

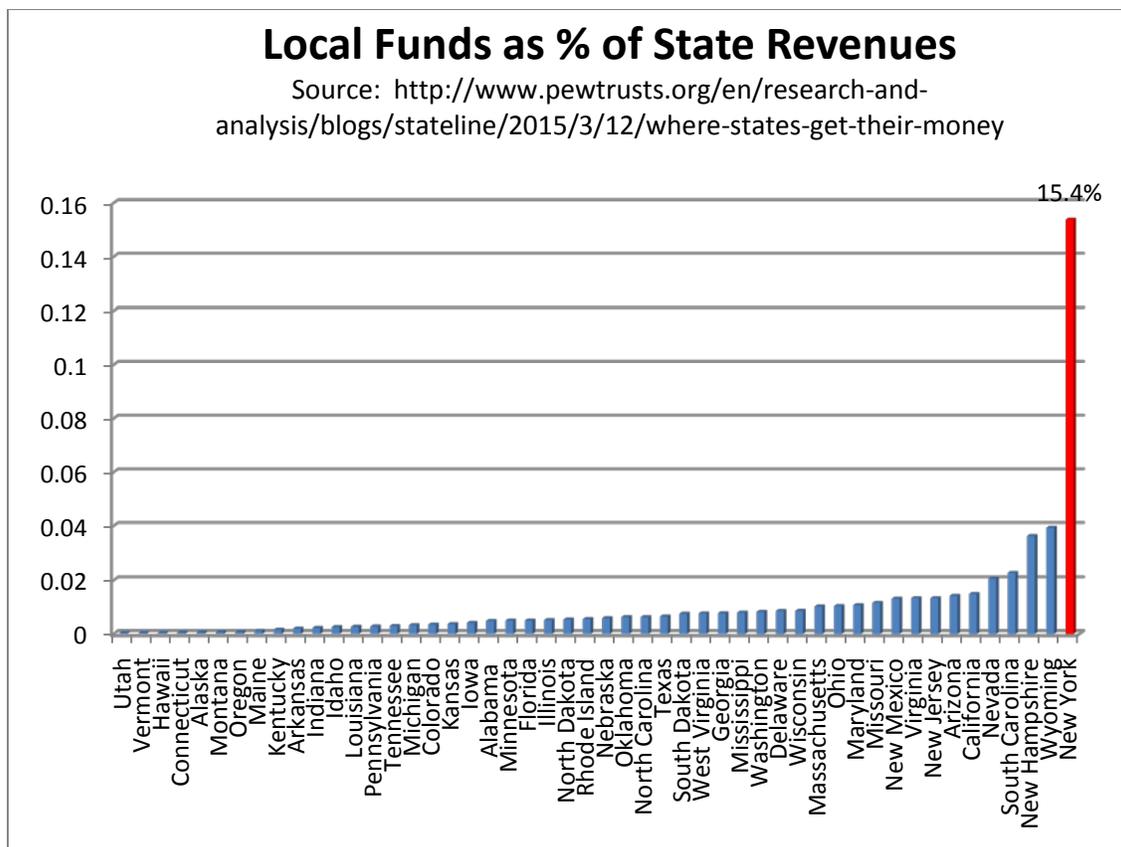


**COUNTY OF RENSSELAER**

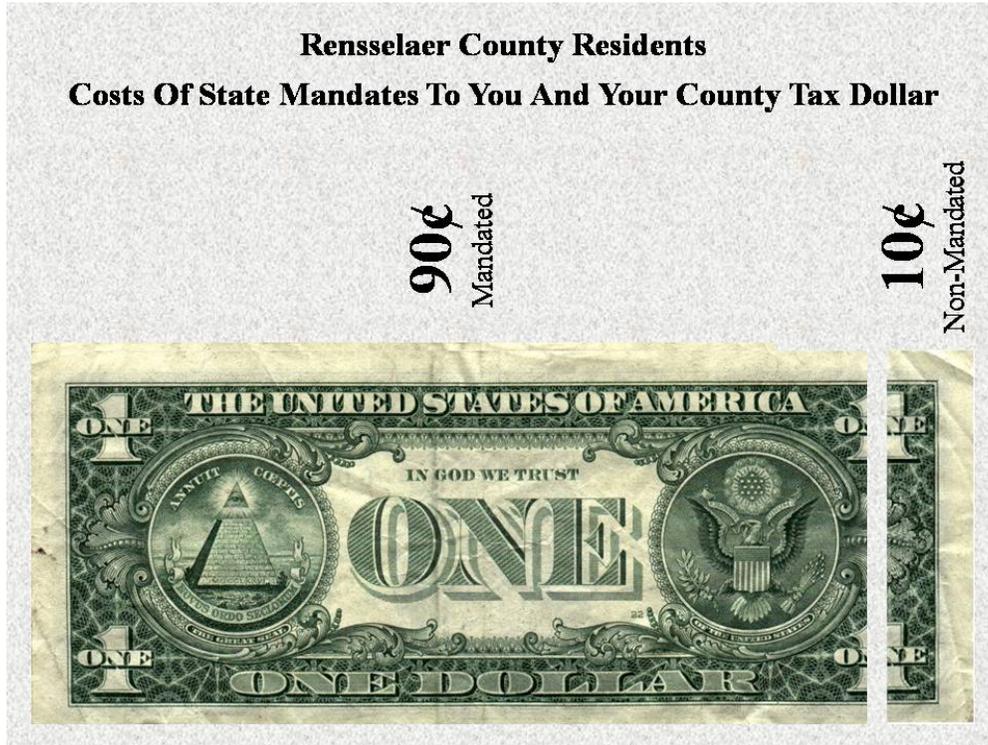
To Honorable Stan Brownell, Honorable Members of the Rensselaer County Legislature and Citizens of Rensselaer County:

Unlike previous budget presentations, this message will contain more charts of activity. The reason is obvious. Apparently the previous years' efforts of reporting that real and positive mandate relief is needed, have only been marginally successful. My thinking this year is that perhaps by showing just what is occurring graphically we will show New York State leaders, especially our locally elected officials, where the true inequities occur in a more basic, understandable manner.

To begin, it is obvious to us in local county government with the responsibility of collecting local tax dollars and allocating those dollars, and shared by numerous independent authorities, including the Pew Charitable Trusts, that New York, by far, leads the nation in supporting their own spending desires with locally collected tax dollars, mostly from county taxes.



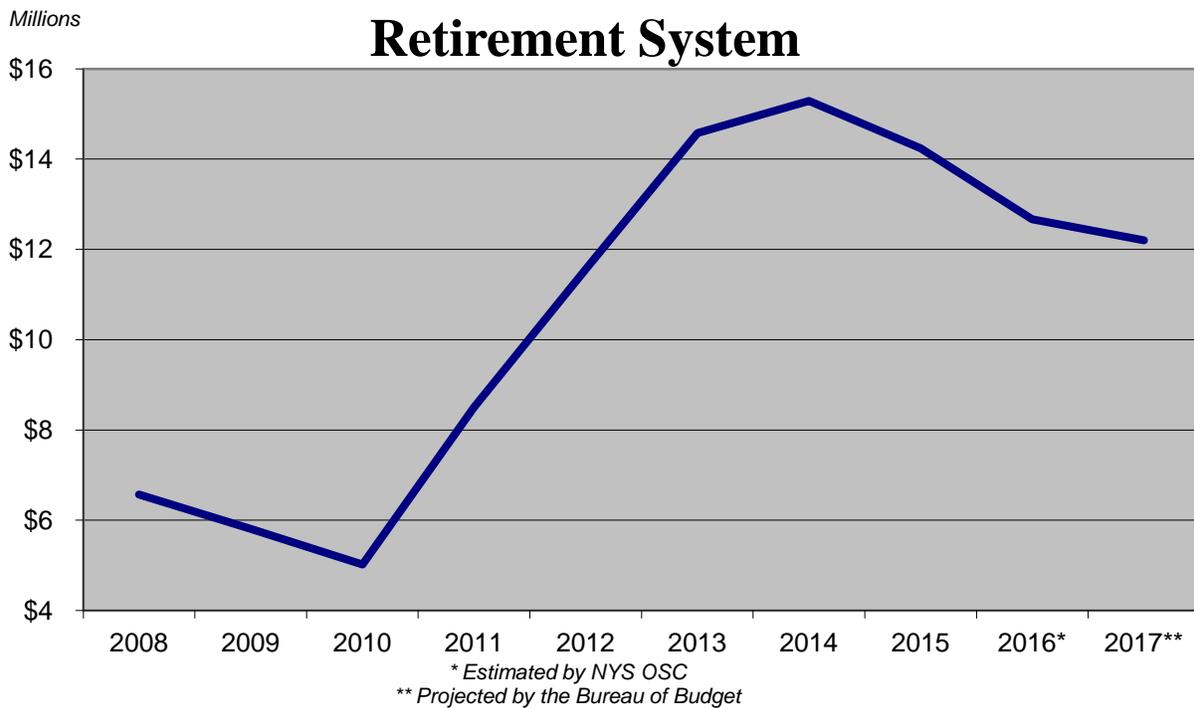
Naturally Rensselaer County is not immune from this state funding program fueled by local tax dollars.



That is not to say that the State hasn't tried to lessen our burden somewhat by reducing the costs it imposes on us and our taxpayers, but reminiscent of the little boy who put his thumb in the dike to halt the leak, inevitably the dam burst and his heroic efforts did nothing more than stem the flow for a brief period of time.

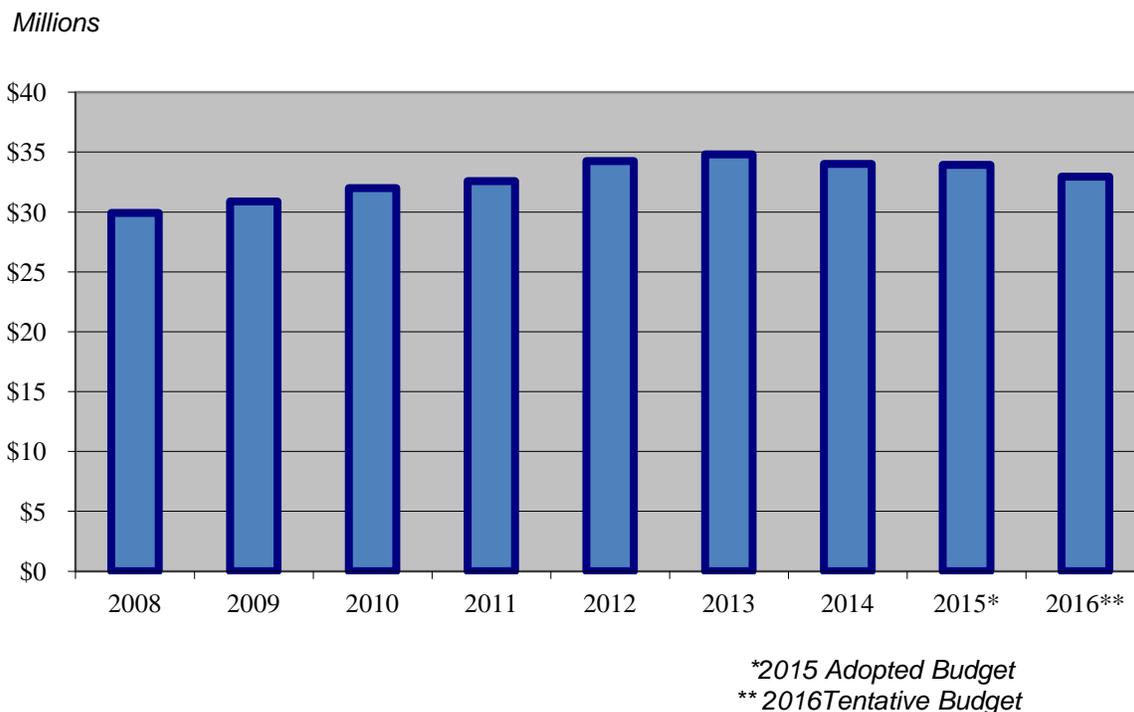
So the good news about mandate relief is that the State has heard our cry and that of our property taxpayers and relieved at least some of the pressure. As an example, after many years of increasing expenses, retirement costs have declined slightly due to the institution by state government of new retirement tiers that provide less generous benefits that require less county government contributions. This remains a significant cost to county taxpayers however, particularly when it is noted that the total cost for 2016, \$12.5 million, is double what it was eight years ago. In other words more water was building up more pressure making the hole in the dam larger and less containable.

## **Rensselaer County Mandated Contributions to the NYS Retirement System**



As well, the share of Medicaid assessed to the County has finally been capped by the State at \$34.8 million annually after years of annual increases. While not making the ability to contain the water behind the dike any worse it also does not make it any easier.

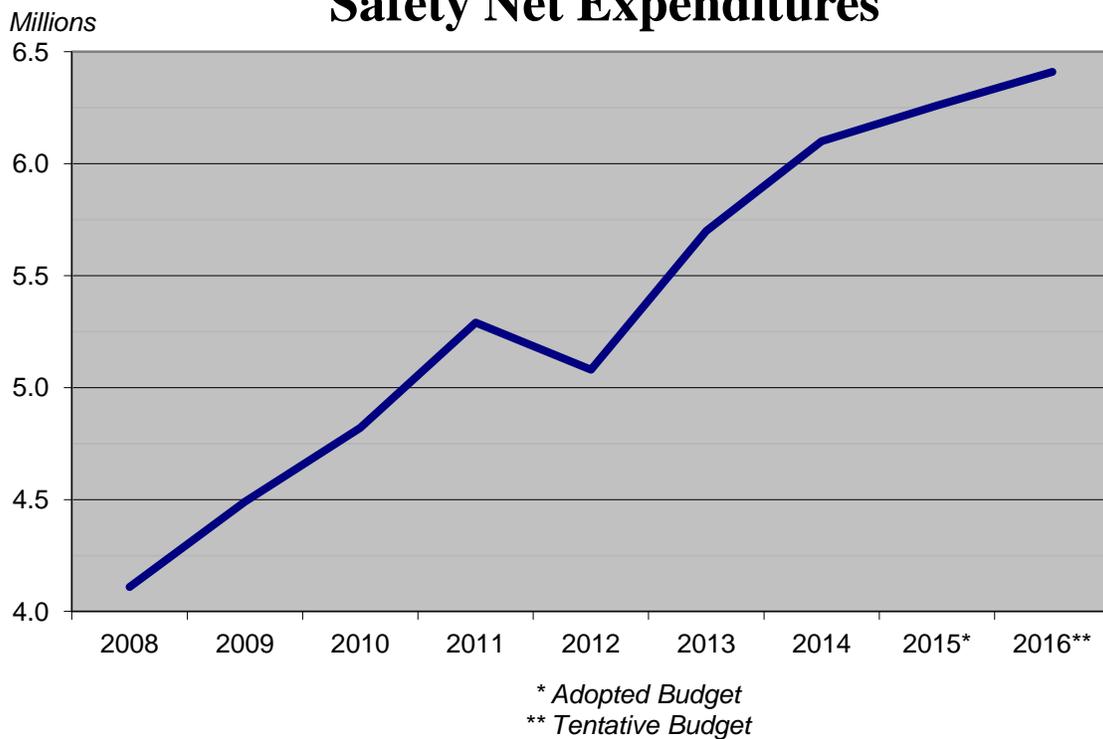
### Rensselaer County Net County Medicaid Expenditures



While we appreciate the mandate relief that has occurred, we cannot help but think that it is hauntingly similar to the previously mentioned little boy who was putting his finger in the dike, trying to save the village a drop of water at a time, an unreasonable method of containment, as was the action by the State as they take out a bucket full of water in one hand, while adding gallons of water with the other by increasing state mandated spending in other areas.

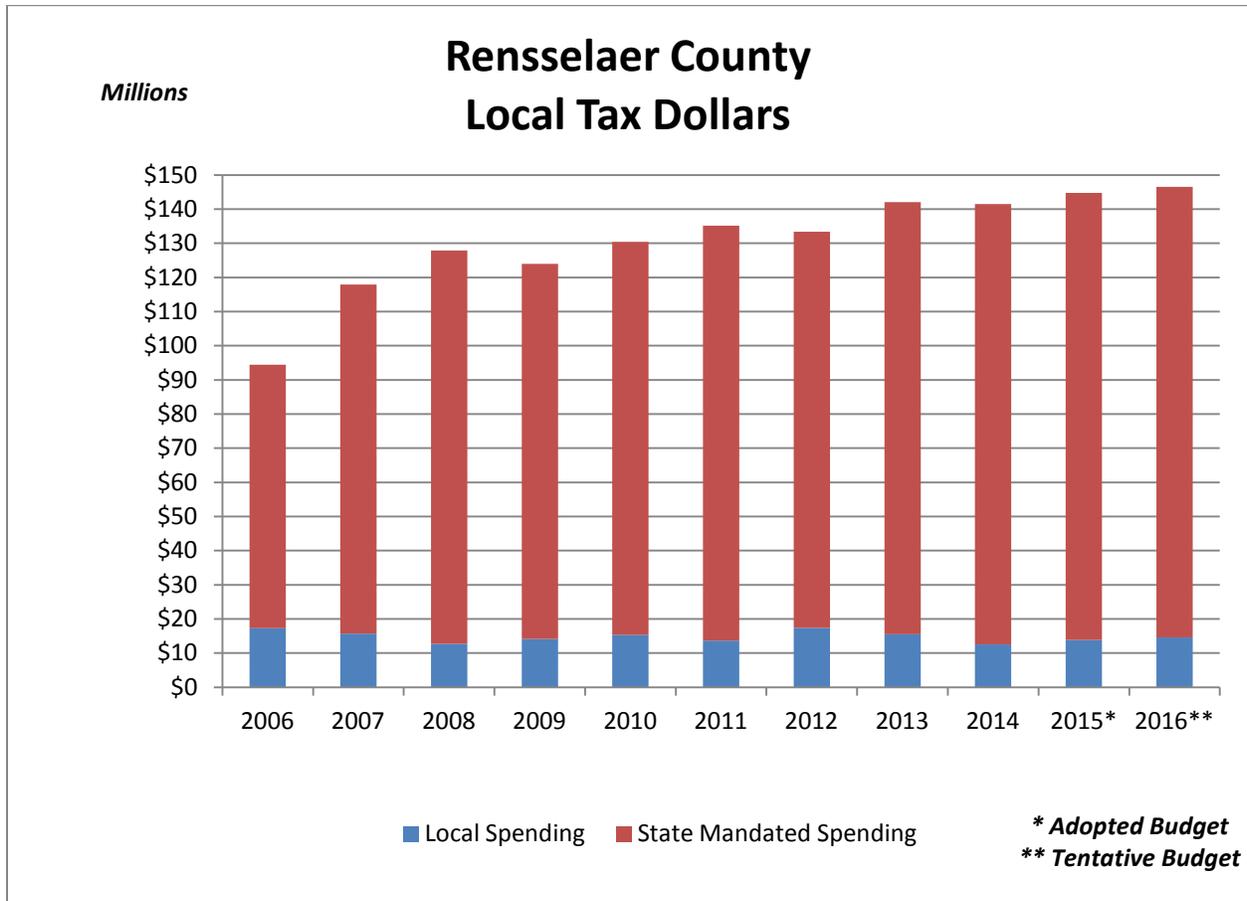
As an example of the increased spending, one only need look at the Safety Net program that provides for long term needy individuals and families and which previously was paid for by the State and counties with each contributing 50% of the costs. A recent change in state law now requires the counties to pay 71% of the Safety Net bill while the State dropped its own share to just 29%, another prime example of increasing spending mandates by shifting state costs to county taxpayers. This change combined with increasing numbers of individuals relying on the program, which is symptomatic of an economy which continues to be on the mend but has not fully recovered, has resulted in record high costs to the County for this program.

## Rensselaer County Safety Net Expenditures



Unfortunately the evidence of the shifting of spending responsibilities to the counties does not stop here as we have discussed before, but also includes the Hudson River Black River Regulating District, increased requirements for Indigent Defense, and the doing away with funding used for preventing heroin trafficking, leaving programs such as these for county taxpayers to fund fully or in part.

The cumulative net result of the state's actions, therefore, is actually an increase in the requirement for state mandated spending. By their action, it seems that they don't really realize that the very same local taxpayers that they publically pronounce that they are bringing local tax relief to would actually be taxed more!



We as county government must continue to balance this shift in fiscal accountability against the fact that our property taxpayers are already turning their pockets inside out, and yet should continue to receive the same vital local services that they depend upon. And, we are not the only ones who recognize that New York State's local taxes are too high. The Tax Foundation in Washington DC reports that New York State's local taxes are 80% higher than the national average and attribute that to the aforementioned and often mentioned state mandates imposed on county governments. This leaves us with the quandary of how do we keep families and businesses here in New York State not to mention attract new ones in light of the state's expectation for more local funding through taxpayer dollars? There again, this is an obvious disregard for the basic fact that the only way to financially fuel government is to broaden the tax base.

This being stated and fully recognized by your county government, our local taxpayers deserve more. By continuing our fiscally responsible and responsive legacy established over these past fourteen years, we are doing absolutely everything we can to facilitate quality programming and expenses at the lowest possible cost. The following examples are not only representative of our commitment to this principle, but also show our intent to keep the taxpayers interests first.

- Children with Special Needs – The County engaged the services of a company to more effectively route the buses for transporting children to services resulting in savings of \$800,000 annually.
- Van Rensselaer Manor – The County outsourced the physical therapy and occupational therapy services to save \$1.3 million annually.
- Energy Efficiencies – The improvements and conservation steps taken to date have saved over \$750,000 with additional efficiencies being implemented for more savings to come.
- Labor Contracts – The County and our unions have negotiated agreements that include lower starting salaries and a higher share of health insurance premiums for new employees resulting in annualized savings of approximately \$325,000 in the first year alone.
- Human Services Cabinet Triage Unit – Working with high need / high costs families and individuals this unit has reduced the need for services by helping people achieve self-sufficiency. Savings thus far this year amount to nearly \$155,000 on an annualized basis.
- Public Safety Radio System Upgrade – As a result of our successful application to the State for competitive funding grants, the upgrade to our public safety radio system will require less local funding through bonding and thus have less impact on this and future budgets and therefore our local taxpayers.
- Internal Government Operations – Numerous steps have been taken through the years and are continuing to be taken to both streamline and economize the internal government operations and that effort is being incorporated this year into such undertakings as the implementation of a new phone system for the County Office Building and Courthouse, the implementation of a new financial system and the incorporation of alternative energy programs. Commitments such as these over the years have allowed us to save over \$43.6 million of proposed departmental spending over the past fifteen years of service to the County and our residents.
- Shared Services – The County led the effort to document the services that we have long provided in conjunction with our municipalities and the efficiencies that we have implemented in order to provide services as effectively and efficiently as possible. The results of this undertaking to catalog all of these efforts clearly verified our commitment. In total shared services and government efficiencies

have saved over \$1.4 million from 2012 to 2014 and are projected to save \$3 million annually going forward. I applaud the Governor for calling on municipalities to demonstrate savings of 1% annually through shared services and government efficiencies. This is an endorsement of the pattern of conduct that many counties throughout the State including Rensselaer were already engaging in and has given us the opportunity on a statewide basis to demonstrate that fact. Here in Rensselaer County our countywide efforts have resulted in more than double that amount in savings or \$9.2 million decidedly more than the Governor's edict demands. Again, hats off to the State for learning from our ongoing practices.

We have discussed the pressure imposed by the state mandated services on your county government. As well, we have discussed local fiscally responsible steps that we have taken on behalf of our taxpayers to assure that the tough choices that must be made due to the imposition of state mandates created by our state government do not greatly curtail our ability to deliver the vital services that our residents and businesses depend upon. At this point as we move toward a recommended property tax rate, mention of other local revenue sources and the factors that impact them is important.

- Sales Tax – This year's collections have not increased over last year's due in part to conditions beyond our control including lower gas prices and a difficult winter that suppressed consumer purchasing. Thus projections for next year do not increase over this year.
- Mortgage Recording Tax and County Clerk Fees – These are projected to increase however slightly based on the continuing stabilization of the real estate market and continuing low mortgage interest rates.
- Jail Boarding-In Revenue – This is expected to be lower than in the past since the number of inmates from Dutchess County has decreased as they have increased housing for their inmates at their jail.
- Property Values – Based on some recovery in home values and new construction of homes and businesses, the taxable value of property in the county has increased, thus broadening our property tax base.

As a result of increasing mandated spending and our desire to preserve local services that more and more residents continue to depend upon, the 2016 proposed budget will require an increase in the amount of property taxes we collect. The proposed budget anticipates an increase in the property tax levy, or the total amount of taxes to be collected, of \$1,150,000 or 1.88%, which is below the 2% tax cap. The average property tax rate would increase by 6¢ per thousand of full value.

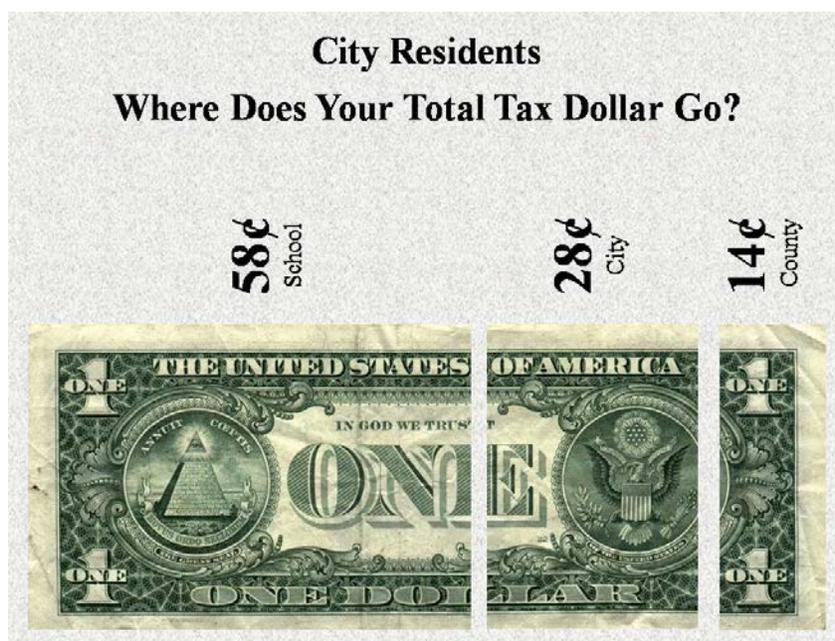
Under this proposal, the average annual county property tax bill would increase by \$5.97 to \$612.96 for each \$100,000 of property value. As a matter of clarification,

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.

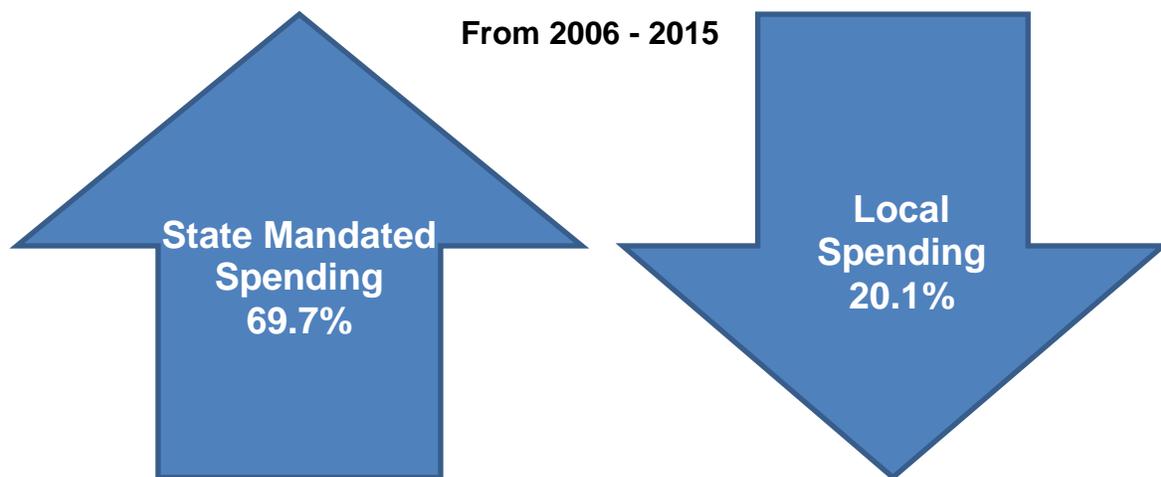


For county property owners who live in either the City of Rensselaer or the City of Troy, the county portion of their overall property tax burden would amount to 14¢ of every dollar.



## CONCLUSION

It is only logical as a taxpayer to ask the question – Who is responsible for spending our tax dollars? Let's look at where spending has gone in the last few years in Rensselaer County:



And when we look at the State as a whole, the picture is just as bleak as demonstrated by the \$12 billion of mandated services imposed on the counties across the State annually as computed from the Pew Trust report previously mentioned. Is it any wonder that New York State leads the nation in funding its budget on local revenues?

Perhaps, it is time that New York State should look at their own government operation, not as a clearing house to burden their municipalities, as state mandated programs escalate, but as with other states, one that leads by example and funds their own programs and trims their waste and fat. Our little Dutch boy is getting tired. He needs relief.

Fortunately with every ominous cloud there is always a silver lining. I am pleased to report that some State officials are recognizing that major property tax relief is something that must be provided and must be provided through State action. And with the minimal mandate relief that has been provided to us by the State to date in pension and Medicaid programs, we have held property tax increases to below the 2% property tax cap, despite the ever increasing cost of all other state mandated programs.

So is this enough? It seems to me that if the State is giving mandate relief in one hand while imposing significantly more mandated spending with the other hand, it is not

enough. As previously mentioned, the fact is that the Tax Foundation in Washington DC reports that New York State local taxes are the highest in the nation; 80% higher than the national average. This leads us to the reality that **we don't need to just keep property tax growth to less than 2%; we need to reduce property taxes.** And we need the State to lead the way by practicing what they preach.

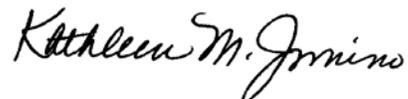
We have demonstrated in Rensselaer County, when we have been granted mandate relief we have shared that relief with the property taxpayers. Before Medicaid was capped the growth in spending for that program forced us to raise property taxes by some 13% per year. After Medicaid was capped, the average property tax growth dramatically decreased to just 1.3% per year.

So while the good news is that state officials recognize their role in lowering local property taxes the bad news is the latest "solution" they have proposed doesn't reduce property taxes at all. Instead they would issue a rebate check to taxpayers that costs nearly as much administratively as its monetary worth, and provides miniscule relief to the little boy with his finger in the dike who is looking for meaningful relief on behalf of Rensselaer County taxpayers. That can only be achieved through less mandated programs on counties, which in turn will result in less local taxes.

At the end of the day when all the supposed solutions intended to garner attention have been exposed as not truly effective, we find there is only one true way to reduce property taxes. The State must get back on the right track, and deliver meaningful mandate relief to their counties, rather than adding and shifting more responsibilities onto the backs of our taxpayers as the State runs away from accountability for funding their own programs. The lessening of local Medicaid obligation and the subsequent lower tax hikes proves that when given the opportunity, the counties can deliver for our taxpayers in the form of lower taxes.

If sincerely interested in lessening local taxes, the State would be wise to reform their mandated program policies, rather than concentrate on self-rewarding token cosmetic relief, that in no way measures up to the money that these very same residents could save with the lowering of their taxes in the first place.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. Jimino". The signature is written in a cursive style with a large 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 Ellen Christiansen; 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.