



New York State Conference of Mayors and Municipal Officials

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The 2025-26 Executive Budget

Testimony of the New York State Conference of Mayors

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Before the
Joint Fiscal Committees' Hearing on the Executive Budget

Senate Finance Committee
Hon. Liz Krueger, Chair

Assembly Ways and Means Committee
Hon. J. Gary Pretlow, Chair

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Legislative Office Building
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Thank you for allowing NYCOM to express the views of our 576 member cities and villages regarding the 2025-26 Executive Budget. The State Budget, and the State Legislature's contributions to its final form, play an integral role in determining the capacity and ultimate effectiveness of local leaders in providing the services and quality of life that will ensure our residents stay in New York.

First, I must extend my sincere gratitude on behalf of NYCOM's membership for your willingness to provide cities, villages, and towns with the first increase in unrestricted aid in 15 years as part of the current year's State Budget. This generous action has renewed the faith of our local leaders in the possibility of a true state-local partnership, and we deeply appreciate your willingness to invest in the strength and vitality of our local communities.

Last year, when city and village leaders traveled around the State making their case for an increase in aid, we focused on the fact that we have the same priorities as the Governor and many of you – to make New York State safer and more affordable. NYCOM contends, and I suspect you would agree, that New York's local governments, as the frontlines of controlling property tax affordability and ensuring public safety – police, fire, code enforcement, roads and drinking water – are integral to achieving those goals.

Many years ago the State acknowledged the need to share revenue with its local governments. Revenue sharing (the precursor to the AIM program) was established as financial recognition of the essential role played by municipalities. And this program made sense because clearly there was a need, and the source of funding was to be based upon a progressive tax – the personal income tax, as opposed to the regressive tax like the property or sales tax.

The AIM program which was established in 2006 is the latest iteration of this concept of revenue sharing -- but it isn't really revenue sharing at all. There is no formula, there is no percentage of state revenue, and there is no maximum amount. And until last year, what we were left with was a \$715 million aid program for every city, town and village in the State. Not surprisingly, 15 years of level funding resulted in rising municipal tax burdens and harmful disinvestment in essential municipal services and staff. Unfortunately, a one-time \$50 million boost in aid is not sufficient to fully address this damage or the long-term challenges that we face. In fact, just last week,

we sent an email to all state legislators, sharing resolutions adopted by nearly 150 cities and villages – with more anticipated in the coming weeks. These resolutions expressed gratitude for last year's temporary increase in municipal aid and called for dependable increases in the future. To truly empower local governments to make their communities safer and more affordable, we urge you to build upon this investment by committing to consistent and predictable annual increases in funding.

Funding for Local Roads and Bridges

The CHIPS Program assists local governments with the cost of construction, reconstruction and improvement of local highways, bridges and highway-railroad crossings. Unfortunately, the current funding levels for CHIPS (and other ancillary sources of local transportation aid) only scratch the surface of addressing local needs. In addition to traditional road and bridge work, local governments are incurring additional costs as a result of the federal ADA requirements to provide curb ramps whenever streets, roads or highways are altered to ensure access to sidewalks or other pedestrian walkways. These required modifications disproportionately impact the more densely populated municipalities – such as cities and villages – that have sidewalks and crosswalks throughout their communities, especially in their downtowns. In fact, some local governments have indicated that the added expense associated with this requirement consumes almost all of their CHIPS allocation.

While we appreciate the fact that transportation funding for local governments is maintained at current year levels in the Executive Budget, annual local highway infrastructure needs continue to far outpace the amount of resources currently available. Given the rising costs of labor and materials, combined with the extreme weather events New York has been experiencing, the situation is creating a perfect storm for the deterioration of roads, bridges and highways. Without additional support, we risk further damage to our critical infrastructure, putting both safety and efficiency at serious risk. The Governor acknowledged this issue by proposing an increase in funding for state roads and bridges to address these growing challenges. NYCOM urges you to do the same for local governments.

In addition to statewide highway funding, there are currently 37 cities that have arterial maintenance agreements with the State. Under these agreements, the cities

maintain certain designated state-owned arterial highways and the State compensates those cities for this service. The reimbursement rate of \$.85 per square yard paid to these cities for maintenance of state arterial highways has not been increased since 1987. A proposed inflationary adjustment to \$2.47 per square yard would provide a much-needed increase for the 37 cities participating in this state-local shared services program and would represent an additional state expenditure of approximately \$20 million. If the State had to maintain these highways, the fiscal exposure would far exceed the reimbursements that would be paid under this proposal. While many of these cities are receiving assistance through the newly established State Touring Routes program, those resources cannot be used to offset the costs associated with maintaining these state arterials.

Formulaic Aid for Municipal Water and Sewer Systems

Arguably the most successful – and popular – state aid program for municipalities is the CHIPS highway aid program. The reasons for its success are simple: (1) CHIPS is tied to an understandable and logical formula (local road and lane miles in a municipality), (2) local officials have been able to rely on the CHIPS appropriation being in each successive state budget, and (3) CHIPS allows for a carryover of a year's allotment so that municipalities can aggregate their funding for use in conjunction with their road reconstruction plan. Yet a growing frustration at the local level is that the value of CHIPS aid is being diminished by the fact that local governments often do not, on their own, have the fiscal wherewithal to coordinate their road work with the water and sewer work beneath the road that is best done concurrently.

Since 2017-18, the State has provided \$5.5 billion in grant money through a variety of programs that are part of the Clean Water Infrastructure Act, some of which help certain cities, villages and other municipal governments address water emergencies, fund infrastructure projects, and facilitate source water protection. NYCOM supports the State's efforts to help municipalities address these challenges and fund large-scale capital projects through these programs. Under this current method, however, local officials have found that this funding is oftentimes not readily available for upgrades or preventive maintenance. Rather, to be successful, applicants need to demonstrate an emergency and not simply the desire to prevent an emergency.

This is why NYCOM has long supported establishing an annual funding stream that could be used by all cities and villages to supplement both their water and sewer infrastructure preventive maintenance costs, as well as the undertaking of capital projects necessary for the safe and effective operation of their systems. The SWAP program as it is affectionately known (S.1850 - Hinchey) would be formula-driven, similar to the CHIPS program, and would ensure that every municipality receives an annual allocation based on the amount of water and sewer pipelines owned and maintained by the municipality. This would provide local governments with a consistent and reliable source of funding for necessary upgrades, preventive maintenance and small-scale capital projects. Communities would be able to quickly repair and replace aging infrastructure, helping to prevent more significant and costly emergencies and repairs. It would also facilitate scheduled capital improvements that would allow for coordination with local road reconstruction projects, saving municipalities both time and money.

Let me be clear – we are not suggesting you do away with the CWIA grants. However, since it is our understanding that there is a significant backlog of money that has not yet been disbursed, we suggest redirecting this available funding to supplement the grants. This shift in resources will help ensure that while large-scale projects continue to be funded, the day-to-day operational needs are also met.

Housing

NYCOM commends the Governor for continuing to build upon her incentive-based approach to housing development as opposed to a one-size-fits-all mandate. Our members are working every day to expand housing opportunities in their communities, and we support the state funding and tax incentives necessary to remove the barriers to housing growth. We believe there is much that can be done to assist local governments in being partners in the pursuit of the housing goals we at the local and state levels all share. While local governments alone can't solve the housing challenges facing New York, there are city and village leaders in all regions of New York who are already doing their part – and want to do much more.

NYCOM has emphasized the need to build on the Pro-Housing Communities initiative by providing the tools, removing the barriers, and finding the resources to make the State's much-needed housing development a reality. In that vein, we support the

Governor's proposed \$100 million Pro-Housing Supply Fund, the Mixed-Income Revolving Loan Fund, the expansion of the low-income housing tax credits, and the decoupling of the federal and state historic tax credits. We also commend the State Legislature and the Governor for reaching an agreement on the short-term rental registration and taxation legislation. This new law will provide our members with the data they need to understand the scope of short-term rentals in their communities and the impact they may be having on housing opportunities.

Mental Health, Homelessness and Addiction Issues

The interrelated issues of mental health, homelessness and addiction are impacting lives in every community in New York. We commend the Governor for prioritizing mental health and ensuring it remains at the forefront of New York's public policy. By recognizing the urgent need for additional resources and greater flexibility, the Governor is taking essential steps to support individuals facing mental health crises and to address the broader challenges in mental health care.

NYCOM supports the Executive Budget proposal that would allow for the involuntary commitment of individuals to receive mental health treatment if there is a substantial risk of harm to the individuals due to an inability or refusal to provide for their own essential needs (e.g., food, clothing, medical care, safety or shelter) as a result of their mental illness. The Executive Budget would also prescribe the standard for reviewing and making the clinical determination as to whether individuals' mental illness is likely to result in serious harm to themselves or others. The Governor also acknowledges the importance of allocating substantial funding to support sustained mental health services as part of comprehensive wraparound care, ensuring individuals receive proper treatment and can return to their communities as thriving, contributing members rather than cycling through untreated crises.

Finally, the Executive Budget includes \$141 million for the Homeless Housing and Assistance Program (HHAP) to provide capital resources to municipalities and not-for-profits to create permanent and supportive housing, specifically for homeless individuals. This is an increase of \$25 million over the current year's budget and is something NYCOM members fully support.

Regarding the addiction epidemic, the State response of locating addiction treatment centers is often being done without notifying or receiving input from the host

communities. Drug treatment centers, when placed improperly and with no local input, attract illegal elements (e.g., drug dealers, prostitutes) who exploit people with addictions and disrupt daily life and commerce in the surrounding blocks and neighborhoods. The addiction, mental health and homelessness crises that are plaguing our citizens and our communities must be addressed with a coordinated and comprehensive state-local program that includes a seat at the policy-making table for host municipalities.

Emergency Medical Services

NYCOM commends Governor Hochul for her ongoing commitment to addressing the emergency medical services (EMS) crisis facing the State. This crisis has been exacerbated by several factors, including a severe shortage of personnel, insufficient financial resources, and a lack of comprehensive data to accurately pinpoint and address the areas where the greatest challenges lie. Governor Hochul's efforts are crucial to ensure that EMS systems are properly equipped to respond to the needs of communities across New York, and NYCOM is pleased to see her taking decisive steps toward a more sustainable and effective EMS infrastructure.

The Executive Budget proposes to formally declare emergency medical response and emergency medical dispatch as an "essential service," which is a key component of NYCOM's 2025 Legislative Program. In addition, every county individually, or in collaboration with other local partners, would be required to develop a plan to ensure that emergency medical response exists within the county. It also requires 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. Finally, the proposal would give counties the authority to, individually or with other local governments, create ambulance districts and the Department of Health would be required to establish minimum standards for the delivery of emergency medical response.

By designating emergency medical response and dispatch as an essential service, it aligns EMS with police and fire protection as a fundamental component of public safety. Currently, EMS is provided by a patchwork of public, private, and not-for-profit entities, and oftentimes there is often a lack of coordination between providers. In some parts of the State, long response times are at dangerous levels putting the public at risk. By elevating EMS to the status of an essential service we

believe that it will give this profession the recognition it deserves. In addition, NYCOM supports state and local coordination of EMS response to ensure all New Yorkers have access to emergency medical services when needed. However, a coordinated plan alone will not be enough to address the current crisis. Financial resources are essential not only for recruiting and retaining the personnel needed on the front lines but also for providing the necessary support to address training, burnout and the mental health challenges that unfortunately come with this profession. For this reason, we urge the Governor and the State Legislature to establish a dedicated, consistent funding stream to support EMS across the State.

Municipal Workforce Challenges

NYCOM supports the Executive Budget proposal to amend the Civil Service Law by eliminating mandatory maximum age limits for police officers in cities, villages, towns, and counties. However, this is just one small step in addressing the broader shortage of qualified workers that municipalities across the State are facing.

From Long Island to Western New York, local governments are confronted with significant challenges in recruiting and retaining qualified employees who are genuinely interested in local government. The ability to offer competitive salaries often pales in comparison to the private sector, making it difficult to attract top talent. Additionally, the nature of essential public services doesn't lend itself to hybrid or remote work, both of which have become increasingly popular since the COVID pandemic. To address these challenges, the Civil Service Law and other restrictive statutes must be amended to grant local officials an appropriate level of flexibility in hiring and workforce management. Additionally, our members need the necessary tools and resources to make their cities and villages “great places to work” and to better market employment opportunities in municipal government.

Another barrier to recruitment is that current law prohibits a New York State retiree receiving a public pension from earning more than \$35,000 per year in public employment while under the age of 65 without incurring a potential reduction of their pension benefits. The \$35,000 cap makes it difficult for some municipalities to find qualified and experienced public sector retirees who are willing to accept employment at that salary level. The cap should be increased to at least \$50,000, which will make it easier for a municipality to hire public sector retirees without the added expense of

paying for costly fringe benefits that are frequently associated with non-retiree employment positions.

Finally, under the Public Officers Law, appointed officers must reside within the municipal corporation in which they serve. While municipalities have the authority to expand the residency of appointed officers to the county or counties in which the municipality is situated, this often prohibits local governments from appointing interested and qualified residents who live just outside of the jurisdictional boundary. Moreover, whenever a city or village wants to expand residency beyond the county or counties in which the local government is situated, the change requires a special act of the State Legislature. Allowing local governments the flexibility to make timely and informed hiring decisions to secure the most qualified workforce is crucial for the efficient operation of our municipalities.

Federal Funding Uncertainties

I want to take the opportunity to address a vital issue relating to the financial health and stability of our cities and villages. New York's mayors are deeply concerned about President Trump's Administration's actions to impose a broad freeze on federal funding for grants, loans and other essential assistance programs. Any reduction in Community Development Block Grants (CDBG) or infrastructure support would force municipalities to reconsider critical projects related to affordable housing, public safety, infrastructure, and transportation improvements. Furthermore, any interruptions to funding streams that provide support to our most vulnerable residents would also have a devastating impact on our communities.

We are working with our national associations to seek clarification from the Administration on the full extent of these actions and are committed to doing all that we can to safeguard the funding that Congress has appropriated -- funding that has been vital to the growth and well-being of our cities and villages for many years. We need to be able to count on our state leaders and legislators to help us navigate new federal directives and priorities, ensuring we achieve clarity as we move forward. Additionally, we rely on our state legislators to ensure that federal actions are transparent and aligned with the best interests of our communities, standing with us to preserve these critical services and programs and protect against any harmful measures that may arise from the new Administration. You are often in a unique position to communicate directly

with our congressional leaders, and your influence can be pivotal in shaping outcomes. We are counting on you to leverage those connections to help convey our message and ensure our concerns are heard and addressed at the federal level.

In this same vein, given the uncertainty surrounding federal funding, it is crucial that state and local governments stand united in facing these challenges. If New York State stands to lose federal funding, it must not pass that burden onto local governments, which are already operating under significant fiscal pressures. We must work collaboratively to navigate these changes and manage any resulting consequences to ensure the continued success and stability of our communities and our State.

Maintaining state assistance is essential to helping cities and villages navigate this financial uncertainty and maintain the infrastructure and services that are the foundation of strong, vibrant communities. By providing increased state aid, technical guidance and targeted infrastructure opportunities, New York can help municipalities bridge the gap that might result from declining federal funds. Investments in public works projects, sustainability initiatives and economic development will ensure continued growth and resilience across the State, regardless of what happens in Washington. NYCOM urges the State Legislature to support our municipalities as they navigate these uncertain financial times.

Conclusion

Cities and villages are doing everything they can to manage spending while delivering essential services, but the financial trajectory they're on – without adequate state support – is simply not sustainable. With the growth in sales tax starting to slow, ARPA funds now depleted, and the rising costs of labor and materials, local governments in New York urgently need funding, resources and a genuine commitment from the State to overcome the obstacles to efficiency and community renewal. We call on you to be partners in reversing these challenges and restoring strength to our cities, villages, and our State. NYCOM stands ready to assist you in that critically important effort.