

Kathleen M. Jimino
County Executive



Ned Pattison Government Center
1600 Seventh Avenue
Troy, New York 12180
Phone: (518) 270-2900
Fax: (518) 270-2961

COUNTY OF RENSSELAER

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

Preface

The 2012 proposed budget, and the necessary action contained herein, is a result of recent New York State executive and legislative action that decrees a two percent cap in the growth of government taxes imposed by localities. This is a long overdue measure that I applaud and endorse that should reign in out of control spending, and bring local tax relief to our residents. However, by itself, without meaningful mandate reform by the State, the cap is merely rudderless and without foundation in a storm of increasing state driven mandated costs, costs which this year have spent nearly ninety cents of every local tax dollar collected in Rensselaer County, and whose local charges to our County have grown more than two percent to date this year, thus over the instituted local cap and a contradiction in itself.

This squeeze play on our County by the State of not curtailing or eliminating their out of control mandates on counties in the past has resulted in more than a few counties throughout our State having the highest local taxes in the nation, a dubious distinction caused by the State forcing their counties to pay much too much of the bill for the state's ambitious, and costly programs. Now there is no telling, with this newly imposed cap lacking in any meaningful state mandate relief, just how we will be able to fund local programs such as our senior centers, our veterans programs and provide for the maintenance and patrol of our roads and highways. It is a shame and certainly superficial that the recent strategy by the State of a property tax cap with no curbing of state mandates is merely a thinly disguised masquerade to allow state politicians to take bows for acting in a fiscally conservative manner, while in reality they are avoiding the tough and unpopular but necessary job of rolling their own sleeves up and working to stop or at least lessen the state mandates that are foisted on counties such as Rensselaer to bring new and meaningful tax relief to all.

Mandates

The State has to **Stop Mandates Now!** Over the past five years, as statistics verify, Rensselaer County has decreased spending on our local programs by 11% while state mandated program costs have increased by a whopping 54%. We have been cutting local government expenses during my ten years in office and will continue to do so. Unfortunately the State is obviously going in another direction. A review of the state mandated programs that affect our local taxpayer wallets and purses point out their lack of fiscal discipline with a philosophy that seems to say, "Let the counties and their taxpayers pay for our programs so that we don't have to make the difficult decisions at the state level on what to fund and what not to fund". And it gets even better than that from the state perspective as they can and even have raised the cost of existing programs, costs which impact the local taxpayers, with counties of New York having scant administrative input into any decisions regarding the programs.

Medicaid by far to no one's surprise remains the largest state mandate that counties across the State are required to fund. It's not bad enough that New York is in the definite minority of states requiring their counties to pay any portion of the Medicaid bill, but the fact that the increase that will be affecting our 2012 budget is three percent over the current year while the property tax cap allows for only a two percent increase is mind boggling. They do not even bother to cut the local share of Medicaid costs to at least coincide with their own tax cap requirements. This is an example of governing by sound bite rather than reality.

A few other state mandated programs that the County is required to pay whose costs will rise above the two percent property tax cap threshold include the Special Needs program that will increase nearly five percent, pension contributions that will increase 61.4% and the salary of the District Attorney which is tied by state law to the judicial pay raises that will increase 17%. These are programs or positions over which the County has no control to limit costs to our taxpayers.

And while we are discussing the local fiscal impact of state mandated programs, let's not forget that to keep their own house appearing fiscally responsible and appropriate, the State has also shifted program costs from their budget onto the backs of our local taxpayers. It should be mentioned that this has been a prevailing method for more than the past few years as the State attempts to justify their own budget expenditures and in so doing tries to have their cake and eat it too. The problem is the local taxpayers are paying for that cake and have been for some time!

Additional cost shifting from the State to the County includes another eight percent reduction in Probation reimbursement, the elimination of funding for the Medical Examiner program and the administration of the Early Intervention program despite no similar elimination of these required programs, the elimination of 25% of the state funding for youth programs, and a fifty percent reduction in reimbursement for Indigent Legal Services. It is essential to note that the programs by state law must be fiscally maintained in the manner that the

State dictates. Consequently, we are left holding the bag without the ability to lessen its weight on county government and our taxpayers.

It is noteworthy to mention that all told, the increased cost of these state mandated expenses to our property taxpayers is in excess of \$6.8 million dollars, which is far in excess of the \$1.1 million that can be raised by a two percent property tax cap and we are expected to pay those costs regardless of our property taxpayers' inability to pay more and without thought to the consequence on our local programs. In fact, for 2012, of every local tax dollar collected, 90¢ will be spent on state mandated programs leaving only 10¢ for local programs.

Local Actions

I earlier mentioned that over the last five years we have decreased local program spending 11% to attempt to lessen the local taxpayer impact of the 54% increase promulgated by the State through their mandated programs on the County over the same time period.

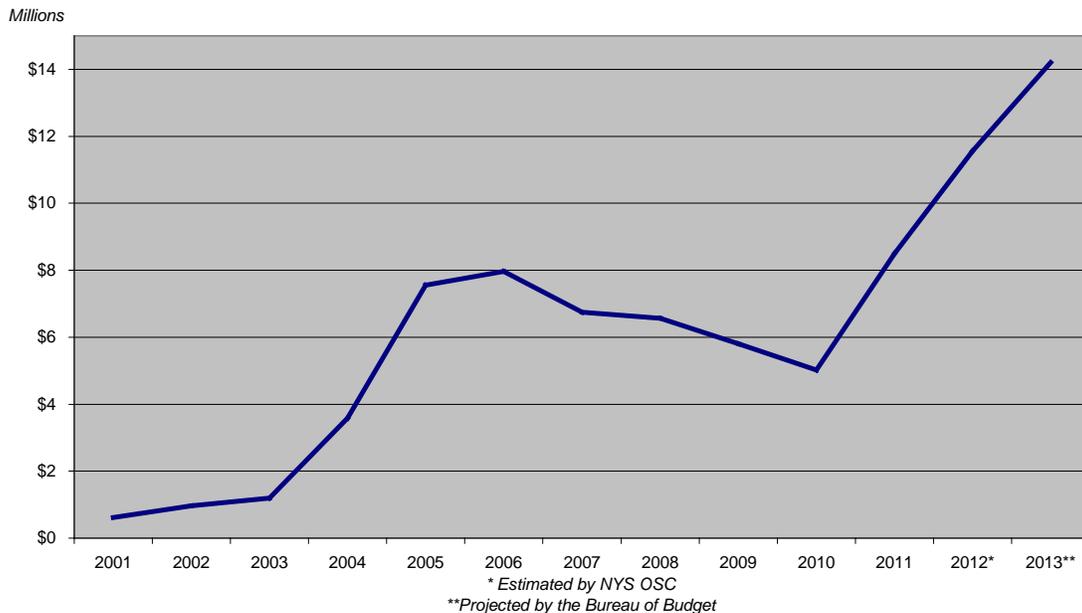
This has come by working hard to consolidate the delivery of our services through cooperation and consolidation, current evidence being the continued efforts underway to consolidate our human service departments to provide the same or a higher level of service at less cost to the taxpayers. Additionally, and due in part to these efforts, we have reduced prospective spending by departments by over \$37.5 million since I assumed office. This year, even with departments directed to submit budget requests requiring spending no more local tax levy dollars than the current year's budget, we still managed to cut over \$3.1 million more.

Additional decisions made and information gathered as part of this budget and its dedication to lessen the potential burden on our taxpayers, include the following:

- Although we remain concerned with the overall state of the economy, collection of sales tax receipts to date this year shows an increase over the 2010 collections. Being cautiously optimistic that this trend continues, we have predicted a 2.5 percent increase over the anticipated 2011 collections for 2012.
- An increase in hotel usage throughout the County which means a slight increase of \$50,000 in hotel/motel tax.
- As a result of the state requirement to expand the county jail beyond our own local needs, we are able to board inmates from other counties as well as federal prisoners. Revenue increases will be used to partially offset the cost increases resulting from the state mandated expansion.
- No cost of living raises are proposed in this budget other than within the Sheriff's Department where there is one bargaining unit that has a contract that requires raises in 2012.

- The proposed 2012 budget anticipates spreading out a portion of the drastic increase in the pension payment over several years to lessen the burden on property taxpayers. As seen in the chart below, the costs to the County for employee pension contributions has risen from just under \$1 million in 2001 to a projected \$14.2 million that must be accrued in the 2012 budget to be paid in February 2013.

Rensselaer County Mandated Contributions to the NYS Retirement System



One area of cost increase not yet mentioned is the rising cost of employee health insurance. A significant cost to the County every year, this year's growth will cost the County an additional \$1.5 million. As was the case last year when I proposed the 2011 budget I had hoped that through union negotiations we would be able to provide employees with a reduced cost for health insurance that would also benefit the County and our taxpayers while not compromising coverage for our employees and their families. As you now realize, that did not happen last year and so we were forced to reduce the workforce in order to achieve necessary budget savings. And unfortunately, negotiations this year have not yet yielded any such agreement on reducing the cost of health insurance and therefore this budget proposal does not anticipate any savings in the area of employee benefits.

Taking all of this into consideration, a gap remains in the 2012 budget between spending and revenues, a gap that gets increasingly insurmountable with the costs of state mandated spending growing on a daily basis. Recognizing that this gap results primarily from unchecked state required county spending in the face of limited ability of our overburdened property taxpayers to pay more, I am calling on the Governor and the State Legislature to deliver on their promise of meaningful mandate relief.

Having heard the cry for such meaningful mandate relief, Senator Roy J. McDonald is a co-sponsor of legislation to have the State take over the mandated county share of Medicaid spending over the course of eight years. We applaud Sen. McDonald for recognizing the dire need for such relief if we in county government are to have any money left in order to continue to provide the local services that our residents and businesses have come to rely upon. The enactment of this legislation or other legislation providing meaningful mandate relief in 2012 is critical to our ability to provide meals for our seniors, transportation services for our veterans, and to maintain and patrol our roads.

If the legislation introduced by Sen. McDonald is not enacted, there would be insufficient funding remaining to provide for all local services. As we are not certain of the passage of this legislation and since we are required to present a balanced budget, this budget proposal fully funds all local programs until April 1, 2012 when we expect that we will know with certainty what the Governor and State Legislature have provided for mandate relief. As of April 1, 2012 if there is not meaningful mandate reform in place either by state legislation or regulation, funding for the following programs that are not mandated by the State will be reduced from the 2011 levels and services will be adjusted commensurately:

- Aging Services home delivered meals will be reduced from five days per week to four days per week; medical transportation will be reduced; the senior center in Rensselaer will be closed;
- Cornell Cooperative Extension subsidy will be reduced;
- Planning funding for economic development staff will be reduced;
- Public Safety funding for training and future planning will be reduced and funding for a replacement vehicle for the Fire Coordinator will be eliminated;
- Sheriff's Department funding will be reduced, the specifics to be determined by the Sheriff as a separately elected official;
- Soil and Water subsidy will be reduced;
- Van Rensselaer Manor security, housekeeping and laundry services currently staffed with county employees will be considered for outsourcing, a practice that is currently being exercised in the pharmacy department;
- Veterans' transportation services will be reduced from two to one van per day; and
- Other Community Programs will have their funding reduced or eliminated.

Despite the fact that this budget proposal includes these reductions in local services, I remain hopeful that the Governor and the State Legislature will realize the importance of maintaining our collective commitment to our residents and businesses to provide basic local services, services that add to the quality of life not only in Rensselaer County but throughout New York State.

Property Taxes

Believing firmly that there should be a two percent cap on property tax increases as a way to begin to address the high property taxes in New York State with the ultimate goal being to lower property taxes by reducing the state mandated spending, and despite the state's refusal thus far to provide critical and meaningful mandate relief, this proposal adheres to the intent of the property tax cap by limiting our proposed increase in the average property tax rate to two percent. In reality this is two percent higher than I would like it to be but nearly seven percent less than what it would take to pay for the ever increasing state mandated spending while maintaining our local services.

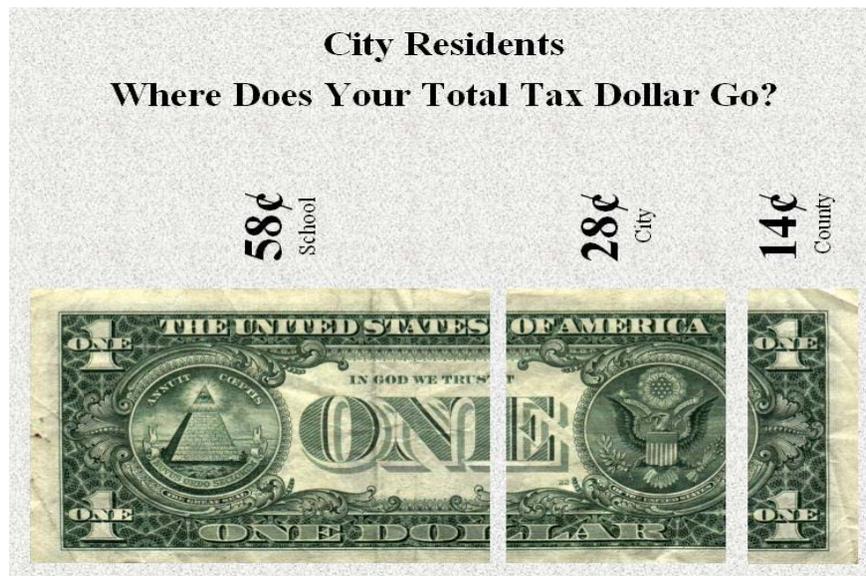
Under the legislation passed by the State Legislature and signed by the Governor, the two percent cap can be raised when pension costs rise precipitously, as they do this year. In fact, our property tax rate could be increased by 5.33% using the state's tax cap formula and still be considered "capped." However, I know that our families and our businesses who already bear a heavy burden in property taxes due to state mandated spending at the local level cannot shoulder the additional burden the state tax cap formula would drive. Therefore I am proposing this budget to live within the intent of the tax cap, which I believe is the desire of so many residents and businesses who spoke out last year in favor of this cap and have shared with me their concerns with property taxes over the years.

Under this proposal, the average annual county property tax bill would increase by \$11.30 to \$561.03 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 amounts to 14¢ of every dollar.



Conclusion

This budget proposal reflects my attempt to make good on the promise that state government made to the families and businesses in New York State. That promise was to begin to address the highest property taxes in the nation by limiting their growth to two percent. What was lacking from that promise was the commitment on the part of the State to also **Stop Mandates Now** by providing meaningful reform of the mandated spending that drives the high property taxes. They apparently thought that the way to fix the local tax problem was to issue a sound bite about capping local taxes but not engage in any meaningful activity whatsoever to lower the monetary requirements that they impose. As a result, in order to make good on the promised property tax cap they championed to the public, we at the county level have to eliminate some of our local services that we have long prided ourselves on as services that our residents and businesses have long relied upon. One can only conclude that those in the State Legislative and Executive branches do not know of nor care about the value of these local services and the impact they make in our communities.

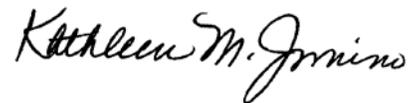
And while we could technically, and within the letter of the law, override the property tax cap or stretch that cap to take into account extraordinary expenses such as employee pensions as they recommend, we would be doing to our property taxpayers the same thing the State is doing to us, avoiding the tough decisions and passing the buck. I for one do not intend to exceed the cap and thereby pass the buck to the property taxpayers who have already been making the tough decisions about how to live within their means especially in these difficult fiscal times. I will make the decisions but I do so with one hand tied behind my back with the mandated expenses trumping any spending on local services.

I make these decisions resenting the fact that the State won't pay for the services that they deem necessary and instead require the counties to pay for them. And I resent that I have to make difficult budgetary choices because the State makes the decision to have counties pay their bills for them instead of them standing behind their decisions with their own wallets by being fiscally responsible for their own programs.

I remain hopeful that, now seeing the impact of the elimination of services to our veterans, to our seniors, to our farmers, to our public in general as defined in this proposed budget and doubtless other county budgets across New York, the State Legislature and the Governor will act in a responsible manner and acknowledge the need for local services and provide meaningful mandate relief. If they do so when they return to Albany in January, and they certainly have the opportunity by legislation spearheaded by our own State Senator Roy J. McDonald, and with this passage, there is still time to preserve these needed services that this budget proposal funds until April 1, 2012, the date when the State is statutorily required to have their budget in place.

When accomplished, the runaway mandates of today will prove to be a thing of the past tomorrow, but without prompt action by the State, the proposed budget that I submit today will be but a storm warning of what is forecast for our tomorrows... It will only get worse.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen M. Jimino".

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 Executive 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.