Reimbursement for Treatment in Place and Transportation to Alternative Destinations (Hinchey / Kelles to introduce)** - Effectively immediately, NYS should establish a mechanism within the Medicaid Fee Schedule for Ground Ambulance Services to provide reimbursement to emergency medical service agencies for providing emergency medical care to Medicaid enrollees without transporting them from the location where medical care was administered to the beneficiary. Reimbursements shall be made when emergency medical care is provided to a Medicaid enrollee after a call, text, or other request for emergency medical care.
- **S.6630 (Mannion) / A.6274 (Barrett)** - This legislation allows volunteer firefighters and ambulance workers to claim both state income and local property tax credits.
- **S.7286 (Martinez) / A.7524 (Thiele)** - This legislation increases the volunteer firefighters' and ambulance workers' personal income tax credit from $200 to $800 for eligible individuals and from $400 to $1,600 for eligible married joint filers.
- **A.231 of 2021 (Gottfried) – (MoA Hevesi to introduce)** - This bill would create a methodology for ambulance reimbursement under Medicaid that more closely approximates the cost of providing the service. Ambulances are required by law to pick everyone up, including Medicaid patients. It is unfair to require these ambulance companies to accept Medicaid patients and then not fairly reimburse them for the costs of providing services to these patients.

Indigent Legal Services

The Executive budget proposal includes authorization for the State to transfer $234 million from the Indigent Legal Services Fund (ILS Fund) to the General Fund. Of this proposed transfer, $114 million is for increased assigned counsel costs, including the State's reimbursement of 50 percent of counties' and New York City's expenditures for this increase. But there is no public defense-related purpose for the additional $120 million the State seeks to sweep from the ILS Fund.

Counties stand with the Office of Indigent Legal Services in opposition to the unjustified sweep of $120 million and call on the Legislature to oppose this as well. Under the Hurrell-Harring Settlement, and intended statutory purposes, these funds are supposed to provide enhanced and quality improvements in both criminal and Family Court representation – not to be used to balance the state budget.

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 was mandated to 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 receive matching funds will sunset. This is expected to save New York State $11 million FY 2025 and $20 million annually thereafter.

Counties support the termination of his program, with one caveat. Counties call on the Legislature to amend PPGG Part U to allow County-wide Shared Services Initiative (CWSSI) plans submitted in 2023 and 2024 to receive matching funds through the remainder of the anticipated project timeline. The counties who have submitted timely CWSSI plans should not be penalized given their efforts to comply with the requirements of this program, including the eighteen counties who successfully submitted timely plans prior to the most recent December 31st deadline. We respectfully request that matching funds continue to be available for any project included in a CWSSI plan submitted to DOS by December 31, 2024.

Taxation & Finance Related Issues

Modernize the State Tax Code to Include the Vacation Rental Industry

Similar to changes made several years ago to address the collection of sales tax on internet-based transactions, the Governor is proposing to modernize the state sales tax code to ensure short term rentals are treated the same as other temporary lodging (such as hotels and inns).

The budget language reverses the "bungalow rule," which excluded from sales tax the rentals of furnished living units (e.g., bungalows, cabins, etc.) without typical hotel amenities (dining and housekeeping). Finally, this bill would include vacation rentals in the imposition of the $1.50 NYC hotel unit fee.

Additionally, sales tax collection by the vacation rental marketplace provider would improve tax compliance by reducing the number of small vacation rental providers who handle sales tax payments before they are remitted to the Department. This would also help level the playing field for New York's hotel operators that compete with vacation rental marketplace providers that do not collect tax on vacation rentals in the state.

The bill does not require these platforms to collect local occupancy taxes as these are local tax laws and therefore not a state administered tax. The bill does not require platforms to share individual property listings activity but does require them to maintain appropriate information as a sales tax vendor for state sales tax administration purposes.

The state estimates the 57 counties would receive about $6.5 million annually from this change, and New York City would generate about $10 million in new revenue.

Counties support this proposal.

General 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 SFY 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.

Counties support the proposed funding levels:

- **$85 million for a new state partnership program with counties on public safety communications systems;**
- **$50 million for a new partnership program with counties on top infrastructure needs;**
- **$50 million in new resources to support antipoverty 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 a $3.7 million increase annually in funding for postage for boards of elections; 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 (see above).

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).

State Spending by Functional Areas

Below is an interim analysis of how the SFY 2025 Executive Budget impacts county programs, services, and operations. NYSAC will continue to review the specifics of the proposals.

Agriculture

Local Agriculture Assistance

The Executive Budget includes $48.9 million for local agriculture assistance, a decrease from the $56.5 million included in the SFY 2024 Enacted Budget.

Counties support restoring the funding to $56.5 million.

Civil Service

- Update and improve the NYS Civil Service System to help county governments compete with the private sector for employees.

  Counties support the following changes to allow for greater local government flexibility and quicker response times for hiring needed employees:

- **Amend Public Officers Law §3 to allow for home rule authority to set employee residency rules.**
- **Expand the acceptable zone of "band scoring" of civil service examinations, thereby accessing a larger pool of candidates.**
- **Pass legislation to disqualify applicants from civil services eligible lists who are inappropriate for a role in law enforcement or corrections as evidenced by a failed background check or psychological examination.**
- **Expand the acceptable zone of "band scoring" of civil service examinations, allowing access to a larger pool of candidates.**
- **Eliminate the need for applicants to cross-file in adjacent municipalities to have their test scores counted for the same title in multiple jurisdictions.**
- **Allow all, or as many as may be practicable, tests to be administered locally.**
- **Change all or certain subsets of exams to pass/fail. Limiting the 'reachable' applicants to the top three based on numeric score continues to be a major issue in certain titles, especially those in public safety where additional background and psychological testing is required.**
- **Construct reforms that follow county models of success, such as Livingston County's, "GLOW With Your Hands" initiative to introduce students to hands-on jobs and Monroe County's RETAIN and Mpower initiatives designed to connect students with in-demand jobs in Monroe County.**
- **Establish a new exempt class of employees for airport positions.**

Community Colleges & Higher Education Tuition Assistance

Maintaining the Community College Funding Floor

The Executive Budget will maintain a funding floor for community colleges at 100 percent of prior year funding. Without a funding floor, community colleges would face a $143 million (23 percent) loss in formula aid due to enrollment declines.

> **Counties support the funding floor as a minimum, but also recognize that additional state funding support is necessary to address cost increases to cover general inflation and labor pressures, as well as maintaining agile and cutting edge educational and vocational programs to meet market needs and advance opportunities for students.**

Early Childhood Development and Children with Special Needs

Increase Rates in Early Intervention

The Executive Budget provides for a 5 percent rate increase for in-person services, as well as a 4 percent rate modifier for rural areas and underserved communities.

> **Counties support this provision.**

Modify Early Intervention Billing

The Budget makes various administrative changes to align billing requirements with federal regulations resulting in savings.

> **Counties support this provision.**

Removal of School Psychologists for Rendering Early Intervention Servicesi
This budget provision removes the temporary exemption school psychologists currently have that allows them to practice as Early Intervention (EI) providers but would extend their authorization to provide non-EI services for certain preschool programs.

> **Counties support extending until June 30, 2026, the exemption that allows school psychologists to provide services to the 3-5 population serviced by the Pre-K 4410 program to Early Intervention (EI) providers. We are concerned about the impact on provider capacity and recommend that this extension be maintained.**
>
> **Counties also recommend the following proposals to improve access to services:**
>
> - **Allow speech-language pathologists assistants (SLPA) and aides to practice via license, registration, or certification in New York's Early Intervention Program. New York State is experiencing dire shortages of qualified professionals to provide speech-language pathology and audiology services to children with developmental delays and disabilities in the EIP. According to a survey of 48 county health departments, over 2,000 children were waiting for speech services in the summer of 2022. Furthermore, at least 40 other states allow SLPAs to practice via license, registration, or certification.**
> - **Amend the EI appropriation to strike the language: "may, at the discretion of the director of budget, be transferred." This will ensure that release of the local share of the covered lives funds is provided as intended by the original statute.**

Economic Development

Accessing $650 Million in REDC and Other Funds

Multiple programs amounting to $650 million to promote regional economic development and other programs have been available to local governments through a competitive application meant to bolster economic opportunities in designated regions. The Governor's SFY 2025 budget will now require that to receive priority in accessing these funds, a local community must be certified by the NYS Division of Homes and Community Renewal as a Pro-Housing Community. These programs include:

- *Downtown Revitalization Initiative*, administered by the Department of State;
- *NY Forward*, administered by the Department of State;
- *Regional Council Capital Fund*, administrated by Empire State Development;
- *New York Main Street*, administered by NYS Homes and Community Renewal;
- *Market New York* capital grants, administered by Empire State Development;
- *Long Island Investment Fund*, administered by Empire State Development;
- *Mid-Hudson Momentum Fund*, administered by Empire State Development; and
- *Public Transportation Modernization Enhancement Program*, administrated by the Department of Transportation

Counties would not traditionally be able to be certified as a Pro-Housing Community because they do not generally handle zoning and some other items necessary to receive that certification. However, counties are deeply involved in addressing overall housing needs through countywide strategic planning, our strong relationships with land banks, and our role in planning and supporting public transportation and infrastructure development that can facilitate the development of housing. Counties want to work with the Executive and Legislature to ensure counties can access these funds and be a partner with our local government partners and the state in addressing our housing needs.

Local Tourism Promotion

The Executive Budget includes $15 million in competitive funding through the Market NY Program to support tourism marketing plans and other projects that demonstrate regional collaboration among counties to promote regional attractions. This includes $2.45 million in matching grants for local tourism promotion, which is a decrease from the $3.45 million in last year's enacted budget.

Counties support restoring local tourism promotion to $3.45 million.

Elections

Local BOE State Aid for Pre-Paid Return Postage Envelopes

The Executive Budget includes $7.7 million for local BOE's to receive reimbursement of costs related to providing pre-paid return postage and outgoing postage on absentee ballots.

E-Poll Book State Aid

The Executive Budget includes $14.7 million for local BOE's to procure new electronic poll books.

Counties support these election funding levels.

Environment

Clean Water Infrastructure

The Executive Budget provides an additional $250 million in clean water infrastructure funding, bringing the State's total investment to $5.25 billion since 2017. Previous state budgets have allocated $500 million annually for clean water infrastructure.

Counties support an amendment to the Capital Projects appropriation bill to increase funding for the Clean Water Infrastructure Act to $500 million in SFY 2024-25, restoring the 50% cut.

Counties also support earmarking a portion of funding for the Septic System Replacement Program for local administrative costs, as many counties will be forced to end their voluntary participation in this program without reimbursement for staff time and other administrative expenses.

Renewable Action Through Project Interconnection and Deployment (RAPID) Act[xxxii]

The Executive Budget includes the RAPID Act, which would create a one-stop shop for the environmental review and permitting of major renewable energy generation and electric transmission facilities within the Office of Renewable Energy Siting and Electric Transmission (ORES). Under the legislation, ORES is relocated from DOS to DPS and required to establish comprehensive regulations and uniform permit terms and conditions for major electric transmission facilities.

Counties request an amendment to TED Part O to create a requirement for counties to receive a host community benefit for large renewable energy and transmission projects sited within their jurisdiction, ensuring that this benefit is not limited to towns, cities, and villages.

Increase the Maximum Grant Award for the Climate Smart Communities Program
State assistance payments under the Climate Smart Communities program are currently capped at 50% or $2 million. The Executive Budget includes legislation to authorize DEC to provide up to 80% or $2 million in grants to municipalities that meet the criteria for financial hardship or for being a disadvantaged community.

Counties support this change.

Gaming

Commercial Gaming Payment Reduction Offsets (CGPR)
The Executive Budget proposal maintains the CGPR at $17 million, the same appropriation as the SFY 24 Enacted Budget.

VLT & Other Host Community Aid
Aid to localities with video lottery terminals is funded at $10.5 million, a slight increase from $9.3 million appropriated in the prior year. State aid to Madison County for hosting a Native American gaming facility is level funded.

Commercial and Tribal Compacts
Total commercial gaming revenues for local aid are level funded at $62 million. Tribal compact gaming revenues have increased slightly from $175 million to $200 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, while a portion of payments from the Akwesasne Mohawk compact have been withheld.

Counties support these funding levels and strongly encourage the Governor to finalize the renewal of the Seneca Nation gaming compact that maintains local government revenue sharing similar to the current model. We also strongly support a resolution to the continued withholding of some compact payments in the Akwesasne Mohawk region.

General Government

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. The Executive Budget increases the number of awards possible each year and the maximum award amounts.

Currently, planning grants may be 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.

Counties support this proposal.

Extend Videoconference Participation in Public Meetings
The Executive Budget would extend for two years authorization for public bodies to conduct public meetings with some members and the public joining by videoconference.

Counties support this proposal.

Reforming the In-Rem Tax Foreclosure Process
The Executive Budget reforms the State's property tax enforcement laws to bring them into compliance with a recent decision of the United States Supreme Court, Tyler v. Hennepin County, Minnesota, 598 U.S. 631 (2023), by providing that when tax-delinquent property is sold, any excess proceeds be returned to the former owner or owners, and where appropriate, to lienors.

This bill would require any surplus resulting from tax foreclosure sales to be distributed to the former owners and lienors to whom the surplus rightfully belongs. Local governments would still be made whole for the taxes they are owed, as well as interest and related expenses. Any third parties who have liens on the property would also be paid in the same order and to the same extent as they would in a mortgage foreclosure action, with any remaining proceeds from the sale then being returned to the former property owner.

The bill would take effect immediately. Tax districts would have six months from the effective date of the act to pay over any surplus attributable to sales of tax-foreclosed property that occurred between May 25, 2023, and the effective date of the act. For sales prior to May 25, 2023, the tax district would only be liable to pay surplus where an Article 78 proceeding to compel the payment of the surplus had been commenced within four months of the sale.

NYSAC worked closely with the executive throughout the summer and fall to more clearly define this process. A sincere thank you is owed to representatives from our counties who have participated in hundreds of hours of phone calls and meetings as well as drafting legislation.

Counties support the Governor's language with some minor modifications to clarify certain procedures including:

- **revisions to ensure state tax act jurisdictions that do not utilize Article 11 can maintain as much of their current procedures as long as they meet the U.S. Supreme Court standards;**
- **minor adjustments to the definition of administrative costs;**
- **notification requirements for counties to parties that may have an interest in the property; and**
- **request state funding support to assist counties experiencing significant losses due to the reforms necessary under the U.S. Supreme Court *Tyler v. Hennepin Decision***

Human Services

Addressing The Asylum Seeker Crisis
The FY 2024 Financial Plan included $1.9 billion to support the migrant crisis, including the cost of shelter, social services, and resettlement.

As the migrant crisis continues, the FY 2025 Executive Budget extends an additional $2.4 billion to support efforts in New York City and elsewhere in the State to safely manage the influx with the appropriate humanitarian response.

Counties support the State's continued support for migrant assistance at the $2.4 billion level, as well as the Governor's request for additional federal assistance.

Avoid Cost Shifts Under the Flexible Funds for Family Servies (FFFS)
Local districts currently must use 40 percent of their combined $964 million in TANF Flexible Fund for Family Services (FFFS) on child welfare activities. The Executive Budget permanently increases the amount local districts must spend on child welfare by $75 million, yielding $46.5 million in savings for the State and $28.5 million in savings for local districts on child welfare costs. This requirement diminishes Federal funds available to local districts for other purposes by $46.5 million, but the impact is offset in FY 2025 by a $50 million increase to TANF/FFFS funds.

Counties do not support the state mandating more spending for certain programs under the Flexible Funds for Family Services (FFFS). Such changes in the past that provided temporary funding to reduce the impact of cuts to counties eventually led permanent costs shifts to counties over the long run because the temporary funding source expired and was not replaced with state funds. It is also contrary to the purpose of this fund – which is to provide flexibility. As the Governor and Legislature have defined spending by program within the FFFS since it was established it has essentially become an underfunded block grant to counties. Similar to the Foster Care Block Grant where state action to increase rates was entirely financed by counties and New York City, a $200 million increase entirely funded by local taxpayers.

Judiciary, Indigent Defense and Court Related Matters

Provide a Market Rate of Interest on Court Judgments
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 utilized 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.

Counties support this proposal.

Indigent Legal Services
The Executive budget proposal includes authorization for the State to transfer $234 million from the Indigent Legal Services Fund (ILS Fund), established via State Finance Law § 98-b, to the General Fund. Of this proposed transfer, $114 million is for increased assigned counsel costs, including the State's reimbursement of 50% of counties' and New York City's expenditures for this increase. But there is no public defense-related purpose for the additional $120 million the State seeks to sweep from the ILS Fund.

Counties stand with the Office of Indigent Legal Services in opposition to this proposed sweep and call on the Legislature to oppose this proposal as well. Under the Hurrell-Harring Settlement and intended statutory purposes these funds are supposed to provide enhanced and quality

improvements in both criminal and Family Court representation – not to be used to balance the state budget.

Constitutional Amendment to Increase the Number of Supreme Court Justices
The Executive Budget proposes to amend the New York State Constitution to remove the existing provision providing for a maximum number of supreme court justices in each judicial district.

This concurrent resolution would remove the language in Article VI, Section 6, paragraph D of the New York State Constitution limiting the maximum number of Supreme Court justices in each judicial district to one per 50,000 residents or fraction over 30,000 residents. This proposal would grant the State Legislature the authority to expand the number of Supreme Court justices in each county.

Because this proposal is seeking to change the State Constitution, it must be passed by the Legislature over two successive legislative sessions and approved in a statewide referendum. The earliest this amendment could be on the ballot would be in the General Election in 2025.

If passed, this proposal may lead to significant capital cost increases for counties, as we are required under state law to provide justice chambers and court facility improvements.

Counties seek additional state funding support for new capital costs that would occur under this proposal.

In addition, counties support:

- **An amendment to Aid to Localities to increase funding for 18-B Family Court representation by at least $10 million to match or exceed the appropriation in the SFY 2023-24 Enacted Budget. NYSAC respectfully requests a total appropriation of at least $5.5 million to maintain SFY 24 funding levels.**
- **Increasing the allocation for 18-B Assigned Counsel Program from $92 million to $184 million. Last year, the SFY 24 Enacted Budget doubled the hourly rates for the 18-B Assigned Counsel Program. The SFY 25 Executive Budget continues to appropriate $92 million for counties to cover 50% of the cost of this increase. NYSAC believes the state should meet its federal and state constitutional requirements and pay 100 percent of the proposed increases.**
- **Omitting Part F of the PPGG due to the unfeasibility of administering this proposal as currently drafted or, alternatively, clarify the mechanics by which a local government is to seal and/or redact this information and budget state funds for any costs associated with this action.**

Public Health & Nursing Homes

Core Public Health Funding
The Executive Budget includes $230 million in Article Six funding for local health departments to provide core public health services, consistent with the total appropriation in last year's enacted budget. However, the Governor proposes to cut funding in several key areas, including rabies services (cut from $1.46 million in SFY 2023-24 to $0 in SFY 2024-25) and tobacco use prevention and control (cut from $40.64 million to $33.14 million).

Counties support restorations to the public health funding cuts proposed by the Governor, including:

- **Amend Aid to Localities to increase funding for local rabies services, as this appropriation was reduced from $1.46 million in SFY 2023-24 to $0 in the SFY 2024-25 Executive Budget**
- **Amend Aid to Localities to increase funding for tobacco use prevention and control to $40.6 million, undoing the 19% cut in the Executive Budget proposal.**
- **Amend Aid to Localities to increase funding for lead poisoning prevention to at least $35.2 million.**

Lead Poisoning Prevention

Lead poisoning prevention activities delivered by local health departments (LHDs) are supported through a variety of funding mechanisms, including the Lead Poisoning Prevention Program, Childhood Lead Poisoning Primary Prevention Program (CLPPP+) (15 counties), Healthy Neighborhood Program (some counties), and reimbursement through Article Six Public Health Law General Public Health Work funding. New York State continues to pass public-health forward policies aimed at preventing childhood exposure to lead without fully funding those policies and, further, making administrative reductions to lead prevention grant funding.

When the definition of elevated blood lead level (EBLL) was lowered from 10 to 5 ug/dL, the state allocated an additional $9.7 million in Article Six state aid, falling far short of the $30.3 million required to implement this change. Then, in 2022, NYSDOH reorganized the formula for the CLPPP+ grants so that more counties received funding, but 13 larger counties ended up losing $2.4 million in funding as a result of this change. Finally, in 2023, the Governor and Legislature enacted a new primary prevention program known as the Lead Rental Registry, which will require 19 LHDs to manage and ensure compliance over a registry of rental units in designated high priority areas and conduct spot checks of those rental properties that are designated lead-free by landlords. The Governor and Legislature provided only $16.86 million for LHDs in the FY 25 State Budget for this initiative, though the estimated cost is at least $19.36 million.

NYSAC calls on the Governor and State Legislature to increase funding for current and future expanded lead prevention mandates and ensure it is appropriated for NYSDOH's Lead Poisoning Prevention Program within Aid to Localities. We further urge the State to distribute $35.2 million to local health departments through existing grant mechanisms to support implementation of the lowered actionable EBLL, restore the administrative cuts to the CLPPP+, and fully fund the lead rental registry program passed in the FY 24 State Budget. Finally, we respectfully request that LHDs be provided with immunity from liability and protection from civil litigation for those acting in good faith to implement these policies without the fiscal resources or staffing needed to properly coordinate.

Increasing the Pool of Health Care Workers

Expand the Scope of Practice for Certain Medical Professionals

The Executive Budget proposes to allow licensed physicians, nurse practitioners, and physician assistants to assign and supervise medical assistants' tasks related to immunizations. It would also expand the scope of practice for dentists, allowing them to administer specified vaccines and tests for COVID- 19, influenza, HPV, or others as related to a declared public health emergency.

Joint Interstate Compacts for Medical Professionals

The Executive Budget would allow New York State to enter two separate interstate licensure compacts for medical professionals to make New York more attractive for physicians, RNs, and LPNs and add mobility to the professions in order to attract and retain workers.

Counties support initiatives to expand the pool of health care workers including these two proposed by the Governor in the budget.

Emergency Medical Services Reforms

The Budget makes a series of investments to strengthen and stabilize the state's healthcare delivery system. These include:

- Streamlining the certificate of need (CON) process,
- Creation of five "Emergency Medical Service (EMS) zones" across the state, overseen by the newly established EMS statewide Task Force to augment the EMS workforce,
- Establishing a Paramedic Telemedicine Urgent Care program, to expand care in rural areas and reduce preventable emergency department visits, and
- Allowing general hospitals to provide care in a patient's home without obtaining a license as a home care agency and allowing emergency medical technicians (EMTs) to provide non-emergent care in the community. Participating hospitals would be required to submit operating cost data to the Department of Health annually.

  Counties support these initiatives to enhance emergency medical services across the state.

Public Safety

Probation

County probation departments are an integral part of the Criminal Justice System and operate within the legal framework of the Criminal Procedure Law, the Penal Law and the Family Court Act. It is the mission of Probation to protect the community through intervention in the lives of those under supervision by facilitating compliance with court orders and serving as a catalyst for positive change.

Since 1990 state support for local probation efforts covered over 46 percent of probation that primarily involved core services of Intake, Pre-Sentence/Pre-Dispositional Investigations and Supervision. Today, state funding, which has not increased in 17 years, supports less than 10 percent of probation costs even though dozens of new activities have been mandated by the state including:

- Specialized caseloads to handle specific types of individuals such as Sex Offenders, DWI, Mental Health, Domestic Violence and Gang Members.
- Probation Departments' involvement with Specialized Treatment Courts (Drug, Domestic Violence, Mental Health, Veterans).
- School-based Probation Officers.
- Warrant Squads for apprehension and return of offenders.
- DNA Collection.
- Ignition Interlock Device Monitoring.
- Expanded Pretrial Release Programs to deal with the increased RUS cases resulting from Bail Reform.
- Expanded Electronic Monitoring to deal with both Bail Reform and lack of detention beds caused by increased juvenile crime.
- Increased Probation Officer time to search for specialized detention beds occurring from RTA
- Administering cognitive behavioral interventions.
- Increased protocol for GIVE Counties including higher supervision levels and GPS for a minimum of 6 months.

Counties support a $10 million increase in community supervision and probation aid to $54,876,000 (currently funded at $44,876,000).

Shared Services

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 was mandated to 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 receive matching funds will sunset. This is expected to save New York State $11 million FY 2025 and $20 million annually thereafter.

Counties call on the Legislature to amend PPGG Part U to allow County-wide Shared Services Initiative (CWSSI) plans submitted in 2023 and 2024 to receive matching funds through the remainder of the anticipated project timeline. The counties who have submitted timely CWSSI plans should not be penalized given their efforts to comply with the requirements of this program, including the eighteen counties who successfully submitted timely plans prior to the most recent December 31st deadline. We respectfully request that matching funds continue to be available for any project included in a CWSSI plan submitted to DOS by December 31, 2024.

County Partnership Grants Program
The Executive Budget proposes to create a $250 million grant program to fund shared expenses and promote collaboration between New York State and counties. Grant funding totaling $135 million will be available to counties outside of New York City for public safety communication infrastructure upgrades and enhancements ($85 million), however, $10 million has been reallocated from the statewide public safety communications account, where the Governor reduced a $20 million allocation to $10 million. The second half of the county partnership grants program includes $50 million for site development and related costs for county infrastructure projects.

We were pleased and encouraged that the Governor's Executive Budget Proposal includes $85 million in Capital Projects for the County Partnership Grant Program focusing on the development, construction, installation, consolidation or operation of public safety communications systems or networks designed to support public safety answering point centers including but not limited to the creation and operation of fiberoptic cable-based networks. We believe this money will help counties with their necessary upgrades to NG911 technology.

Counties do have concerns about the amount of money allocated and how it will be spent. To create and maintain a sustainable upgraded 911 system – and creating a NG 911 System in New York State counties recommend:

- **Accompany the $85 million with legislation (S4583A Martinez/A5942A Jean-Pierre) requiring New York State to own the build out, manage, maintain and control a statewide ESInet.**
  - **This will avoid a county-by-county patchwork system of multiple ESInets preventing counties from working effectively and efficiently.**
- **Design the ESInet to include a primary and secondary connection to county PSAPs**

- **The $85 million should be allocated annually to ensure the creation and maintenance of an adequate and sustainable NG 911 system – current allotments are not provided on a timely basis and counties can wait up to 18-24 months.**
- **Using the Office of Interoperable and Emergency Communications, the State Interoperable and Emergency Communications Board NG911 Working and subject matter experts, should review and update the State Next Generation 911 Plan created by all 911 stakeholders back in 2019.**
- **The State should issue a Request for Information to gather feedback from ALL the public safety stakeholders to understand what is needed for a successful buildout of NG 911 in New York State.**

Increase Maximum Awards for the Local Government Efficiency Grant Program
The Executive Budget proposes to increase the maximum award for Local Government Efficiency Grant planning and implementation grants. Beginning in FY 2025, the maximum planning grant would be increased from $12,500 per municipality to $20,000 per municipality. Implementation grant maximums would be increased from $200,000 per municipality and $1.0 million total per grant to $250,000 per municipality and up to $1.25 million total per grant.

Counties support this proposal.

Transportation

Local Highways and Bridges
The Governor's Executive Budget recommends cutting CHIPS aid by $60 million (this is the core component of many local highway departments) and State Touring Route aid by $40 million - $100 million less in local road funding as compared to last year.

In addition, other local programs remain flat.

Counties support that last year's funding levels be restored (reversing the Governor's $60 million reduction) and add $100 million to CHIP for a total of $698 million in SFY 2025. Due to more extreme weather events, we support local highway officials' calls to increase Extreme Winter Recovery (EWR) funding to $190 million for SFY 2025.

This will allow localities to recoup some of the real funding value lost to inflation since the five-year program was initially adopted in 2022.

Veterans

Joseph P. Dwyer Funds

The Executive Budget includes $8.023 million for Joseph P. Dwyer funds, an increase from $7.715 million in the SFY 24 Enacted Budget.

Counties have advocated for additional state funding for local veterans' services, and we support this funding increase.