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County Executive



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COUNTY OF RENSSELAER

To Honorable Neil J. Kelleher, Honorable Members of the Rensselaer County Legislature and Citizens of Rensselaer County:

PREFACE

The 2009 proposed budget is an answer to my seven year consistent call for fiscal solidarity, despite the ever rising cost of state and federal mandated programs. This budget proposal has been accomplished while at the same time continuing to address the implementation of strict internal fiscal controls and guidelines while keeping in mind that we must attend to local needs by funding local programs.

Difficult decisions have been made including my rejection of \$2.4 million of additional departmental spending requests, bringing to a total \$32.3 million in reductions from requested County operating expenses during my tenure as County Executive. Cooperation, coordination and consolidation have been key factors in assuring that our County taxpayers' dollars are spent in the most frugal manner. We have confronted our problems realistically by emphasizing the necessity for meaningful solutions, too often, as a last resort, involving the increase of property taxes to pay for mandated services. And I thank the Members of the Legislature for working with me regarding these decisions.

We remain both vigilant and mindful that we must balance the service needs of our residents and businesses with their ability to afford property taxes. Our conservative fiscal management of taxpayers' resources has been acknowledged by municipal finance experts with the recent upgrade of the County's bond rating. However, with the recent downturn in the economy on all levels, we know that even more fiscal challenges are no doubt right around the corner.

SPENDING

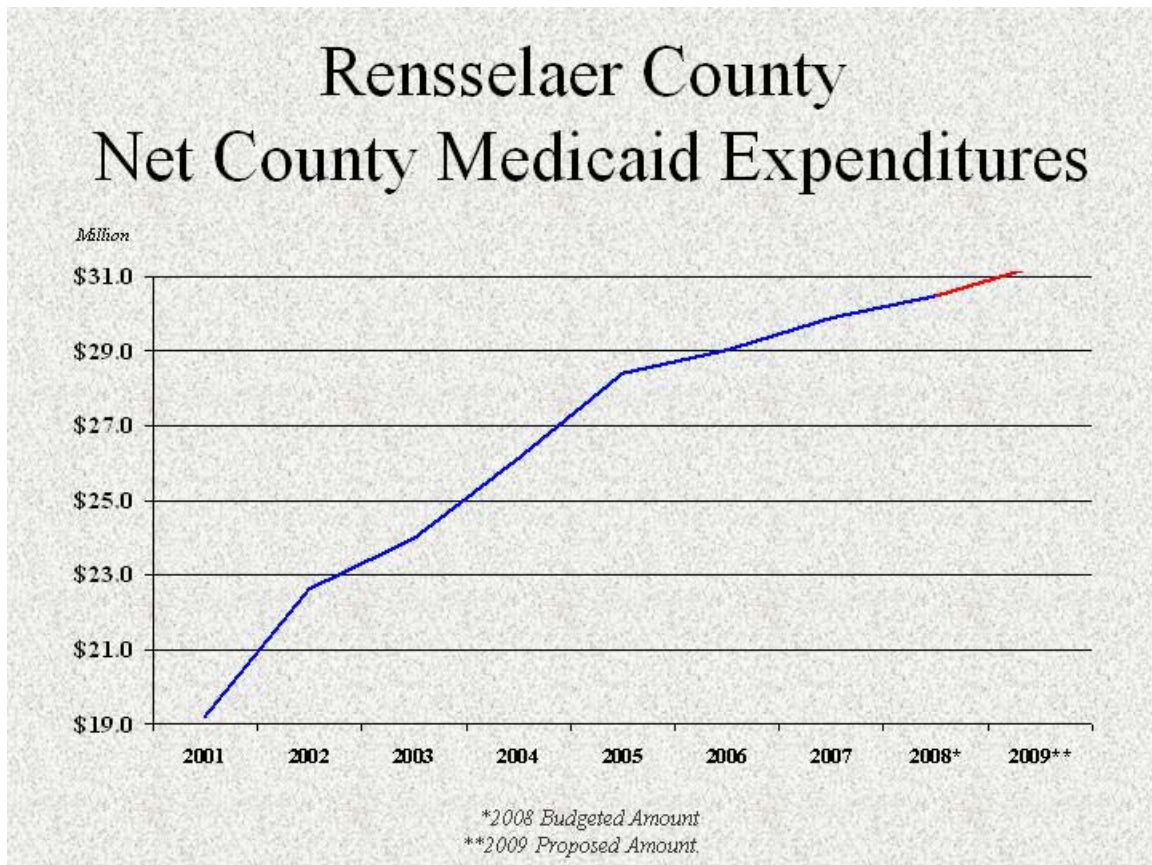
With all of these challenges in mind, I have instructed my departments to continue to emphasize administrative streamlining to assure that our tax dollars continue to be prudently spent. Their mission is to remember that our taxpayers are facing extraordinary cost increases in gasoline, food and fuel. It cannot be

forgotten that families are having to tighten their belts more than any other time in recent memory and they expect and deserve the same from us. The department heads have been directed to continue the fiscally conservative practices that we have visited and revisited for a number of previous years, such as the freeze on hiring and travel funded with local tax dollars with the exception of public health and public safety necessities.

Mandates

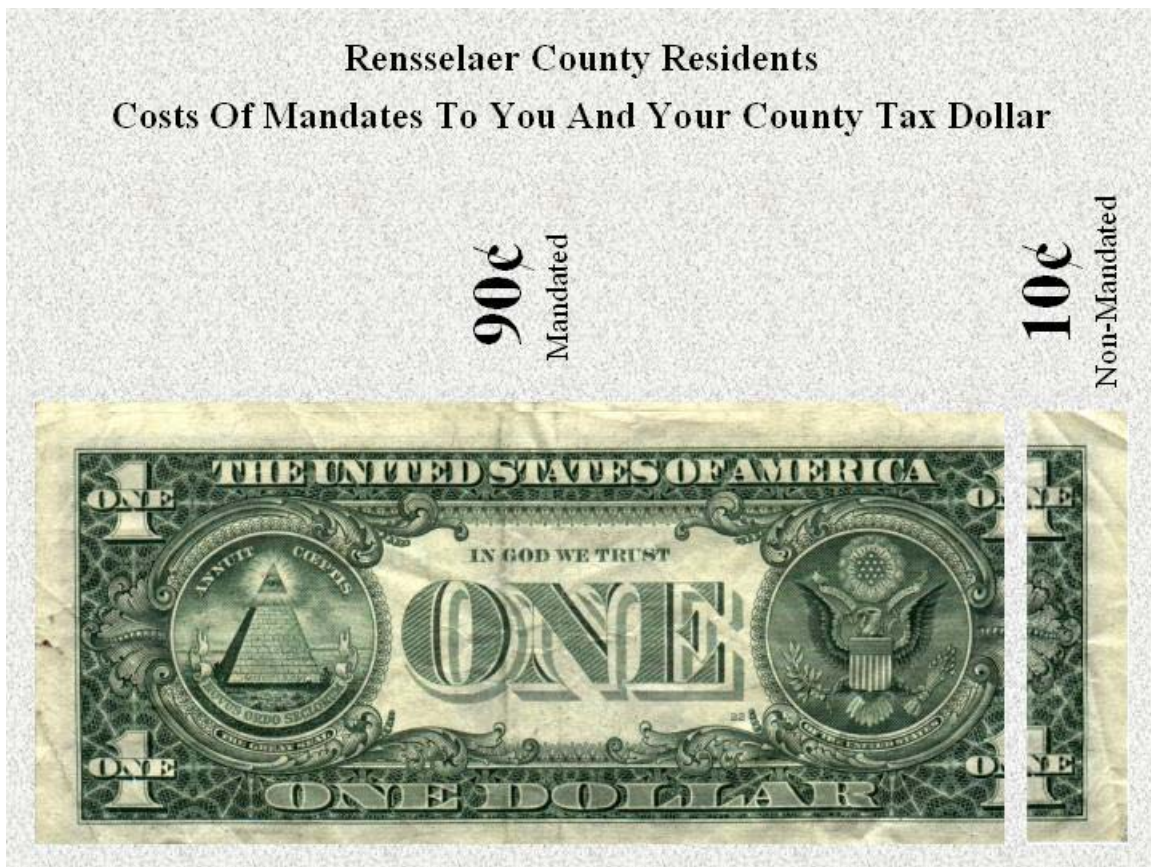
As unfortunately has been the norm, again our greatest increases in local spending are confined to the programs mandated by New York State and the federal government. Cost efficiencies in these mandated areas are nearly impossible to achieve as their rules and regulations are dictated to us by the federal and state governments leaving us no choice but to increase the amount of local tax dollars directed to these programs. **In fact, in this proposed budget, the increased cost of these mandated programs is nearly \$7.0 million.**

Heading the list of mandated programs for which the county is required by law to pay, Social Services spending, including Medicaid, combined with spending for the state mandated expansion of our county jail will increase by nearly \$3.4 million in 2009. Despite the partial cap on Medicaid enacted by the well intentioned state three years ago, local costs for this mandated program will again increase by nearly \$1.0 million next year as compared to this year as seen in the chart below.



As most of us know, despite the fact that for years we cost effectively shared jail cells with neighboring counties, such as Albany, Columbia and Washington counties, the state Commission of Corrections has mandated that we increase the capacity of our jail. The construction of the mandated addition to our jail was begun this year with an anticipated completion date of December 2009. Consequently, the 2009 budget must include additional funding for Corrections Officers and their training in preparation for the housing of additional inmates beginning in January 2010. The increased cost to our County taxpayers in 2009 for the ongoing expansion of the jail is \$2.2 million.

Is it any wonder, with the continual increase in the cost of mandated state and federal programs that the overall mandated spending in 2009 will take 90¢ of every local tax dollar, showing yet another consecutive year when the percentage of local tax dollars going to pay for state mandated programs increases leaving less tax dollars for non-mandated programs? This shift obviously has the potential to greatly impact local programs, making our job at the local government level more and more difficult, as we continue to work to assure the delivery of these services



COST CUTTING INITIATIVES

Gasoline Consumption

Continuing our tradition of finding cost-efficient measures to reduce the fiscal impact on our taxpayers, the County is currently undergoing a review of the

use of county vehicles and their gasoline consumption with the intention of ensuring that the most cost conscious results are obtained without compromising the service to our residents. This is particularly necessary at this time economically when demands for our services, particularly from our seniors and veterans, are being encouraged so that their personal health and comfort are not compromised. Our senior centers' as well as veterans' medical transportation services could and should definitely be on the upswing as those who have done so much for us are afforded the opportunity to take advantage of the services offered and allowed to live in dignity.

Employees' Health Insurance

Following on the heels of other cost savings initiatives implemented in prior years for our employees' health insurance, this budget anticipates transferring eligible retirees' health insurance coverage to Medicare Advantage Plans with comparable coverage. Although the County and the retiree will still be contributing, the costs to both will be less. It is anticipated that the County will save \$350,000 annually by this change.

Medicaid Fraud

This 2009 budget proposal also includes funding for a program that will further our efforts to detect Medicaid fraud, abuse or misuse. This initiative will be funded by New York State and will also be used to identify high cost medical conditions and procedures that will allow us to work with providers to ensure better health and financial outcomes.

Van Rensselaer Manor

Lastly, after working with representatives of the federal and state government, and counties across the state, the federal government will reinstate, after a three year absence, funding for public nursing homes in New York State. This funding will reduce though not eliminate the contribution from our property taxpayers to support the Van Rensselaer Manor nursing home's operations.

REVENUE

Sales Tax

As a tribute to our commitment to responsible community sensitive economic development, I am pleased to report that our sales tax collections in the County to date are slightly higher than we projected at this time last year. This is cause for cautious optimism, cautious in light of the current fiscal climate that we are enduring, yet optimistic that we are seeing the fruits of our labors to attract more retail businesses and more shoppers to our county. However, it would not be prudent in light of the current economy to expect the same rate of increase in sales tax collections in 2009 as we have experienced in the current year. Thus our projections reflect a more conservative rate of growth for next year.

To continue to bolster our efforts to increase sales tax collections and thereby lessen our need to rely so heavily on property taxpayers, we continue to work with our municipalities and interested developers to attract additional retail stores. New retail developments in North Greenbush and East Greenbush are expected to progress in the coming year and we are hopeful that we will see the positive impact on collections in future years as we grow our economy by working together.

To further attract additional shoppers and visitors to the County, and thus grow our sales tax collections, additional funding from the Industrial Development Agency (IDA) is included in the 2009 budget for tourism promotion and advertising. This will give us the opportunity to showcase the many wonders of our County for others to see, visit and enjoy as we join with our tourism venues as well as other counties to promote our region.

County Clerk Filing Fee

Earlier this year the state, as a part of their budget process, imposed a 2% reduction in aid for all county run programs, mandated and non-mandated alike. Next, this past summer, the state enacted a further reduction of 6% in funding for non-mandated programs. To help counties absorb these reductions the state passed legislation that allows counties to increase the filing fees imposed by County Clerks across the state for the filing of certain documents. This constitutes the first increase of this fee since 1968. Counties across the state have already imposed this fee increase or are incorporating it into their 2009 budgets, and we are proposing to do the same.

PROPERTY TAXES

Due to our collective efforts dedicated toward continued residential and business growth in the county, our property tax base has grown so that the existing tax rate will generate sufficient revenue to fund all of the programs included in this proposed budget for 2009. **Consequently there is no property tax rate increase proposed in this budget, and the average annual County tax bill for the owner of a home valued at \$100,000 will remain at \$523.**

Under this proposed budget the County portion of a property owner's total tax burden would represent approximately 19¢ of every dollar.

All County Residents Where Does Your Total Tax Dollar Go?

60¢
School

19¢
County

15¢
Town/City

6¢
Special
Districts



For County property owners who live in either the City of Rensselaer or the City of Troy, the county portion of their overall property tax burden amount to 14¢ of every dollar.

City Residents Where Does Your Total Tax Dollar Go?

58¢
School

28¢
City

14¢
County



CONCLUSION

As I propose this budget and describe it both in words and in graphics, I am aware of the fiscal turbulence that hovers around us. With the heavy burden we and consequently our property taxpayers already bear from state mandates, it is obvious to me as I am certain it is to everyone else that the state has to simply begin the practice of either paying for their own programs, eliminating them, or paring them back. That will mean that our County taxpayers do not have to live in fear of tax increase after tax increase resulting from cost shifting by the state. This will ensure that the pleasant news of no new tax rate increase such as I propose in this message can be repeated year after year.

The bottom line is that local taxes in New York State are 79% higher than the national average, and are the highest in the nation. This is due in large part to the unfunded mandates imposed on the counties and therefore, the local taxpayers of New York. At this juncture of national fiscal crisis, it is imperative that the state does not shift additional state program costs or the programs themselves to the counties and thus onto the backs of our already beleaguered local taxpayers. They will have to make tough decisions as to what programs to keep, what programs to modify, and what programs to eliminate.

The soundness of this request was acknowledged by our state leaders this summer when, in the course of making further reductions to the state budget, they did not cut the funding to state programs we are mandated to provide. They acknowledged then that they did not want to add to the onerous burden of our property taxpayers by shifting state costs to counties. If they were to go back on their word, they would only exacerbate the property tax problem and make New York State less competitive for business, therefore halting the continual growth of our tax base, and be setting a very bad example of callous disregard for its tax paying residents.

In regard to keeping an eye on local costs, I have mentioned continued curtailed County travel and hiring, the review and revision of county vehicle use policies, the inclusion of new software to detect Medicaid fraud and abuse, and the general call to arms of my departments to continue to cut their departmental budgets, while not compromising the needs of our residents, as ways of being locally responsible.

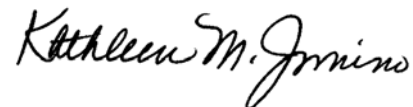
And, to better address the issue of service delivery at lower cost, I am also instituting a series of shared services meetings to which all municipalities and school districts in Rensselaer County will be invited to be represented. The purpose of this series of meetings will be to analyze the recommendations of the New York State Commission on Local Government Efficiency and Competitiveness to determine which, if not all, of their suggestions can be implemented. The mutual goal of the participants will be to establish our shared priorities, through active participation and move these priorities forward.

To summarize, it is exceedingly clear, particularly during these times, that everyone at all government levels must work together to establish a path of fiscal

austerity, with no shortcuts to immediate gratification allowed. Everyone must be committed to the long term fiscal well being and health of our communities. We can only achieve this by attending to the needs of the taxpayer by making effective and efficient decisions; the very same taxpayer who needs relief and is depending on us to deliver it by working together.

Please be advised that my Director of Budget and I, as always, are available to assist you in any way that you feel that we can. Please do not hesitate to contact us with any questions, comments or concerns. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. Jimino". The signature is written in a cursive style with a large, prominent initial 'K'.

Kathleen M. Jimino
County Executive

ACKNOWLEDGEMENTS

I extend my personal thanks and acknowledgements to Director of Budget Stacey Farrar and her staff David Snyder, Marc D'Amore and Theresa Bohley; Chief Fiscal Officer Michael Slawson, and Director of Research and Information Services Vincent Ruggiero for the hard work and the countless hours they devoted to this budget document.

I also extend my thanks and appreciation to all of the Executive Department heads, elected officials, and County employees who dedicate their service to the residents of Rensselaer County and make Rensselaer County the ideal place to live, work and raise a family.