



LOCAL GOVERNMENT



The Executive Budget continues to deliver vital grants and awards to local governments across the State.

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

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

The **Temporary Municipal Assistance program** provides additional general-purpose aid to AIM-eligible municipalities, proportionate to their AIM award, up to \$5 million. FY 2026 is the second year of this two-year program.

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

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

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

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

SUPPORTING LOCAL SERVICES AND PROTECTING TAXPAYERS

The preponderance of local governments in New York State stand on strong financial footing. This reflects the efforts of dedicated local officials, a strong tax base, significant recent investments and reforms enacted by Governor Hochul, and historic Federal investments through the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act.

This partnership between local, State, and Federal governments has bolstered local budgets and positioned municipalities to deliver on the services that New Yorkers depend on.

For the State's part, the last three enacted budgets saw increases to vital transportation programs –\$400 million above and beyond FY 2022 levels has been added via the Consolidated Highway Improvement Program (CHIPS), Pave Our Potholes (POP), and State Touring Routes (STR) aid for Rest of State municipalities. A recurring restoration of the AIM program for towns and villages was followed by \$50 million in additional Temporary Municipal Assistance (TMA) in FY 2025 and FY 2026. Together through these actions, the State has provided more than \$600 million in additional funding to counties, cities, towns, and villages under Governor Hochul, beginning in SFY 2023.

Governor Hochul Select Enacted Budget Investments 3-Year Total Estimated by County, \$ Thousands						
	AIM	TMA	CHIPS	POP	STR	TOTAL
STATEWIDE TOTAL (Excl NYC)	177,300	50,000	103,200	241,129	67,535	639,164
Albany	3,020	1,995	1,884	4,706	5,033	16,639
Allegany	1,522	51	1,785	3,979	0	7,336
Broome	4,188	1,181	1,915	4,462	1,234	12,981
Cattaraugus	1,035	406	2,047	4,616	1,076	9,180
Cayuga	1,071	605	1,786	3,920	1,232	8,615
Chautauqua	2,100	772	2,674	5,867	450	11,862
Chemung	769	574	1,237	2,795	686	6,061
Chenango	973	152	1,566	3,535	303	6,529
Clinton	1,287	345	1,422	3,161	1,630	7,844
Columbia	994	192	1,250	2,926	548	5,910
Cortland	541	251	1,027	2,241	684	4,744
Delaware	1,063	36	1,814	4,133	0	7,046
Dutchess	3,881	762	2,041	4,897	749	12,330
Erie	13,336	6,403	5,088	12,651	8,260	45,738
Essex	966	47	1,193	2,586	0	4,792
Franklin	1,364	48	1,282	2,745	0	5,440
Fulton	540	444	864	1,914	1,274	5,036
Genesee	911	228	1,001	2,232	309	4,681
Greene	741	17	1,072	2,362	0	4,192
Hamilton	130	10	332	711	0	1,183
Herkimer	1,951	168	1,724	3,787	749	8,379
Jefferson	1,472	581	2,166	4,782	1,740	10,741
Lewis	556	18	1,236	2,750	0	4,560
Livingston	1,339	35	1,195	2,664	90	5,323
Madison	1,068	238	1,573	3,431	291	6,600
Monroe	10,016	5,242	3,235	8,487	5,228	32,208
Montgomery	651	355	1,186	2,652	686	5,530
Nassau	34,326	1,549	5,013	12,938	0	53,825
Niagara	1,819	2,920	1,808	4,363	5,525	16,435
Oneida	2,876	3,056	2,989	6,767	1,262	16,951
Onondaga	7,601	5,178	3,268	7,960	6,328	30,333
Ontario	1,071	386	1,418	3,133	656	6,664
Orange	3,423	1,090	2,068	5,206	2,739	14,527
Orleans	871	27	799	1,716	267	3,680
Oswego	1,501	524	2,071	4,571	1,142	9,809
Otsego	994	283	2,051	4,450	931	8,710
Putnam	1,147	27	628	1,507	0	3,308
Rensselaer	1,780	1,605	1,685	3,959	3,265	12,294
Rockland	6,305	164	918	2,539	74	10,000
Saratoga	2,342	330	1,833	4,253	1,483	10,241
Schenectady	1,688	1,341	996	2,466	1,300	7,792
Schoharie	530	18	1,158	2,526	0	4,232
Schuyler	399	11	656	1,466	0	2,532
Seneca	923	29	710	1,508	0	3,169
St Lawrence	3,157	301	2,855	6,363	263	12,939
Steuben	1,863	402	3,152	6,966	749	13,132
Suffolk	22,608	565	5,827	14,607	213	43,820
Sullivan	1,384	52	1,895	4,225	209	7,764
Tioga	978	34	990	2,253	0	4,256
Tompkins	1,162	330	1,303	2,920	1,778	7,493
Ulster	2,325	417	2,080	4,737	1,112	10,670
Warren	673	202	1,110	2,483	775	5,243
Washington	880	41	1,437	3,190	0	5,548
Wayne	1,994	46	1,688	3,645	694	8,068
Westchester	11,733	7,881	3,318	9,386	4,297	36,614
Wyoming	922	24	1,091	2,337	0	4,374
Yates	502	12	791	1,697	221	3,222

In addition, Governor Hochul has advanced and enacted new, targeted initiatives to further bolster the State's partnership with local governments and improve their capacity to serve residents, including by:

- **Expanding and Improving the Local Government Efficiency Grant Program.** The Local Government Efficiency Program provides technical assistance and grants for intermunicipal projects targeting shared opportunities, cost savings, and delivery of efficient, quality services. To expand the reach of this successful program, the FY 2025 Budget doubled available funding by increasing the number of awards possible each year and the maximum award amounts, levels maintained in the FY 2026 Executive Budget.
- **Incentivizing Site Development.** The Budget continues \$50 million for site development preparation grants to counties for collaboration with the State to support county infrastructure projects that have public benefit, such as for housing, healthcare, or treatment facilities.
- **Supporting Local Public Safety Efforts.** The FY 2025 Budget included \$85 million in new funding for Public Safety Grants to counties to purchase equipment, and continued the following increases from the FY 2024 Budget:
 - \$80 million in DCJS resources for prosecutorial and defense expenses,
 - \$18 million in new funding for the GIVE anti-gun violence initiative,
 - \$12.5 million for Next Gen 911 upgrades,
 - \$10 million for pre-trial services,
 - \$9.8 million for threat assessment management teams,
 - \$7 million new funding for re-entry programs, and
 - \$7 million in new funding for anti-fentanyl innovation grants to district attorneys.
- **Enhancing County Social Services.** The Budget also continues Governor Hochul's efforts to increase assistance for local social services, including by providing \$56 million to offset higher assigned counsel rates, added support for the Code Blue program, and \$37 million to create a

year-round Youth Employment Program.

- **Championed New Anti-Poverty Initiatives.** The Budget continues \$50 million in new funding to support targeted anti-poverty initiatives in Buffalo, Rochester, and Syracuse.
- **Continuing the State Cap and Takeover of Local Medicaid Costs.** The FY 2026 Executive Budget shoulders \$8.3 billion in Medicaid cost increases on behalf of local governments as part of the State cap and takeover of local Medicaid growth. In FY 2026 alone, New York City will save \$4.6 billion and counties across the State will save an additional \$3.7 billion by the State's assumption of costs. From FY 2007 when the State cap of Medicaid growth began, through FY 2026, the State will have assumed nearly \$61 billion in Medicaid costs that counties and New York City would have otherwise had to bear, freeing resources to be used as local communities see fit.

As a result of these and other efforts, the number of local governments now experiencing fiscal stress, as identified by the Office of the State Comptroller's (OSC's) Fiscal Stress Monitoring System, remains at a record low. Out of nearly 1,600 counties, cities, towns, and villages, only 14 municipalities were given a fiscal stress designation. Moreover, for the third year in a row, the system did not identify any of the State's 57 counties as experiencing any level of fiscal stress.

Only two municipalities were designated as experiencing "significant" fiscal stress, five municipalities were designated as experiencing "moderate" stress, and seven were "susceptible" to stress. For comparison, the 2020 data identified more than twice as many municipalities under some degree of fiscal stress.

The relative fiscal health of local governments has numerous benefits. Municipalities have the resources to deliver on their primary responsibility – keeping New Yorkers safe – while also paving roads, improving water and sewer infrastructure, and providing vital local services. Further, local taxpayers are better protected from large or unsustainable property tax hikes.

Through the thirteenth year of the Property Tax Cap, taxpayers have saved over \$134 billion, comparing growth rates under the cap to the ten-year period preceding it. For the typical taxpayer, this equates to cumulative savings of \$18,000. Taxpayers have also enjoyed a general benefit of property tax predictability, with average increases of just 1.88 percent per year – which is roughly one-third of the average annual growth from 2000 to 2010. Moreover, many counties, cities, towns, and villages are maintaining flat property tax rates and levies in their adopted budgets for 2025.

Impact of the FY 2026 Executive Budget on Local Fiscal Year 2026

This section presents the estimated fiscal impact of changes in the Budget on New York’s municipalities. To supplement this narrative, charts detailing the local government impact are provided in the “Financial Plan Tables” section of the Financial Plan.

The overall impact of the Executive Budget on local governments can be measured in two ways. First, and most fundamentally, total assumed spending on behalf of local governments in FY 2026 can be compared to that of the prior fiscal year. This view reflects that State spending on behalf of local governments can go up or down because of budgetary changes, but also by increases in caseload or statutory automatic inflators.

Total spending on behalf of local governments through major local aid programs and savings initiatives is expected to total \$60.5 billion in FY 2026 under the Executive Budget. This represents an increase of \$2 billion over the prior year, predominantly due to increases in School Aid, Medicaid, and public protection.

The second way of measuring the impact of the FY 2026 Executive Budget on local governments is reflected on the traditional local impact table. In this view, increases in caseload or statutory automatic inflators are excluded, and only new changes proposed in this Executive Budget are considered.

Under these narrower criteria, actions taken in the Executive Budget result in a year-to-year net positive

local impact of over \$1.2 billion for municipalities and school districts for their fiscal years ending in 2026.

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 \$8.2 billion in FY 2026 under the Executive Budget. This includes nearly \$3.7 billion attributable to the State takeover of local Medicaid growth.

Traditional local impacts result in a net positive impact of \$91 million in County Fiscal Year 2026, including:

- \$56 million continued 18-b reimbursement rate for assigned counsel,
- \$15.0 million in recurring parental representation aid,
- \$11.3 million in various youth services investments,
- \$9.6 million to streamline assisted outpatient treatment oversight and enhance funding,
- \$6.4 million increase in CHIPS, and
- \$6.3 million in capital grants for child care centers (\$25 million split across 2025 and 2026).

These positive impacts are partially offset by various changes within the Early Intervention program area (\$12.4 million).

Support for Cities, Towns and Villages. The Executive Budget provides over \$1.4 billion in support from major programs for towns, villages, and cities other than the City of New York.

Traditional local impacts result in a local Fiscal Year 2026 net positive impact of \$36.4 million due to a \$17.1 million increase in aid for State Touring Routes and a \$14.3 million increase in CHIPS. The Executive Budget also proposes to increase Miscellaneous Financial Assistance to the City of Albany by \$5 million.

Support for New York City. Total State spending on behalf of New York City through major local aid programs is expected to total over \$25.8 billion in FY 2026, an \$800 million increase from FY 2025, under the Executive Budget. This includes \$4.6 billion attributable to the State takeover of local Medicaid growth and \$14.3 billion in School Aid.

Traditional local impacts result in a net positive local impact of over \$195.3 million for the 2026 New York City Fiscal Year. This is primarily due to a year-to-year Foundation Aid increase of \$593.6 million in the 2026 School Year, as well as a \$109.1 million increase in school expense-based aid and categorical aid programs. In addition, New York City will receive:

- \$57.8 million (\$77 million total over two years) for NYPD subway deployments,
- \$36.0 due to continued County 18-b reimbursement rates,
- \$13.9 million to enhance subway outreach,
- \$11.8 million for youth services investments,
- \$6.9 million to streamline assisted outpatient treatment oversight and enhance funding,
- \$5.4 million in increased CHIPs funding, and
- \$4.1 million in aid for State Touring Routes.

Partially offsetting these investments are proposals to increase NYC contributions to the MTA 2025-29 Capital Plan (\$400 million), increasing the City's share of MTA Paratransit costs (\$165 million), the discontinuation of public hospital indigent care pool payments (\$56.7 million), increased Public Assistance costs associated with the BABY Allowance (\$1.7 million), and various changes within the Early Intervention program area (\$19.9 million).

Support for School Districts. For SY 2026, the Executive Budget increases Foundation Aid for school districts outside New York City by \$870.7 million and expense-based and categorical aids by \$114.6 million. Partially offsetting this impact, the Budget continues the current State share of Committee on Special Education placements leading to a negative impact of \$28.6 million.

PROPOSED FY 2026 BUDGET ACTIONS

Create an Affordable Homebuyer Tax Incentive. The FY 2026 Budget proposes an affordable homebuyer property tax incentive that localities can opt into to bring down costs and attract new homeowners.

Increase New York City's Transitional Finance Authority (TFA) Bond Limit. Recognizing the sharp rise in the cost of construction in the City since the pandemic and the required capital investments needed to upgrade the City's subway system,

legislation submitted with the Budget increases this limit by an additional \$3 billion to \$30.5 billion beginning July 1, 2025.

Provide Capital for Child Care. To facilitate child care providers' ability to expand enrollment capacity and serve additional children, the FY 2026 Executive Budget provides \$100 million in capital grants. Of this, \$25 million is set aside to support the child care efforts of counties and other local governments.

Support for the City of Albany. The FY 2026 Budget provides \$5 million in additional recurring Miscellaneous Financial Assistance (MFA) for the City of Albany, bringing the MFA total to \$20 million, annually.

Support for the County of Monroe. The FY 2026 Budget provides \$15 million in one-time Miscellaneous Financial Assistance (MFA) for the County of Monroe. The Budget also launches a demonstration project in Monroe to help address any real or perceived loss of means-tested public benefits, known as the "benefits cliff", through the provision of work incentive payments and financial counseling.

Ensure Access to Emergency Medical Services (EMS). The FY 2026 Budget modernizes EMS provision by defining EMS as an essential service and requiring counties to develop EMS mapping to be used by the Statewide EMS Task Force, allowing the Task Force to identify gaps in EMS service coverage.

Protect Local Governments from Cyber Threats. The FY 2026 Budget requires local governments to report cybersecurity incidents and ransom payments through a centralized mechanism, and requires all State and local government employees who use computers in their daily work to complete annual cybersecurity training.

Accelerate Local Construction Projects. The FY 2026 Budget authorizes municipalities to utilize DASNY's renowned planning, design, procurement, and construction management services to streamline project completion.

Support Local Government Reorganization

Programs. The FY 2026 Budget continues support for local government restructuring and efficiency grants. Citizens Reorganization Empowerment Grants provide funding of up to \$100,000 to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions. Citizen Empowerment Tax Credits support cities, towns, or villages that consolidate or dissolve through tax credits that provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent must be used as direct relief to property taxpayers.

Sunset State Matching Funds for the County-Wide Shared Services Initiative.

The FY 2018 Budget enacted the County-Wide Shared Services Initiative (CWSSI) to provide a process whereby each county could develop, approve, and submit to the State a plan for new shared services that, once implemented, achieves demonstrable taxpayer savings. The Executive Budget continues to ensure that matching fund applications for projects included in a plan submitted to the State prior to January 31, 2024, and already implemented, will be supported. However, it is expected that the appropriation included in the FY 2026 Executive Budget will be the last and final appropriation to be enacted, providing all counties until March 31, 2026, to submit any remaining or outstanding application for State matching funds for any prior plan.