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COUNTY OF RENSSELAER

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

The 2015 proposed budget very much reflects the continuing pressure on counties throughout New York State to continue our local services at an affordable cost while bearing the burden of existing state mandated programs, as well as the shifting of responsibilities of additional programs, at least partially, to the counties. This is to be accomplished despite the fact that the economy is still not on a sufficient upturn to offset or reduce the costs of these programs, thus placing an additional burden on our already over-taxed local taxpayers.

At this time we find ourselves in a situation where the economy has many more people in need of the services we provide, and our costs for those services continue to increase. At the same time, families have less income to spend on homes, clothing and other essentials, spending which in turn generates the property and sales tax dollars necessary to pay for the increased services. Consequently, pressure remains on our county budget and the local services we strive to continue to provide to ensure a good quality of life in Rensselaer County.

Despite many saying that "Happy days are here again!", the numbers indicate a far different story for many of our Rensselaer County residents. There are still 40% more people on Temporary Assistance for Needy Families (TANF) than there were in June of 2008. After receiving TANF benefits for five years, people move to the Safety Net program as required by state law and we see 87% more there than in 2008 as well, demonstrating that there are people who have been unemployed for a very long time. Compounding the caseload increase and its effect on our budget is the fact that the State shifted the burden of the Safety Net program to counties three years ago. Where once half the cost of this program was paid for by the State, now only 29% is, thus leaving county taxpayers bearing 71% of the cost, another sad example of the shifting of expenses from the state to county taxpayers.

The inconsistency between the increased number of people seeking support services and the declining unemployment rate as reported in the media gives evidence of the fact that some people have given up looking for work while others are working but making less money than is required to support a family, relying on Social Services to achieve their previous income level. Yet another result of overall lowered incomes for

those who are working is that our county real estate market reports that home sales are down five percent this year as compared to last, resulting in lower mortgage tax collections, yet another indicator of pressure on our county budget.

As if the external, economy-driven pressures are not enough to negatively affect our hardworking county taxpayers, internally there are costs and factors that cannot be ignored and are reflected in this budget proposal.

As an example, an additional city court judge mandated by the State will require additional resources for the District Attorney's office, the Public Defender's office, and the Conflict Defender's office. This proposed budget reflects the addition of three positions, one for each office, to handle the additional court responsibilities. As we discuss the court system we must remain ever watchful since the State is seriously considering increasing the age of criminal responsibility from 16 years of age to 18. This means that those who are 16 and 17 years of age who commit criminal acts will no longer be dealt with in criminal court but instead be seen in Family Court and will require additional community based support and services, all of which will cost county taxpayers more money unless the State determines to pay for their own mandated services, a practice that unfortunately has not been routine by any means.

Another program that we are keeping a watchful eye on relating to the court system is the indigent defense program. As was mentioned when the 2014 budget was presented, funding previously provided by the State to partially pay for the basic indigent defense was eliminated, thus the cost of all of this mandated program was shifted to local taxpayers. The State then provided grants to counties to expand their indigent defense services including counsel to be present at first appearance, as well as reducing caseloads for the attorneys. Now there is talk of the State mandating that all counties further increase the service level but do so by investing more local dollars rather than state dollars. The provision of these services is a federal mandate to the State, which unfortunately common practice shows has been handed down to the counties across New York. And by common practice I mean that as with other programs, the State has predictably passed this responsibility onto the counties and our already overburdened taxpayers, as they once again shift their costs to us, costs that may be growing all the more in the future because of the state's desire to increase the level of service provided at no cost to themselves.

As was alluded to in last year's budget proposal, the 2015 proposed budget is impacted by the fact that Dutchess County is setting up temporary pods to house the overflow inmates from its jail, some of whom are currently being housed at our jail. When these pods are opened which is expected in the late first quarter or early second quarter of 2015, we will no longer be getting boarding-in revenue from Dutchess County. To potentially offset the loss of this revenue the Sheriff is actively pursuing other opportunities for boarding inmates including additional federal prisoners or inmates from Vermont. Adding to local fiscal impact the federal government will likely eliminate commissions that phone vendors pay local governments for the right for inmates to make calls. This will impact Rensselaer County by about \$200,000 dollars

annually that will no longer be available to fund jail programs and other needs, many of which are being mandated by the federal and state governments. Apparently our local taxpayers will be paying for these mandates, along with the host of others they already are.

Government's number one priority is the safety of its residents. Realizing this, our enhanced 911 system was put into place nearly two decades ago as a way to quickly respond to calls for assistance from our citizenry. New federal mandates and changing technology require that we upgrade our public safety radio system, phone system and dispatch center to continue to provide for the public's safety. Planning for these upgrades is well underway and we expect to begin to replace our older radios, towers and microwave equipment in 2015. As well, we hope to begin converting the former youth detention center, closed three years ago, into a new dispatch center capable of housing the new technology and personnel required to quickly dispatch emergency responders to every call.

In order to fund the extensive technology upgrades and operational costs of such a service, the state and counties currently impose a surcharge on both land lines and cellular phones. As people have expanded their use of cellular phones, we have seen a decline in the number of land lines and the dollars generated by that surcharge. While we would expect to see the amount of the cellular phone surcharge increase as the number of cellular devices increases, that has not been the case. In fact our cellular phone surcharge receipts are also declining. The reason for that decline is that certain cellular phones, such as prepaid phones, are not subject to the surcharge per state law. This year we are hopeful that the State Legislature will amend the law to allow both the state and county surcharges to be applied to these other devices. In the meantime, we are left to fund the necessary service and equipment upgrades out of this diminishing revenue stream supplemented by property tax dollars.

LOCAL INITIATIVES

As we do have more control over local non-mandated programs, it is imperative that we fight to fund these programs so very necessary for our residents who particularly in these times depend upon them as they have become critical necessities in their daily lives. This task seems to be more and more difficult to achieve every year as the state and federal mandates grow and grow, demanding more and more of our local taxpayer dollars. We have been charged with the responsibility to ourselves to assure that our local quality of life is maintained. Though some would see this as *their* new idea, coordination, consolidation and cooperation have long been and will continue to be the standards of how we operate your local county government, which we feel this proposed budget reflects.

Human Service Cabinet

As we discuss the importance of coordination, consolidation and cooperation in Rensselaer County government, I am pleased to report at this time that the co-location of our Human Service Cabinet departments was completed in January of this year. Immediately after the offices were established in the Flanagan Square, our departments began to collaborate at an even greater level than previously experienced. As a result, we expect that there will be a marked minimization of obstacles to the desired self-sufficiency of our clients due to increased focus from all departments on the challenges individuals and families face, as well as a decrease in duplicative services from departments acting independently of each other. To this end, and a prime example of what we are doing to streamline our approach, saving time and money in the process, our County Department of Mental Health notes that in the past three months Mental Health has received 24 referrals from our Department of Social Services and our Probation Department. We estimate that by providing the necessary mental health services for referrals from these departments over the course of one year, we will show successes toward a life of independence. Additionally, we project that in 2015, we will be incorporating the Rensselaer County One-Stop, as well as our Health and Aging Departments into the triage approach to provide their services as well, with more overall savings of local dollars and resources anticipated. The end result will be a projection of declines in the costs of our TANF and Safety Net caseloads by over \$295,000 with \$209,000 being local tax savings.

Energy Savings

Realizing the value of being both able and willing to practice what you preach by spending less in county government, and controlling what we can control, we have made significant inroads in our energy saving program which shows a dramatic decrease in county office building energy consumption. Total savings in the first three years amounted to over \$577,000 which is \$150,000 more than was forecast when the project was initiated! Being mindful of our role in promoting a healthy environment we also reduced our carbon dioxide impact in an amount equivalent to taking nearly 300 cars off the road for a year. Based on our successes to date, we have entered into additional contracts for more work in the county office building, the Van Rensselaer Manor, our highway garages, our senior centers, and the jail.

Nursing Home Savings

Rensselaer County has long owned and operated a nursing home to provide care to our most frail elderly. However, the cost of operating a nursing home has increased greatly over the last two decades and many counties that previously owned and operated homes have gotten out of the business. In the case of the Van Rensselaer Manor (VRM), we too have experienced escalating costs and declining revenue, primarily as the state set Medicaid rate does not cover the cost of providing care to the 85% of our residents for whom Medicaid pays the bill. Thus we have had to use taxpayer dollars to offset the losses at VRM. This budget proposal continues our

efforts to reduce the cost of operating VRM to a manageable level in order to lessen the burden on our local taxpayers. One way we have reduced costs is by recognizing that there could be savings generated by reducing the interest rate on the VRM construction bonds. With this knowledge, we moved forward with the refinancing in June 2014 to save \$4.7 million over the life of the financing which amounts to \$500,000 savings per year.

In addition, we moved to outsource the physical therapy and occupational therapy services at VRM effective on August 1, with estimated savings of \$1 million per year. These efforts combined with the lessening of retirement costs for new employees in Tiers 5 and 6 of the state's mandatory retirement system are already showing cost savings at VRM that are expected to grow in this proposed budget.

Employee Contract Savings

In addition to other cost savings mechanisms as reflected in the 2015 budget, the recently negotiated labor union contract for the majority of our employees, United Public Service Employees Union (UPSEU), would lessen the starting rate of new employees for their first three years. As well, it would increase the employee's share of the cost for health insurance from 20% to 25% for the first three years of their employment. Additional cost savings measures include revisions to the sick bank policy to limit county costs and a retirement incentive to reduce payroll costs through attrition or lower salaries. These savings are estimated to save \$4.5 million over the life of the contract which will offset a significant portion of the cost of employee raises included in the contract. This proposed contract is to be voted on by the union membership in late October.

Emergency Dispatch Contract with the City of Troy

One of the services that has been provided in a shared fashion for several years is the dispatching of emergency responders for both Rensselaer County and the City of Troy. We are hopeful of negotiating a new contract for this service allowing for this cooperation to continue in 2015 and well beyond, with the rate paid by the City to the County increasing from the current rate over the next six years to ten years. This will benefit both the County and the City by allowing each to provide services more cost effectively than could be done alone.

PROPERTY TAXES

As a result of increasing mandated spending and our desire to preserve local services that more and more residents continue to depend upon, the 2015 proposed budget will require an increase in the amount of property taxes we collect. And as was the case last year, the amount of the assessed value of taxable property in the County again declined, in part due to reassessment challenges, especially in the City of Troy

and the Town of Schodack. Therefore even if we applied the same tax rate in 2015 as was used in 2014 we would collect 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 \$1,000,000 or 1.66%, which is below the 2% tax cap. The average property tax rate would increase by 27¢.

Under this proposal, the average annual county property tax bill would increase by \$5.08 to \$608.06 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

The 2014 proposed budget message included the fact that the State Comptroller's Fiscal Stress Monitoring System labeled Rensselaer County as being susceptible to fiscal stress due to our need to build greater reserves. Fortunately, we are not so classified this year because in the past year we added to our reserves. However, it is mandatory that we do not use fund balance to offset expenses in our budget and risk falling backward into a state of potential or even immediate stress. Such a state leaves us less prepared to deal with unexpected expenses, such as those brought on by natural disasters or unanticipated state cost shifts, both of which have been known to happen routinely.

Fortunately by fiscal design we are prepared to meet any reasonable challenges that may come our way. However, our balancing act between funding our mandates and providing for our local services, with the quality of these vital services left in tact demands strict accountability.

As you will note this budget proposal attempts to meet any revenue shortfalls by doing the utmost in continuing to streamline our government in the form of conservative spending practices. This will take the discipline that I am certain that our Legislature and our department heads and our employees can practice in the ensuing year as they have in previous years. As well we will continue to work with other municipalities to share services as we have for many years, and document those practices in order to comply with the state's requirement as a part of its tax rebate plan.

We have shown this dedication to the County and our residents by cutting departmental budgetary spending requests by \$43.4 million over the time that this administration has lead the County.

Sadly, at the same time that we are setting the tone for conservative spending in our local government the State continues to engage in their practice of shifting and expanding services placing their mounting costs firmly on the backs of our county taxpayers. One would have hoped that the State would learn from the fiscal lessons exercised by many counties throughout the State. Unfortunately, they have not and are continuing to basically use counties as a cash cow for many of their desires without having to come up with state revenues to pay for them.

Anyone can eat steak for dinner every night and stay within their personal budget if their neighbor is paying for their meal. At the county level we are tired of being the benevolent neighbor, mandated to pay the State for their steak when our residents can barely afford hamburger because their taxes are too high. But that is precisely how the State likes it; as they pontificate about how they are holding the line on their spending and in reality are doing so by requiring counties and our taxpayers to pay more of the state's bills. This is precisely the situation that we find ourselves in as 90¢ of every local dollar we collect goes to pay for state mandated programs and services.

In truth we in county government want to be recognized as partners with the State in providing the services our residents need and expect, and want a firm say in how much these services cost our residents. We acknowledge the need for the services we deliver on behalf of the State but recognize that they are far most costly than our taxpayers can afford.

We firmly believe these services could be provided in a much more cost effective manner, by the State exercising firm fiscal spending practices.

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 James Breig, Marc D'Amore and Theresa Bohley; Chief Fiscal Officer Michael Slawson, and Director of the Bureau 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.