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COUNTY OF RENSSELAER

To Honorable Martin Reid, Honorable Members of the Rensselaer County Legislature and Citizens of Rensselaer County:

The 2013 proposed budget is a response to the increased pressure of residents requiring more services, symptomatic of the continued trying times that we are all living in, coupled with the reluctance of the State to firmly curb mandated spending in a meaningful manner. Our County is once again faced with adjusting our future prospects for local programmatic initiatives by constantly reacting to the shifting and increasing of the cost of state mandated services, services that we have very little if any ability to control.

The Governor proclaimed early in September that he and his administration will not allow their state departments and agencies to spend more than they did last year. This was met with much media fanfare, and certainly sounds like holding the line, and would normally be cause for celebration for our overtaxed local residents. However; this is not the case if the State continues down the path of its longstanding practice of shifting the costs of ongoing programs to the counties and ultimately our taxpayers. Unfortunately, there has been no such change of this policy from Albany that has appreciatively impacted the plight of our county taxpayers. Basically, under past and apparently current policy, the State remains free to fatten the funding for these existing programs and any expansion of them they want while continuing to spend less themselves, thus cleansing their own budget at the expense of our local taxpayers.

This relentless display of the shifting of State responsibilities and increased expenses for existing mandated programs can be seen in Rensselaer County when it is noted that among numerous incidents:

- Pension costs increasing \$1.95 million or 13.4%, with the County left to cover the increase. Over the past ten years the state mandated pension costs for the County have risen from just over \$1 million to \$16.5 million annually, for an over sixteen hundred percent increase!
- Despite a partial cap in place, local Medicaid costs climbing \$650,000 from 2012, again with the County holding the bag.

- The County's District Attorney mandated by the State to receive a \$26,600 raise between this year and next, without any accompanying money from Albany in 2013, leaving the County to fund the increase.
- Youth program funding for community programs cut once again by the State from previous year while at the same time the state mandated reporting on youth programming has increased, thus increasing local costs and reliance on local property taxes, that must be balanced with the need for the continuation of local youth services.
- State Indigent Legal Services funding was reduced by 3/4's from \$360,000 in 2010, to \$90,000 in 2013. Guess who makes up the difference to comply with the terms of the enforced state mandate? Our local taxpayers of course!
- New Medicaid Compliance regulations resulting in a significant investment of time and resources for an already stretched to the limit County Attorney's Office, means an increase in time and subsequently salary with the end result being that the County is left to pick up the additional expenses with no help from Albany.

When we consider the mounting pressure of increasing state costs to counties to pay for their mandated programs and the expansion thereof, the concern raised by responsible local government officials throughout the State about the State imposed two percent cap on local taxes is certainly well founded, particularly when you consider the need for local services such as road patrol and maintenance, senior and veteran programs and the like. These are the programs that must be funded, after the bills for mandated state services are paid.

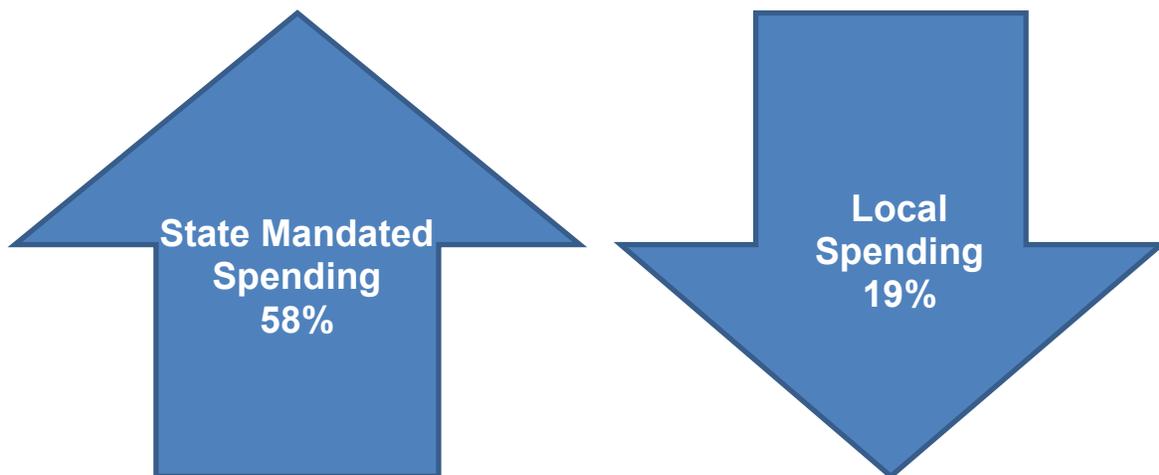
PROPERTY TAX CAP

Personally, I welcomed the two percent cap as evidence that the State was heading down the path where they would be serious about their commitment to bring true and meaningful tax relief to our residents. I felt that if accompanied by the promised meaningful mandate relief and a reduction in the costs of their programs, a significant degree of true tax relief could be achieved at all levels of government. To date, this is not the case. In fact, the increased costs imposed by state government on the County will exceed \$2.9 million while the property tax cap would only allow for an increase of \$1.2 million.

It is easy to see that like a vise, the property tax cap will very shortly have the effect of squeezing out the local programs while the state mandated programs continue to grow unchecked, void of meaningful mandate relief.

As a contrast to the State running and hiding and shifting their fiscal obligations to the County to clean their own house, loading the fiscal burden of mandated local funding on the backs of the local taxpayers in the process, your County has truly done everything within our limited power to hold the line with no buck passing to anyone.

To further reinforce this point, in fact, over the past six years, well before the advent of the two percent property tax cap, Rensselaer County has recorded a 19% DECREASE in spending on local, non-mandated programs while the state's mandated programs have resulted in a 58% INCREASE of state ordered local costs to our already overburdened taxpayers!



PROPOSED LOCAL COST SAVING MEASURES

A question certainly worth asking is how have we been able to fund our local programs in the face of the state's fiscal onslaught? Delivery of local services has been accomplished by a tremendous amount of teamwork and cooperation among our employees, our department heads, and members of our community who volunteer their services to help those less fortunate than themselves.

This has been supplemented by a cut of \$900,000 of local departmental funding this year alone, even though the departments submitted budgets, as ordered, that reflected no more than the previous year's spending, bringing the cutting of proposed spending to \$41.5 million over the past 11 years, since assuming office. Again, well before any mention, much less implementation of the 2% property tax cap.

Flowing from our departmental fiscal oversight, and as a result of the consequent operational savings realized from stringent reviewing of departmental spending, a reserve fund was established at the end of the 2010 fiscal year dedicated to the anticipation of funding of the ever increasing pension costs. This results in no

need to borrow to fund this mandated program for the bills being paid in 2012 and 2013 thus freeing us not only from the debt, but the costs of paying the interest as well. However, because we cannot count on being able to continue to reduce expenses for local services while still meeting the needs of those who rely on them, this budget again anticipates spreading out a portion of the drastic increase in the mandated pension payment budgeted in 2013 for payment in 2014.

It should be noted that Health Insurance changes negotiated with the county's largest bargaining unit last year and implemented in 2012 reduced costs for the County, and our employees, and continues in this budget proposal, adding greatly to our local fiscal picture. I am appreciative of our employees' efforts, but we cannot expect to constantly depend on concessions from them to make up for the State's tsunami of out of control, handed down mandated spending.

Turning to our nursing home, the Van Rensselaer Manor, in 2012 we proposed the outsourcing of the security department which would have resulted in savings of \$75,000 annually. In 2013's budget, we are proposing that we continue to look for other opportunities in the nursing home and throughout county government to privatize functions in order to still provide crucial services at a lower cost to the taxpayer. This action is typical of the balancing act that we must engage in, to keep our services to the public alive and well.

As we have seen demonstrated above, it is an axiom of government that multi-year planning assures fiscal stability for more than just today but at the same time readies ourselves for a sound tomorrow.

Transformation is the case as work continues on the restructuring and consolidation of the human service departments. The intent of this effort is to provide for better services for those families most at risk to help them return to self-sufficiency, saving the taxpayers the expense of services provided on disjointed basis.

An early success of this initiative is the reduction in the number of homeless families from 40 or more before this effort to 10 families due to a coordinated, collaborative effort on the part of our Human Services Cabinet to identify those obstacles that prevent the family from being able to stand on their own. Not only is this a better outcome for the families, it also reduces the cost of the services provided while they are temporarily homeless.

The next steps in the continued commitment to deliver services in the most cost effective manner possible is the consolidation of billing for the Health and Mental Health Departments with identification of other billing for consolidation continuing in 2013. As well, filing of claims for state and federal reimbursements and grants will be identified for consolidation in 2013 and the oversight of contracts with

outside agencies will be centralized and managed using contract management software to be purchased in 2012.

The physical co-location of the human service departments is also anticipated in the 2013 budget. Both Probation and Social Services have leases for their current offices that will expire in late 2012 or 2013. A Requests-for-Proposals (RFP) for sufficient space to consolidate these two departments as well as portions or all of the staffs from the other human service departments has been sent out and the responses to the RFP are now being evaluated. We anticipate the co-location to begin in the last quarter of 2013. With this consolidation, we expect to pay lower rent as well as provide more coordinated service, further reducing the burden on our taxpayers.

And as we continue to talk about services and more cost-effective delivery, within the Aging Department, while all senior centers are proposed to remain open, the two centers in the southern tier would work under consolidated management with the goal to reduce costs while still providing the services our seniors rely upon.

As we talk about making county operations more efficient and ultimately less costly, within the Bureau of Finance, a new position has been created to assist the County and its departments with financial record keeping and revenue collection. Specifically, the position will strengthen departmental internal controls, document procedures as well as assist in consolidating revenue collection within the Bureau of Finance in order to expedite the process of depositing funds for cash needs.

Despite all of the financial challenges that face your county government, we cannot ignore the infrastructure needs facing us without turning our backs on the safety of the public that we are charged to serve. Thus this budget proposal also includes funding for several critical infrastructure needs. Looking to the future as well as the present, the County Engineer has prepared a plan for the road and bridge needs for the next ten years to ensure safe travel by residents and visitors to our county, with the understanding that prompt repairs and construction today mean that we will spend much less tomorrow.

Recognizing that Public Safety is one of our prime concerns, as is the case with our highway system, constant updating not only provides better service in critical situations but also saves many taxpayer dollars in the long run. Funding is proposed for the upgrade and replacement of the radio system, telephone system and communication center as well as other critical components of our public safety backbone.

Acknowledging that we are dedicated to continuing our efforts to economize your local government, not compromising to a major extent our delivery of services, assuring that our residents are cared for, there are external forces that sadly we cannot control.

One such force is the shifting of the cost of operating the 80 year old state-created Hudson River Black River Regulating District, complete with a state appointed board of directors, impacting our County as well as others. While the State determines the operating budget and staffing, we recently received a bill for over \$1 million to be paid annually by Rensselaer County. Apparently the State felt they could no longer afford the costs but they think that our property taxpayers can! Although we are fighting this in court and hope to reverse this shift, it is certainly a concrete example of how the State attempts to avoid their own fiscal responsibilities.

Yet another example of having to live with matters that are beyond our control is the shrinking revenues generated on the County's behalf by Capital District Off Track Betting (OTB). As recently as 2001, this accounted for nearly \$1 million in revenue annually that we could use to fund local programs such as road patrol and repair, as well as senior and veterans programs. Due to subtle but none the less damaging changes to OTB operations, we can only expect \$150,000 in revenue next year, a continuation of the decline that has occurred over the last decade. I will be calling upon the County Legislature to have their appointee on the OTB Board look further into this matter.

PROPERTY TAXES

Due to the fact that our businesses continue to work very hard despite a difficult economy, we have seen an increase in our sales tax and due to the additional hotels that have been built in the County as we have become a location that more people desire to visit and conduct their business, we have also seen an increase in our hotel/motel tax collections. Although modest, an increase of 2.5% in sales tax collections is predicted for 2013 with an increase of hotel/motel taxes as well.

In a normal situation, these increases would signal the very real potential for a real property tax decrease. However, as has been discussed, the increase in state mandated spending has not slowed down and in fact has increased such that we, by law, are forced once more to bear the State's burden. Therefore the average tax rate increase proposed in this budget is 2%.

Under this proposal, the average annual county property tax bill would increase by \$23.93 to \$584.96 for each \$100,000 of property value. As a matter of clarification, the proposed county tax rate and its change from the current year's rate will vary from one municipality to another. This variance is due to each individual municipality's equalization rate as established by the New York State Division of Real Property Services as well as the property assessments as established by the municipal assessors.

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



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 would amount to 15¢ of every dollar.



CONCLUSION

Like providing potato peelings to a starving prisoner that the inmate should be grateful for, the State has at least acknowledged that mandate relief should be granted the counties of New York, and for that we are truly appreciative. The problem continues to be however, that despite apparently satiating the appetites of a few editorial writers around the State, the amount of relief far dwarfs the urgent need for meaningful mandate relief; relief that will relieve the pangs of fiscal hunger that plague our local Rensselaer County taxpaying residents. Simply put, to have the money to fund the local programs like road maintenance and patrol as well as senior and veteran services, the State must pay for their own mandated services, rather than shifting their programs and their accompanied costs to the counties. The net result of the State's unwillingness to address the very real fiscal problems we all face, as indicated earlier, **is a 58% increase in State mandated costs to Rensselaer County taxpayers over the past six years, while your County engages in fiscally sound principles making cuts in local spending amounting to a 19% decrease over the same time period part of which is attributable to a reduction of over 100 county employees in the last two years alone!**

A few facts about the two biggest mandated programs that impact our local taxpayers, Medicaid and pensions, set the record straight, and specifically show just, as well intended as they may be, how little the State has actually done for local taxpayers

- True, New York has promised that, in total, the counties of our State will receive an average of \$240 million dollars of Medicaid mandate relief in each of the next five years. The very real problem is however, that during that same time period, the local share of Medicaid in NYS will be \$7.6 billion yearly. Therefore, the **much publicized Medicaid mandate relief to the counties of New York amounts to only about 3% of the total local costs, despite the fact that it is by far the largest imposed mandate on New York's counties!** And as we talk about "sharing" the costs with their counties, it should be noted that in California, one of the nine other states in the country that mandate that their counties pay a share of the costs, and the next closest to New York, is forecast to require an average of \$1 billion dollars in each of the next five years from their counties, which is only about 15% of what New York mandates their counties to pay!
- In the matter of pension mandate relief, the State will tell you that they provided meaningful mandate relief by changing the pension system by providing for a Tier VI retirement level. Relief? Somewhat. Meaningful? You be the judge. **The fact is that the amount statewide the local taxpayers and their respective counties save is less than 2% of the**

\$5.13 billion that the counties and their taxpayer would have been forced to pay over the next five years!

Locally, sadly to report, these fiscal facts result in Rensselaer County residents paying \$650,000 more this next fiscal year for Medicaid than we will this year, and \$1.9 million more for mandated pension payments over the same time period, a situation that cries out for real mandate relief, not just a small taste.

The undeniable fact is that the reform done by the State this year is not enough for us to say that we can maintain our own local services without yet again raising taxes on our property owners, those who, along with other property owners in New York State are already paying the highest local taxes in the nation!

It is hoped that in the not too distant future as the public fully understands the origin of their own dilemma, political popularity will be defined as having the courage to do the right thing for the residents of the New York State, regardless of whose budget or whose tax bill that impacts. To cut taxes at the State level by shifting and expanding cost to local taxpayers, in my opinion, does nothing to improve the taxpayers' bottom line. It just requires that they write the check to the County instead of the State.

New York State has a decision to make, that being, which path to take? Will it be the often promised path that reins in spending and truly makes New York attractive to businesses and families? Or do they continue to travel down their well worn path of shifting their obligations onto counties and our property taxpayers?

We anxiously await their decision by deed rather than word.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. Jimino". The signature is written in a cursive, flowing style.

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 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.