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COUNTY OF RENSSELAER

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

PREFACE

The 2011 proposed budget is a result of what has **not** been occurring on the state and to some extent the federal levels of government to lessen the tax collecting demands on counties over the past years. Rather than establish a course of action to cut spending, thus setting a model of fiscal responsibility, particularly critical during these times that our families and businesses are finding it necessary to cut back on their spending, New York State continues to spend either directly or indirectly at record levels, by hiding behind counties such as ours for cover. This is accomplished by shifting costs of mandated programs from the state to the counties, as well as increasing the cost of some of the established state-mandated programs to the counties to fund. Both of these maneuvers allow the state to avoid the direct fiscal responsibilities of self regulated fiscal austerity, placing them in a position of having their cake and eating it too, without having to pay the baker.

By these actions, counties such as ours are forced more and more to play the role of tax collector, and less and less the role of providing the high quality of local services for our residents, services that they have grown to expect and rely on. There simply is not enough money left to fund these services at the level that we have prided ourselves with over the years after paying the mandated demands of the state. However, as we address this budget, we must be mindful that although there will be pain, our local roads and highways must remain safe and be structurally maintained, and our youth, our seniors, our veterans and our families must not be forgotten.

As a county we continue to address the implementation of strict internal fiscal controls and guidelines which frankly has been the hallmark of my administration and will be as long as I am elected to serve the public. We have accomplished this by balancing the service needs of our residents and businesses with their ability to afford taxes. As with other counties throughout the state, we are undergoing severe fiscal shortages that threaten the very local services that have been delivered over the years. In this regard, we must be

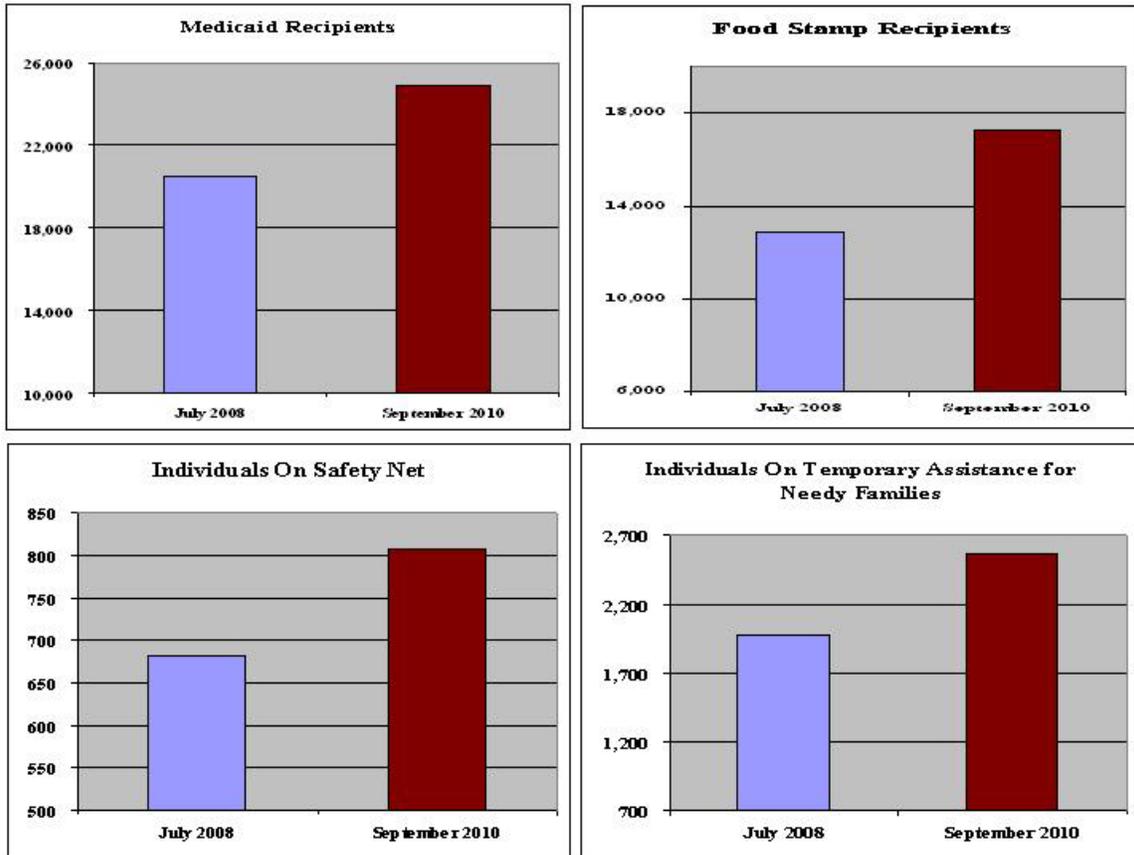
appreciative of the role that many volunteers play who have stepped to the plate to help deliver our services and by so doing have been partners in keeping our County very much in the people business of government.

Again, for the tenth consecutive year, I have rejected overtures of additional county departmental spending requests. Tough but never the less necessary decisions have been made with cooperation, coordination and consolidation remaining key factors in assuring that our county taxpayer dollars are spent in the most conservative manner. The success that we have maintained is largely due to county employees and their department heads creating meaningful solutions to various challenges that have occurred throughout the year, while working hard to maintain our posture as a caring and concerned county government. In this regard, I would be remiss if I did not likewise thank the members of the County Legislature for working with me regarding many matters that we have addressed by working together, resulting in the County remaining on firm fiscal ground. To this end, our management of taxpayer resources has been acknowledged by municipal finance experts with the consistent clean audits and balanced spending record over these recent years, with this year being no exception.

THE ECONOMY, OUR STATE, AND THE IMPACT ON YOU

It is often said that when times are tough more and more people depend on their county to provide for their service needs. The impact of this locally can clearly be seen as we note that Medicaid, the first and the largest of the state imposed mandated programs, according to the most recent data, has increased twenty-one percent, or nearly 4,400 cases, since mid July of 2008 when we began to feel the impact of the national recession. This translates to nearly one out every six Rensselaer County residents now being on the program! This increase, not only symbolizes the tough times many are having, but will cost our taxpayers additional hard earned dollars, potentially pushing more towards the brink of financial difficulty. At the same time, Albany refuses to even recognize the fact that New York is one of only twenty states in the country that forces their counties to partially fund the cost of Medicaid, and instead continues to impose the highest portion of local county mandatory payments for this program of any state in the country.

Our same local taxpayers will also be expected to pay for the state-mandated additional administration of the food stamp program, whose number of recipients has increased by thirty-four percent during the same roughly two-year timeframe. As well, our local taxpayers are funding the additional expenses resulting from an increase of nineteen percent in the number of those residents who are benefiting from our safety net program designed for those in critical need and a thirty percent increase in the number of residents on the Temporary Assistance for Needy Families program, all the while paying additional costs relating to the state mandated expansion of the jail.



To a degree, the impact of the increasing local cost from the growing reliance on the various assistance programs by our residents during this recession had been somewhat slowed by funding from the Federal Stimulus program in each of the last two years. This assistance will however be reduced and then end altogether in mid 2011 shifting the total burden back onto our property taxpayers, which has been taken into account in this budget proposal.

As if actions such as these are not enough to severely threaten our county ship of government, the State again reduced reimbursements to their own mandated programs including those in Probation, the Department of Social Services, the District Attorney's office and the Public Defender's office in an attempt to shift their own responsibilities to the County, and help solve their own budget problems by passing them along, apparently trying to cure their own deficit, a deficit that is projected to become \$37 billion over the next three years, with state spending far outpacing revenues if current practices continue. However, like an ostrich with its head in the sand, the State chooses to ignore the economic times and instead continues to avoid making their own tough decisions by not appreciatively cutting costs. Is it any wonder that as Rensselaer County is forced into the position of spending approximately eighty-nine cents of every local tax dollar collected on state mandated programs, as seen in the following chart, that the counties of New York State were forced last year to raise property taxes an average of 6.1%, even though our own increase last year was less than half of that?

Rensselaer County Residents
Costs Of Mandates To You And Your County Tax Dollar

89¢
Mandated

11¢
Non-Mandated



When we look at a few facts such as these, we can very easily draw a picture of a state bureaucracy that is out of touch with reality as they dwell on their own survival, rather than one that is not afraid to make the hard choices by setting their priorities, cutting government spending, and most of all facing their own responsibilities, rather than passing them on to others to take care of.

Meanwhile, as the state mandates that in too many instances we increase our share of paying for many of their programs, our mutual constituents have less to spend at our retailers, less homes are being bought, less businesses are expanding. The results are, as in most corners of the state, we are collecting less money from sales tax, property tax, and mortgage recording fees as well as other revenue sources that naturally recede during an economic slowdown, at the same time having to pay for the State's avoidance of responsibility.

THE COUNTY'S RESPONSE

It is little wonder when we describe the activity or all too often inactivity of the State during the current recession, Rensselaer County is left with only one option, that being to continue to scale back local government services instead of imposing potentially monstrous local property tax increases. Again I see my prime responsibility in formulating a budget for presentation that we balance the service needs of our residents and businesses with their ability to afford taxes. Tough decisions are an integral part of responsible government and to that end this budget proposal includes the following:

- Department heads were required to submit budget requests for 2011 that relied on five percent less local taxes than was budgeted for 2010. Cuts include funding for personnel, supplies, contractual services and

equipment line items that are not mandated by the state or federal governments. As a result of these cuts, we expect that departments will be operating with less resources and the impact on services may be noticeable.

- The number of county jobs will be reduced by 38. We anticipate that all but three of these positions will be vacant by the end of 2010 as a result of our ongoing hiring freeze and / or retirements. Reduction in salary, hours or both will affect another 15 positions.
- Health insurance costs for county employees were slated to increase by ten percent in the coming year, however, ongoing negotiations with our labor unions will hopefully result in a significant reduction of costs for both the County and our employees. Should these negotiations fail, additional cuts will need to be made and could result in an additional 39 positions being eliminated which could have a further detrimental effect on our ability to provide local services.
- As part of our ongoing efforts to cut costs through consolidation, this budget proposal includes the Buildings Department being consolidated into the Highway/Engineering Department. Governmental Relations will lose its own autonomy and become part of the County Executive's office. Additionally, during the first six months of 2011 a plan will be developed to establish an Office of Family and Children Services which will consolidate many of the programs and services provided through the Departments of Social Services, Mental Health, Health and Unified Family Services in order to provide the same or a higher level of service at less cost to the county property taxpayers.
- Libraries that have taxing authority of their own will no longer receive county funding.
- Relying on our Aging Department to provide the necessary information to assist consumers making decisions on long term care options, the NY Connects program which provides similar service will be discontinued.
- Due to the over-building of our jail expansion as mandated by the New York State Commission of Corrections we are now in a position to board inmates from other counties and from the federal government, thus in effect renting jail cells. This revenue will be used to offset potential property tax increases.
- Following the example as set by the State and Albany County, among other municipalities, we are proposing that we charge for certain highway services including utility and non-utility work permits.
- This 2011 budget proposal incorporates the County's energy cost savings anticipated as a result of the energy performance contract entered into with Siemens at \$100,000.

- Retirement costs, as mandated by New York State, are projected to be nearly \$11.5 million in 2011, as compared to just under \$1 million in 2001, for a 1,000% increase in the last decade. Though we would prefer to pay this full amount as required, in order not to overly burden the property taxpayers or eliminate the vast majority of local services, a portion of the payment to the state retirement system will be spread out over several years.

In proposing this year's budget I have attempted to balance the challenges faced by our families and businesses during these tough economic times with the stark reality of what it takes to keep our government working for them in an efficient manner. As a county in a state that has the highest local taxes in the country due to a large extent to state mandated programs the last thing I want to do is to increase those taxes and further burden our homeowners and businesses. However, we cannot legally nor morally turn our backs on those who depend on the services we offer. Consequently, I am proposing that the **average** annual county property tax bill will increase by \$30 to \$564 for each \$100,000 of property value. This translates into a 4.9% increase in the average property tax rate.

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 15¢ of every dollar.



CONCLUSION

As predicted in the prior years, the recession has continued to wage a war on our county budget. With more people in need, combined with declining revenues, the County is challenged to provide those services our residents rely on. Realizing that this was in an unfortunate way inevitable, my staff and I have been meeting routinely since January to find ways to lessen the potential taxpayer burden of the 2011 budget proposal. Our gap between revenues and expenses, originally predicted to be \$14 million grew to well over \$18 million courtesy of New York State. The continued shifting of the costs of state programs to the County as well as increasing the costs of services mandated by the State to the County, combined with the withholding of state reimbursement has put our county property owners in a vulnerable position.

Despite increasing costs from state government, as in past years, I have cut departmental funding requests bringing the cumulative savings to our taxpayers over the past nine years to \$37.5 million. While we have been successful in driving down the costs of county services, sadly New York State government has not followed suit or more appropriately led the way in cutting their program costs and therefore our mandated share of those program costs. By instead shifting costs to counties and our property taxpayers, the total cost of state mandated programs continues to grow out of control gobbling up all the tax dollars we save by reducing the costs of local services. Right now we in county and state government are going in different directions and if something isn't done

soon at the state level to correct this problem, the cost of government in New York State will be unsustainable for our residents and businesses resulting in even more people fleeing our state. While state government leaders are talking about reining in property taxes, they certainly are not practicing what they preach or following the examples we set at the county level.

Acknowledging that we can only control what is within our control, we have prided ourselves through the years on achieving a degree of fiscal stability and this year is no exception. The decisions we have made have been mindful of the fact that our responsibility remains with the people who make up this great county and as such we will continue to be their advocate in matters relating to their cost of living and quality of life by continuing to raise concern when those are threatened. Additionally we will continue to actively drive down costs where we can while providing for their needs by leading by example. In effect we realize that despite the lofty goals as professed by the state, our actions speak louder than the state's words.

Please be advised that my Director of Budget and I, as always, are available to assist you in any way that you feel we can. Please do not hesitate to contact us with any questions, comments or concerns. Thank you.

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 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.