



COUNTY OF DUTCHESS

William F.X. O'Neil
County Executive

May 1, 2023

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

In your announcement of finally reaching a conceptual agreement on a 2023-2024 State Budget, you touted increased Medicaid rates and expansion of the Medicaid program but failed to make clear that these Medicaid enhancements will come at the expense of local counties and their taxpayers by phasing out the County's Federal Medicaid funding enhancement over a two-year period. This is an unacceptable "cash grab" by the State that will wind up costing county residents dearly.

The ACA eFMAP was intended by the Federal government to be shared with counties to provide relief to local property taxpayers as New York is one of the few states that mandate Counties bear the cost of the State's Medicaid program. To date, the State has honored the Federal government's intent by sharing 80% of projected savings per year and holding 20% for later reconciliation.

If the conceptual budget agreement is adopted, the annual cost to Dutchess County taxpayers would be \$5-\$6 million. Additionally, it is unclear whether or not the State plans to pay its "past due" reconciliation amount owed to counties. Dutchess County is currently due nearly \$15 million for the period 2017-2020 according to the New York State Department of Health. When you add 2021 and 2022, the total amount due is between \$25-30 million.

Counties cannot simply absorb multi-million-dollar hits to their budgets – either new revenues have to be raised or services need to be cut. Dutchess County will need to either raise sales tax from 3.75 to 4 percent, re-institute sales tax on clothing and footwear purchases, raise property tax, or significantly cut programs and services.

Make no mistake, county taxpayers across New York State will pay the price of this cost shift. New York State cannot simply shift its bills to county taxpayers while claiming the state budget is "making the state more affordable." With basic living costs such as groceries, energy, and housing escalating substantially, our residents cannot sit idly by while the State grabs more tax money from their pockets by pushing down State budget decisions to Counties to pay.

Dutchess County Government has been committed to ensuring a strong financial foundation. We have done this by making tough decisions to limit spending and build our reserves to protect our taxpayers and ensure programs and services are effectively delivered. New York State must make its own tough decisions, not simply tout new services and programs while sending unfunded mandates to counties which require increased property tax bills or new sales tax.

We ask you to stand for the taxpayers of Dutchess County and New State York State and ensure the final Adopted 2023-2024 State Budget does not include the State taking the Federal ACA eFMAP rate reduction intended for Counties.

Regards,

William F. X. O'Neil
Dutchess County Executive