

March 8, 2011

Chairman Reid, members of the Legislature and all the residents of Rensselaer County, I am pleased to once again deliver the annual State of the County address, an address that comes at a time of proposed less government spending as we progress through the second decade of this century. Currently, we find ourselves on the front lines of a war against big and costly government. This is a war that we as a county have waged for years, while our leaders, namely the state government, whose fiscal decisions through program shifting, unfunded mandates and runaway programs affect each and every one of us, are safely away from the combat zone. They sit back in their tents plotting the strategy that by their actions will carve our destiny and that of our taxpayers. In the meantime, we await word whether or not our state government will decide to endorse our effort to cut spending by downsizing their spending and in so doing, set the tone of fiscal accountability for years to come.

To be truly successful, we must work together to achieve true and meaningful taxpayer relief, and the State led by Governor Cuomo's announced commitment, seems eager to set the standard of fiscal responsibility that others around the country are adopting. As the Governor says, we should make New York the Empire State once again. Already, by his urging, a two percent cap on local taxes or setting the limit at the rate of inflation, whichever is lowest, is in the mix, and certainly is extremely politically popular. We applaud this action, as a symbol that the State, led by the new administration, wants to be in tune with local governments around the state, most of whom have practiced fiscal austerity for some time now. However, at this juncture many feel that the cap on local property taxes is next to meaningless unless accompanied by tough decisions on the part of the State. By grabbing the brass ring of popular public opinion, in my judgment, the State has either knowingly or unknowingly set a course of action for themselves of having to exercise meaningful cuts on the state level of government rather than merely cosmetic. If they don't do this soon, the mandate on local government to only raise taxes a certain amount is meaningless.

I mentioned that the two percent cap is at this point only symbolic of the State's resolve to cut spending. It does acknowledge that the State realizes that spending is spinning out of control. In the cold dawn of reality, however, the cap by itself frankly does not cut the increase in government spending, and certainly does not cut back existing spending as promoted.

It seems to me that if true reform is accomplished there should be less spending. As a would-be dieter, what good is accomplished if you set a goal to only gain five pounds a month rather than your customary ten? True, you must be cutting back a bit, but you still aren't making the real sacrifices necessary to trim

the fat, with the end result being that our reputation as the highest locally taxed state in the country, at 79% higher than the national average, is further solidified. This dubious distinction will, if not corrected, continue to drive our businesses out of New York State and discourage new ones from settling here, as well as continue the exodus of our residents, particularly our young from our State. In essence, you have to cut the carbs, which is what Rensselaer County has done through the years to lessen the burden on our property taxpayers, as witnessed by over \$36 million in cuts in departmental budget requests during my ten years in office. These cuts were made in an effort to relieve our taxpayers of the overall burden imposed by costly state mandated programs. These are the State and Federal programs that eat up eighty nine cents of every local tax dollar collected, with the remainder of the local tax dollar being expended on senior and veteran services as well as county road and highway patrol and maintenance of these same roads and highways, yes, including snow removal.

Unfortunately, the state practices of expanding existing programs and the shifting of other state programs to the County result in increased mandated spending, which threatens the very existence of these locally provided services. This action places a stranglehold on local programs and jeopardizes the smooth delivery of those services that our local residents have grown to rely and depend on.

Like the popular television dieting show, The Biggest Loser, reduction must be a team effort. To have local government slim down while their state partners just go through sound bite driven motions, pontificating about their attempts without real and substantive trimming action is not a winning formula for success.

And as we note the urgent need for mandate relief, let it be known that currently, according to a NYSAC authored report, among numerous state mandates that drive up the cost of local government, there are nine prime programs that consume 90% of the property tax levies of New York State counties outside of New York City. This amounts to the staggering total of nearly \$4 billion each year.

To fund these nine mandated costs, Rensselaer County, with a current property tax levy of \$57.3 million, is **forced by law to pay the state 112% of this total tax levy, which amounts to 63.3 million of taxpayer dollars!**

TOP STATE MANDATED PROGRAMS	RENSSELAER COUNTY TAXPAYER COST
• Medicaid	\$30,609,967
• Public Assistance/ Safety Net	2,767,974
• Child Welfare Protection and Prevention	12,671,916
• Preschool Special Education	5,391,599
• Early Intervention	1,349,867
• Probation	4,115,733
• Indigent Defense	1,565,217
• Youth Detention	277,800
• Pensions	5,500,000

It is further interesting to note that nearly every one of these mandated programs has demanded increasingly larger county financial participation each ensuing year, with the exception of Medicaid during the two one-half years of federal stimulus enrichment, which is diminishing and will be exhausted by the middle of this year.

We should at this point emphatically state that no one questions the need for such programs and the good that they provide. Furthermore, no one questions that during times such as these more and more of our residents are forced to turn to their government for relief. One does question however, why the State cannot be responsible for if not the whole portion of their program costs, at least the additional funding necessary. If they made themselves fiscally more accountable by having to pay their own bills, perhaps they could learn to be truly fiscally conservative rather than just talk about it and instead make the hard decisions necessary to remove the funding burden from our already overtaxed residents. We all hope that responsible conduct such as this is on the horizon. There is no doubt that true reform measures must be implemented and soon.

A case in point of galloping mandated increases is still Medicaid, by far the largest and most costly local burden. This gigantic program has increased Rensselaer County's mandated obligation to \$30.6 million, an \$800,000 increase this year alone even with a so-called cap in place, and not mentioning having to make up the loss of federal stimulus enrichment. This \$800,000 increase is a 1.5% property tax increase by itself! This comes with a case load hike of 11% or nearly 2,200 additional clients, which translates to nearly one out of every six Rensselaer County residents being on the program.

To compound our problem as we face more and more people needing our services, which stretches our economic capacity to handle them, the State Department of Labor reports that, in New York State we are faced with a rapidly aging population that by 2015 will show a 13% growth in residents 65 or older. Meanwhile, the resident population between the ages of 15 and 64 is expected to grow by only slightly more than 2% during the same time span. If this forecast is correct, this certainly means more health care issues in the future as we address our aging population with less in the workforce to pay.

What is particularly galling to counties across the state, including our own, especially during this time of escalating need caused by a stalled economy, which in turn costs local governments more and more, is that New York State refuses to recognize the fact that we are one of only twenty states in the country that force their counties and therefore our taxpayers to partially fund the cost of Medicaid. Instead, our state government imposes the highest portion of local county mandatory payments for this program of any state in the country. This current state practice amounts to an impact on counties outside of New York City of \$2.2 billion of their property tax share in Medicaid alone, and we can only imagine the escalating cost for health in the future, as our local society ages.

As the state continues to pass costs down to the counties a scenario is in place that unless self-corrected under the Cuomo administration will continue to allow our State to spend and spend by hiding behind counties such as ours for cover.

This game of hide and seek is accomplished in many different ways including the shifting of costs of state programs from the State to the County, thus cutting their own state fiscal responsibility in the process. One need only look at county Probation, where state reimbursement was cut 10% this year, with the mandated services not being reduced. One can also witness further cost shifting proposed for our Youth and Health departments, as well as our Foster Care, and Adoptions programs, in addition to other county agencies and departments. This conduct, to put it mildly, is a superficial way for the State to avoid paying for their

own programs, by forcing our local taxpayers to put up the money. Instead, they should hold themselves fiscally accountable.

At the same time, our local taxpayers will be expected to pay for the state-mandated additional local administration of the food stamp program, which has seen usage increased by 14% over the previous year, as well as fund the additional 15% of expenses incurred for those who are benefiting from our safety net program designed for those in critical need. We must also pay the mandated costs relating to the expansion of the jail with the first phase being successfully completed, and increased local mandatory contributions to the pension fund, up by an estimated 45%. This is not to even mention the inundation of often duplicative additional paper work required by the State, which for every hour spent on, means one less hour of time an already bare boned county staff has to serve our residents who rely on us to deliver services on their behalves. A case in point can be made at our Van Rensselaer Manor where a new 38 page standardized assessment which is now mandated for all Medicare and Medicaid certified nursing homes and affects every patient is to be completed five times within the first three months of residency at the Manor and every 90 days thereafter, as well as when there are any changes in condition, and at discharge. To say this is labor intensive, and takes hands on time away from patients is an understatement.

Yet another example, and one that affects several departments, is the requirement that counties create and implement a corporate compliance program to ensure tax dollars are not abused, misused or wasted. While a laudable purpose, many goals of the program are already accomplished through the County's longstanding ethics law. Unfortunately the creation of this mandated program has required the investment of a significant amount of resources including staff time for developing policies and training all county employees and also funding for software, phone lines and publications, all for a duplicative program.

Conduct such as this is all too frequent and is simply a case of the State either directly or indirectly through outright financial shifting or forcing the county to allot more of our local time and employees to do their job is purely and simply the allocation of county dollars to fund state programs, with the State retaining the right to make all the decisions about these mandates as well. Why shouldn't the State have total fiscal and manpower responsibility under these circumstances? This is a question being asked in every county in the State, and seems to support the feeling that the State fails to recognize the reason for high local taxes in the first place. Clearing the books at the state level at the expense of its counties by not compromising their mandated edicts is only accelerating the problem.

And when we talk about problems created, it should be noted that New York has the dubious distinction of being the state with the highest local taxes in the country due in large part, as noted by the Citizen's Budget Commission, to the unfunded mandates that we have discussed. As further evidence of these concerns, in a study conducted by the Tax Foundation of Washington, nine of the top ten counties in the nation as measured by median real estate taxes as a percentage of home value are right here in New York State. As ranked against counties nationwide, locally Schenectady ranks 76th, Rensselaer ranks 95th and Albany County ranks 107th nationally.

This is certainly not a positive message to attract new people and investments to our state or our region, and keep our young at home to help us continue to grow.

And as the demand for more and more of your hard earned property tax dollars increases, as government services get more and more expensive, so also is there a more compelling need for increased county sales tax dollars brought about through economic development. This would allow for putting more money into our community to be spent locally to minimize our property taxes.

There is no question that we must be triumphant in making a positive economic statement in Rensselaer County, and drive forward as we feed off our triumphs of the past to lay the groundwork for a fiscally sound tomorrow. Not only must we increase our sales tax collections, which are down from \$44.3 million in 2008 to an estimated \$44.1 million in 2010, symbolic of the tough times everyone from every corner of our Country is going through, but we must also cultivate new residents with new businesses as a magnet to spread out our property tax responsibility. For those of us who proudly call Rensselaer County our home, we must shop and spend right here at home at our local businesses and farms, which if we do this is a win for a County which always has been given lots of credit for its fighting spirit. We can only depend on ourselves to get off the canvass and score a knockout. By working together we can and will achieve. Frankly I cannot see a bigger motivation to shop and spend locally than that.

Thankfully, there is every bit of evidence to suggest that our best economic punches continue to be delivered, as there are things happening around the County that show a strong solid commitment and resolve to continue to keep us truly the place to be. We are working hard to combine our breathtaking beauty with our historical tradition and our other extremely attractive tourism venues with an aggressive but community sensitive pursuit of industrial expansion to create and expand on job opportunities to keep and put our people to work.

As a result of this community based commitment, our IDA reports that over \$65 million are being invested in FedEx at the former Albany International site in East Greenbush which will create 137 full and part time jobs over the next several years. It should also be noted that \$13.7 million will be invested in Troy's 17th Street Project which will culminate in a new commercial and medical facility, and will also have a bank, with the total potential economic impact fueled by the creation of 129 full and part time jobs after the first year.

Continuing to energize our commitment to more jobs through more development, our Bureau of Economic Development and Planning also reports that Pacamor Kubar Bearings, a miniature precision ball bearing manufacturer, with the County as well as other interested parties, collaborated on a successful Community Development Block Grant application which will result in the creation of 26 new manufacturing jobs as well as the retention of 37 positions.

And working with Regeneron, Behan Communications, and local town officials in East Greenbush, the IDA assisted in finalizing plans to construct an addition to Regeneron's pharmaceutical manufacturing facility, with 30 new manufacturing employees expected. As we talk expectations, let us also note that it is reported that Float Tech Incorporated, with a successful application for a Community Development Block Grant application, will make the City of Rensselaer their new home for their manufacturing operation and create 24 new jobs in the process.

We continue to be on the move, with other projects along with those mentioned, and are very much working in the trenches and are continuing forward to create a flow of new opportunities to serve those seeking their first job, or finding a new one after being unemployed, or changing positions for a better opportunity. Our mission is to offset our frustrations by dealing with matters that we can control, by doing everything to keep our County solvent by keeping our people working. We need sales tax dollars to assist our local property taxpayers in sharing the tax load necessary. Unfortunately we are focused on meeting the demands of our ever increasing state mandated programs, but we are also busy assuring the provision of the high quality of local services that our employees take justifiable pride in being able to deliver, services I might add that have unfortunately been trimmed out of necessity, but we feel are still effective. We provide senior lunches and activities, help our veterans access necessary benefits and compensation, support public safety agencies throughout the County, stand ready for natural or manmade disasters and do whatever we can to provide for the quality of life that our residents treasure in as affordable a fashion as possible.

As a county, let me make it clear that we are not at a cross roads wondering which way to travel. We have always had a long standing commitment to take the road toward economic solvency, a road made easier to walk if our new governor and the state legislature help clear the path by facing their own fiscal responsibilities, rather than continuing to hitch a ride on the back of our local taxpayers.

We are hired by the residents to do the job and we will continue to do it. You can all help by shopping right here at home to keep those sales tax dollars coming, our property taxpayers thank you, and for those who fit both categories, I double thank you.

ACKNOWLEDGEMENTS/ CONGRATULATIONS

I would like to thank all my department heads and my Deputy County Executive Chris Meyer. I am confident that you will continue to help us to live, work and grow in Rensselaer County.

My special thanks to our county workforce for their commitment in their dedicated effort to keep us delivering the quality of services that Rensselaer County has long been noted for. You have performed admirably.

And to our legions of community volunteers who have helped us keep our government going, you define what government “of the people, by the people and for the people” really is all about.

I would like to pay special recognition to Margaret Brennan who will be retiring this year, which also happens to be the tenth anniversary of the Underage Drinking Coalition which Margaret Co-Chairs as Community Prevention Coordinator. We have made tremendous strides in supporting our children’s good decisions and healthier lifestyles over the past decade. Thank you Margaret, for a job well done.

Van Rensselaer Manor LPN Geraldine Colliton received a New York Association of Homes and Services for the Aging award in recognition of her contribution to the residents of our Manor. Congratulations, Geri.

And to Donna Murray, our Agricultural Economic Developer, we are proud of you for being awarded the East Region Individual Earth Team Award by the USDA Natural Resources Conservation Service, for your contributions to grazing and livestock programs.

Katherine Maciol deserves our admiration as well for being named the Commissioner of the Year by the Mental Health Empowerment Exchange, a statewide organization that works with consumer groups. Keep up the good work, Katherine.

COUNTY DEPARTMENT HEADS

Aging, Carol Rosbozom, Auditor, Tyler Sawyer, Board of Elections, Larry Bugbee and Ed McDonough; Budget, Stacey Farrar; Buildings, Thomas Biette; Central Services, Timothy Holt; Conflict Defender, Sandra McCarthy; County Attorney, Stephen Pechenik; County Clerk, Frank Merola; Cooperative Extension, David Hawley; District Attorney, Richard McNally; Employment and Training, Mary Anne Gronau; Environmental Management, Ann Shaughnessy; Finance, Michael Slawson; Highway, Wayne Bonesteel; Human Resources, Tom Hendry; Mental Health, Katherine Maciol; Planning, Robert Pasinella; Probation, Laura Bauer; Public Defender, Jerome Frost; Public Health, Maryfran Wachunas; Public Information and Operations, Chris Meyer; Public Safety, Kelly Paslow; Sewer District, Gerry Moscinski; Sheriff, Jack Mahar; Research and Information Services, Vince Ruggiero; Social Services, Randy Hall; Stop DWI, Charles Wojton; Tax Services, Frank Curtis; Van Rensselaer Manor, Doug Cosey; Veterans, Robert Reiter; Youth, Pierce Hoyt.