

Multi-Year Financial Planning Is Essential for Local Governments and School Districts

Economic uncertainty and federal budget cuts are creating serious headwinds for state and local government budgets, making long-term planning more important than ever. Funding from the American Rescue Plan Act (“ARPA”) must be expended by the end of 2026, clean energy tax credits have largely been eliminated, and significant Medicaid and SNAP cutbacks under the One Big Beautiful Bill Act are shifting costs to states and local governments. In its Spring 2026 newsletter ([Link](#)), the New York Government Finance Officers’ Association addressed the need for local governments and school districts to strongly consider the preparation and implementation of multi-year financial plans to better manage their operations.

A multi-year financial plan is a structured projection of revenues, expenditures, and fund balances covering three to five years beyond the current budget year, assessing the impact of various financial and operational initiatives and comparing those impacts to a base-case scenario. It is a policy and management tool that helps officials identify fiscal trends, gauge structural imbalances, and make proactive decisions. Most governments budget annually, looking at only one side of the ledger at a time. A multi-year plan reveals whether a jurisdiction is in structural balance, meaning recurring revenues are sufficient to support recurring expenditures without one-time resources. Sound practice includes a formal, board-adopted policy; realistic, documented assumptions; a structural balance test; scenario analysis to stress-test the plan against revenue shortfalls or expenditure surprises; transparent presentation to the governing board and public; and integration with the capital improvement plan. The plan should address pension contributions, contractual salary steps, health insurance trends, state aid projections under conservative and optimistic scenarios, and the property tax cap calculation.

GFOA recognizes multi-year financial planning as a best practice, noting it “creates a commitment and motivation to provide a guide for decision making” in a way annual budgets cannot. Rating agencies – Moody’s, S&P, and Fitch – explicitly evaluate financial planning practices in their credit assessments. They reward jurisdictions that identify fiscal challenges early and act before those challenges become crises. A credible multi-year plan signals strong management to analysts while repeated structural deficits or reserve depletion without a replenishment strategy signals the opposite, with potentially significant consequences for borrowing costs. (Continued on back page.)

RECENT CMA CLIENT SALE RESULTS

<u>Issuer (Rating)</u>	<u>Issue Type</u>	<u>Par Amount</u>	<u>Sale Date</u>	<u>Term</u>	<u>Rate</u>	<u>Purchaser</u>
Hamburg Town (Aa3)	BAN	\$ 3,000,000	28-May	1 yr.	2.87%	Piper Sandler & Co.
Tonawanda City SD (A1)	BAN	39,919,759	21-May	1 yr.	2.68%	Truist Securities, Inc.
Glen Cove City (Baa2)	BAN	6,064,794	20-May	1 yr.	3.54%	Piper Sandler & Co.
Lancaster CSD (Aa2)	Bonds	49,620,000	19-May	15 yrs.	3.19%	Mesirow Financial, Inc.
Ardsley UFSD (Aa1)	BAN	49,562,837	19-May	1 yr.	2.63%	Jefferies LLC
Hamburg CSD (A+)	BAN	59,210,000	13-May	1 yr.	2.65%	Huntington Securities, Inc. BoFA Securities

GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES

Term	June 1, 2026					May 1, 2026					1 Year Ago - June 2, 2025				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.41%	2.46%	2.48%	2.48%	2.83%	2.55%	2.60%	2.64%	2.62%	2.97%	2.77%	2.80%	2.88%	2.86%	3.24%
5	2.62	2.68	2.78	2.82	3.19	2.60	2.66	2.76	2.80	3.17	2.82	2.86	2.98	3.02	3.41
10	2.99	3.13	3.19	3.30	3.76	2.98	3.11	3.19	3.29	3.75	3.35	3.46	3.60	3.70	4.18
20	3.92	4.13	4.18	4.27	4.73	3.95	4.16	4.21	4.30	4.76	4.32	4.53	4.68	4.76	5.20
30	4.34	4.56	4.61	4.70	5.18	4.33	4.55	4.60	4.69	5.17	4.54	4.76	4.91	4.99	5.44



Multi-Year Financial Planning Is Essential for Local Governments and School Districts (con't.)

Over the past ten years, CMA’s Strategic Consulting Group has been assisting jurisdictions to prepare and institute multi-year financial plans. CMA has prepared multi-year financial plans for cities, towns, villages, and school districts across New York State. In each engagement, the process has given officials and governing boards a clear picture of their fiscal trajectory by identifying structural gaps, modeling the impact of labor contracts and capital needs, and enabling proactive leadership rather than reactive, crisis management. With fiscal stress intensifying across New York State, there is no better time for local governments and school districts to begin multi-year planning. For information on how CMA could develop a multi-year financial plan for your jurisdiction, please contact one of our municipal advisors.

FY 2026-27 State Budget Finally in Place

On May 28th, the New York State budget was adopted by the Assembly and Senate and signed by Governor Hochul, enacting a \$268.5 billion spending plan for the State’s 2026-27 fiscal year which began on April 1, 2026. Prior to the budget’s adoption, the state legislature adopted fifteen Emergency Appropriation bills to keep the state operating. The 2026-27 budget is \$16 billion higher than last year’s budget, including a \$3.1 billion increase for aid to counties, cities, towns and villages, and \$1.6 billion increase in total school aid. It’s been seventeen years since a state budget was adopted this late into the fiscal year.

Questions? Comments?

Please contact one of CMA’s licensed, municipal advisors:

Name	Title	Email	Telephone Number
Richard Tortora	President & Principal	rtortora@capmark.org	516-487-9815
Rick Ganci	Executive Vice President & Principal	rganci@capmark.org	716-662-3910
Anthony Nash	Senior Vice President	anash@capmark.org	516-487-9817
Janey Morley	Senior Vice President	jmorley@capmark.org	516-570-0340
Alex Kerr	Vice President	akerr@capmark.org	516-274-4501
Diana Castañeda	Vice President	dcastaneda@capmark.org	516-274-4504
Tom Vouzakis	Vice President	tvouzakis@capmark.org	516-487-9818
Madeline Reid	Assistant Vice President	mreid@capmark.org	716-662-3910
Alex Locascio	Assistant Vice President	alocascio@capmark.org	516-274-4502
Morgan Reid	Associate	mreid1@capmark.org	716-662-3910
Evan Tortora	Associate	etortora@capmark.org	516-274-4503