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S&P: New York State's Withholding Of \$74 Million In Aid Could Create Liquidity Pressure For Certain Municipalities

NEW YORK (S&P Global Ratings) June 25, 2020-S&P Global Ratings said today that a decision by New York State to withhold \$74 million in aid could create liquidity pressures for the 12 affected cities.

Of the 12 cities, S&P Global Ratings rates four, each of which received a 20% reduction in scheduled Aid and Incentives for Municipalities (AIM) payments for May and June. Of note, the payments are delayed but not permanently suspended.

The move comes amid the state's budgetary pressures. Although the change to AIM payments is not a major drag on the cities' budgets (shortfalls range from 2.5% of revenues for Yonkers to 5.2% for Syracuse), it comes on top of an already pressured budgetary environment caused by revenue loss associated with COVID-19 and the deep national recession. Moreover, the reduction comes just as the cities were to close their books for fiscal 2020, leaving management teams with limited ability to reduce expenditures.

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