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County Executive



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**COUNTY OF RENSSELAER**

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

The 2014 proposed budget very much reflects the continuing cry for services from those who have yet to see the recovery in their personal economy. They are not alone as, despite the reports of some that the economy is on the upswing, the real and actual circumstances dictate that we have a long way to go before we can confidently declare that we are out of the woods. And these very circumstances drive more and more of our residents to their government and the services offered for relief. This in turn puts more and more financial pressure on your county government due to the federal and state mandates that require we fund a portion of the costs of these programs either directly or indirectly through administrative services.

To emphasize that we indeed have a ways to go before we are truly out of our economic dilemma, it should be noted that the unemployment rate for Rensselaer County residents now stands at 6.9% which is still substantially higher than our 4.5% rate in mid 2008 which preceded the "Great Recession". And because of the number of people who are still unemployed or underemployed, demands for county services are still at an all-time high, particularly as we review the current needs as compared to those of five years ago.

As examples, as we survey the social programs afforded to Rensselaer County residents, and as a result of these needs, we see a 41% increase in the number of people on Medicaid since July 2008 which represents nearly 20% of our population. Additionally, there is an even larger increase in food stamps recipients of 43% over the same time period. As well, our Safety Net program that serves low or no income adults who have exhausted other support services, has seen a 67% increase in people served, while to emphasize further the gravity of the situation, 44% more people are being served in our Temporary Assistance to Needy Families program.

The financial impact of these programs on our county taxpayers is also at an all time high due to the ever growing costs of these state mandates, a growth somewhat stunted by recent actions of the State Legislature and the Governor to begin to relieve the pressure. It is gratifying that our representatives have begun to acknowledge the devastating impact of their mandates on property taxpayers throughout the State and are beginning to deliver some of the necessary mandate relief that was promised to make the property tax cap effective. Make no mistake, more mandate relief is necessary for our property taxpayers, but we should acknowledge what actions have been taken by the state to provide some degree of relief.

For instance, the creation of new pension tiers with less generous benefits has allowed us to see lower mandated payments to the state for new employees, with 20% of our employees now enrolled in the lower cost Tiers V and VI. And the Medicaid cap enacted two years ago results in our mandated Medicaid costs “only” increasing by \$345,000 as compared to prior years where increases were in the millions. However, at a total cost of \$34.8 million in local taxpayer dollars that must be included in this budget, this is an example of a program that is ripe for future mandate relief, particularly as 30 states require no local share at all to be funded by local property taxes.

At the same time we welcome the small amount of mandate relief as an acknowledgement that there definitely is a problem, we can readily identify other pressure points on this budget proposal that are made more difficult and more costly to our taxpayers because of state action such as:

- Operating costs of the Hudson River Black River Regulating District imposed by the state amounting to \$542,447.
- Funding that was previously provided to offset the cost of Indigent Defense now being tied to increased spending, thus shifting the burden of existing costs onto the local taxpayers.
- Funding for youth programming continuing on the decline, again shifting more of this financial burden to local taxpayers.

When we combine the impact of these newly shifted state mandates with the impact of the record high local costs associated with the previously mentioned demands on our social service programs as well as the costs of the numerous other state mandated programs, it is no wonder that state mandated spending of our property tax dollars continues to increase in the proposed budget.

And if this mandated need for increased spending isn't enough to concern us, a recent example of revenue decline certainly should. The federal government's action of imposing new requirements on our already heavily

regulated jail, while certainly well intentioned, will diminish our ability to house other counties' inmates. This boarding in of inmates brought in revenue from other counties thus reducing the amount of local property taxes that were required to operate the state mandated expansion of our jail. In addition, these new federal regulations will preclude our ability to reduce costs when jail cells are not in use, thus requiring a now steady flow of local tax dollars to staff and operate the jail.

## **LOCAL INITIATIVES**

At the county level of government we are charged with the responsibility of doing everything that we possibly can to curtail spending, particularly as state mandated services must be paid for in the first instance by our already overburdened taxpayers with the remaining dollars to fund our seniors and veterans services as well as road maintenance and patrol among other valuable local services. To that end, consolidation, coordination and cooperation aimed at fiscally responsible government remains the mainstay of our county operations as this proposed budget reflects.

### ***Human Services Cabinet***

In 2014 we will implement the first phase of the co-location of our Human Services Cabinet departments with the goal being to assist people in need in achieving self-sufficiency in a cost effective, timely manner through the cooperation of the departments that provide the necessary support toward that end. Social Services, Probation and Youth will be the initial departments to provide service out of the Flanigan Square building, with the intention of providing a triage approach to families in need such that there will be less duplication of services and more coordination of both goals and services. Other departments will soon be added to the configuration such as Employment and Training, Mental Health, Health, as well as Veterans and Aging to maximize this cooperation and minimize the obstacles to the desired self-sufficiency. And while the success of individual families is one objective, the other is the further reduction in cost to the property taxpayers that will be achieved when fewer families are reliant on government programs and instead contributing to the economic vitality of their community.

### ***Public Safety Enhancements***

There can be no better example of consolidation and cooperation in county government than those services offered by our Bureau of Public Safety to all first responders throughout Rensselaer County. The County Communication Center plays a critical role in safeguarding the public, and the consolidation of dispatch services in this fashion has proven time and again to be cost-effective. However, since the E911 system of requesting assistance was implemented in

the mid 1990's the technology supporting these services is reaching the end of its useful life and must be replaced for the welfare of all of us. In addition, newer technology and advancements that are available today that were not in use yesterday certainly must be in play for a safer tomorrow. These factors combined with the requirement that we move our 800MHz radio system from an analog platform to digital demand that we upgrade or replace much of the backbone of our operations.

This budget proposal includes local as well as state and federal funding for several components of our Public Safety system enhancements which when implemented will benefit each and every first responder in Rensselaer County as well as all those who call for service. Specific projects included are the completion of the upgrade of our Computer-aided Dispatch (CAD) system and the conversion of the radio system from analog to digital. We will also rehabilitate the former detention center for a new dispatch center to provide sufficient room for the Communications Center and the accompanying new technology, as well as new phone and recording systems.

### ***Shared Services***

Certainly, at some degree all levels of government share the same taxpayer in funding their respective governments. Therefore it is incumbent to find ways to share services to lessen the onerous tax burden, as we have in many instances through the years. One recent example is the enactment of legislation to allow our municipalities to purchase their employee health insurance from one of the County's health insurance plans. While all municipalities would be offered this option, it would be of most benefit to those who have 50 or less employees and generally pay higher premiums for their health insurance. There will be no impact to county taxpayers of this proposal. However; these same taxpayers will see lower costs for employee health insurance in their municipality's budget.

## **REVENUE**

### ***Sales Tax***

Consumer confidence as reported by a Siena poll six weeks ago is at a 20 month low. That lack of confidence is reflected in 2013 sales tax collections that are below anticipated, and to date are not keeping pace with inflation nor the increasing costs of mandate driven expenses. Therefore, we cannot budget to spend what we realistically cannot collect and so the projected increase in sales tax collections for 2014 is only  $\frac{3}{4}\%$  over the 2013 budget. This reflects the fact that the economy remains soft and consumers' spending is increasing but at a very slow pace. Regrettably, this puts more tax burden on our property owners.

### ***Jail Boarding In Revenue***

Boarding in revenue in the jail for 2014 is predicted to be \$2.7 million less than the 2013 budget and \$3.6 million less than actual receipts for 2012. This decline is due in part to less inmates available from other counties' jails to be boarded in as well as a competitive environment among counties with available cells for those inmates. Additionally, to add to our problems, the previously mentioned federal regulatory reform will reduce the amount of cells that are available for boarding in inmates. With fewer inmates from other counties occupying cells in our jail, there will be dramatically less revenue coming in from other counties to offset the tax burden of our property owners.

### ***Intergovernmental Transfer for the Van Rensselaer Manor***

On the plus side of the revenue picture, the Intergovernmental Transfer (IGT) payment to the county nursing home is projected to be higher in both 2014 and 2015 than what was received in the last year. Consequently, the amount of taxpayer dollars required to fund the Manor will be lower in 2014 by about \$900,000.

### ***Property Taxes***

As a result of increasing mandated spending and in all too many instances diminishing revenues due to a weak economy and increased regulations, the 2014 proposed budget will require an increase in the amount of property taxes we collect. This by itself would result in an increase in the average property tax rate. However, compounding this factor, over the last year, the amount of taxable property in the County declined, in part due to the reassessment of all of the City of Troy's property resulting in a loss of overall property value. So even if we applied the same tax rate in 2014 as was used in 2013 we would collect approximately \$1 million less in property taxes.

Taking all of this into account, the proposed budget anticipates an increase in the property tax levy, or the total amount of taxes to be collected, of \$550,000 or .92%, which is well below the 2% tax cap. The average property tax rate would increase by 1.9%.

Under this proposal, the average annual county property tax bill would increase by \$22.72 to \$603.60 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 14¢ of every dollar.



## CONCLUSION

It is increasingly more and more obvious that mandates are not going to go away anytime soon. For Rensselaer County government nothing has changed. We must continue our own strict fiscal way of doing business despite other examples at other levels of government to the contrary.

We are working extremely hard to cut the costs of doing the public's business at the county level, and must continue to do so, as to do anything else would be contrary to my own fiscal beliefs. Increased spending proposals by departments must be analyzed to the fullest degree and in many instances cut, not just at the time we develop the budget but, as has been our practice since I assumed office, throughout the year as well. It is only necessary to look at our track record over the past 12 years of cutting more than \$42 million of departmental spending requests to know that we are doing everything that we can possibly do to protect our taxpayers. At the same time we have fought hard and are winning the battle to continue to deliver the standard of services that defines Rensselaer County as a municipality who cares deeply about all our residents; this despite the increasing need of Albany to satiate their fiscal appetite at our taxpayers' table, while leaving our residents on a forced diet. **At the same time, the state is gobbling up even more of our local taxes than last year, an increase to 90¢ of every local tax dollar collected.**

The difference between New York State and Rensselaer County concerning spending practices is best illustrated when we note that over the last five years spending on local services such as senior and veterans' services as well as road maintenance and patrol and a host of other worthwhile local initiatives has not increased. Conversely during that same time period, the state mandated spending has increased 17%. In summary it's worthwhile to note that our conservative fiscal spending practices have long been an integral part of our governmental operations, well before any state-mandated cap on property taxes, a cap which somehow excluded the state itself.

It should be further mentioned in review that over the past several years, working with the County Legislature, we have recognized the need to have sufficient money in reserve for cash flow purposes as well as to be used as a hedge against revenue shortfalls or expenditure overruns and have acknowledged that by rebuilding our fund balance or rainy day fund. Yet, in a recent review by the New York State Comptroller under his Fiscal Stress Monitoring System we were rated "Susceptible to Fiscal Stress" because of our need to build even greater reserves. Consequently, this proposal does not anticipate using any of the fund balance in the 2014 budget.

To continue to act in a fiscally conservative manner by cutting spending where possible, to help raise people up to their potential and to limit the amount of hard earned dollars we take in taxes from our residents and businesses are

the goals of this budget proposal and would be a suitable legacy in assuring the fiscal wellbeing of Rensselaer County residents. These times demand such action, action that is consistent with my philosophy of government.

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 James Breig, 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.