

# 2014 BUDGET MESSAGE FROM

## DANIEL P. McCOY

October 2013

To the Members of the Albany County Legislature and the People of Albany County,

I present to you a 2014 Executive Budget that is balanced; meets our fiduciary responsibilities as well as moral obligations; and is a path to financial health for Albany County. This budget meets the needs of Albany County residents and is under the property tax cap, a remarkable accomplishment given the financial burden that the County has been under since 2008. In fact, this increase of 1.6% is the lowest in the last 5 budget years. When I took office in 2012, it was apparent the financial hardship the County was shouldering. Facing an inherited \$15 million rolling deficit, my administration has aggressively sought to reduce spending, streamline operations and continue to efficiently deliver vital services. Innovative thinking and diligence have eliminated millions from our deficit, reducing it to \$10.9 million. Likewise, our general fund reserves increased from \$23.2 million to \$27.4 million during 2012. It is important that this figure continues to grow in order to ensure that our bond rating does not suffer. This was not achieved through a one-shot tax increase or budget tricks but with true savings during a time of financial crisis. As County Executive, I am proud that this administration has been able to step up and deliver a budget that is under the property tax cap.

A debilitating recession forced us to find efficiencies and cost savings since day one of my administration. During my second State of the County Address in March 2013, I talked about a road to financial recovery. Internally, physical consolidation of many County departments has also achieved dramatic savings and increased revenues.

I've taken this cost savings and consolidation message to each of our municipalities during a State of the County tour. Leaders throughout Albany County agree that with all local governments facing similar financial constraints, we need to work together. In furtherance of that effort, this year the County has successfully obtained a grant for a county-wide shared highway services study. We've worked with the Sheriff's Office to consolidate dispatch centers in several municipalities and will continue to explore each and every option to share services and maximize our limited resources while we regain our financial footing. In stride with our efforts to bring Albany County into the 21<sup>st</sup> century, my administration has created Team Green which focuses on environmentally valuable and crucial cost saving initiatives. Each of these efforts is noted throughout this booklet by a leaf logo. Additionally, our Team Green subcommittee, which consists of representatives from each county department, meets regularly to discuss progress on green initiatives and to collaborate on new ideas. Through improvements in our recycling policies, paper reduction efforts and the implementation of our county-wide County of Albany Legislative Management (CALM) system, we are mitigating our environmental impact while also saving money. This is truly essential and exciting progress for Albany County.

Perhaps one of the most transformative accomplishments for Albany County in 2013 was the re-opening of Lawson Lake to the public. In my State of the County Address, I highlighted Lawson Lake as one of our area's greatest assets, pledging to work with Albany County Sheriff Craig Apple and Albany County District Attorney David Soares to revitalize the grounds so that kids could once again experience summer at the lake. The immediate renovations and developments included rehabilitation of existing buildings and facility improvements such as air conditioning, landscaping, increased Sheriff patrols and new trail markings done by the Albany County Sheriff Explorers. These renovations were done in part by the Boys and Girls Clubs of Albany and the In-mate Workforce provided by the Albany County Sheriff.

In conjunction with our invaluable partners, St. Catherine's Center for Children, The Pride Center of the Capital Region, Boys & Girls Clubs of Albany and CDTA, we were able to host a free day camp in July and August. The ability to partner with public and private entities to revive a moribund facility is a shining example of what we can accomplish. Our ultimate goal is to open up Lawson Lake for overnight guests and restore all buildings and grounds

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for use. We can continue to improve our County and create unique opportunities for our residents with partnerships of this kind. There are a number of other programs and services provided by Albany County that I would like to highlight. Our Department of Social Services Welfare Fraud Unit has worked with the Sheriff's Office to investigate fraud which resulted in a number of arrests. The Welfare Fraud Unit has identified more than \$270,000 in funds for recovery from cases closed due to fraudulent DSS child care claims. Our foster care costs are the lowest in the State when compared to other counties of our size, a credit to the work of our Department for Children Youth and Families. Our Veterans Service Bureau has partnered with many private and non-profit entities to provide coats for homeless veterans and to spread the word about the Veteran's Tax Exemption deadline in March. This is just a snapshot of our progress and improvement to necessary programs and services that Albany County offers.

One issue that dominates the budget discussion in Albany County is the fate of the Albany County Nursing Home. Operations cost the County one million (\$1,000,000.00) dollars per month. One year ago, I proposed a solution that would protect our vulnerable seniors and their caregivers; protect our taxpayers and accept financial responsibility. My proposal to lease the facility to a proprietary operator would have saved taxpayers no less than \$100 million over the next ten years. The Legislature did not agree to this straightforward solution that would have protected our seniors while providing additional services to seniors residing in the community. After months of discussion and negotiation with majority leadership, I agreed to hire an administrator for the nursing home to continue running the facility while the Legislature creates a Local Development Corporation. This budget reflects County funding for the nursing home until June 30, 2014, by which time the Local Development Corporation will take over operations. Such action will put Albany County on better and more stable financial ground.

Another detriment to our financial health is the issue of unfunded mandates. Particularly there are eight unfunded mandates disproportionately driving our tax levy. Those mandates are Medicaid, public assistance, child welfare, pre-school education, indigent defense, probation, early intervention, and youth detention. These expenditures are beyond our control, but there is good news. Increases to weekly Medicaid contributions rose less than expected in 2013, which speed up future savings into 2013. Similarly, early reports indicate that our weekly Medicaid share in 2014 will be stable or decrease slightly. In order to rein in our indigent legal defense costs, this budget includes grant monies that have been awarded, which will allow us to hire a coordinator who will focus on ensuring only those who truly are indigent receive our 18-B assigned counsel services. Finally, after years of double digit increases in state pension contributions, rates have begun to stabilize. While we cannot take full advantage of this benefit due to past amortizations, it provides much needed relief from the constant escalations of the recent past. I continue to work with the New York Association of Counties and my counterparts in the Greater Capital Region to lobby our legislative leaders for mandate relief. A list of the most expensive mandates can be found on the back cover of this budget book.

An additional expense to the County involves the cost for Albany County residents to attend community colleges. We have two community colleges in our immediate area: Hudson Valley Community College ("HVCC") and Schenectady County Community College ("SCCC"). Everyone should have access to higher education, but the County is paying a disproportionately large amount per student to HVCC. Albany County paid \$8.7 million in 2012 for its residents to attend HVCC. State Education Law provides that the cost of tuition for any student attending a state community college shall be divided using a formula: 1/3 paid from the State, 1/3 by the student and 1/3 from the county that the student resides. This formula hasn't been used. We are disproportionately subsidizing HVCC and have no control, oversight or input on how these funds are allocated by the College. We are required to pay millions of dollars but there is no accountability to the taxpayers of Albany County.

In an effort to provide educational and economic opportunities to Albany County residents and reduce this financial mandate, I have engaged in a new partnership with SCCC. In 2014, SCCC will be offering classes in the

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County office building in downtown Albany. This will energize our downtown area, enable more people from our County to enroll at SCCC and help with the issue of chargebacks.

With so many cost issues out of our control, we turn to our revenue. The two main sources of County revenues are sales tax and property taxes. The sales tax is collected by the State and we cannot increase the rate without its explicit authorization. Losses due to the recession continue to have a negative impact. Sales tax revenues are relatively flat in 2013 and this budget anticipates the continuation of this trend. We split our sales tax revenue with each of our 19 municipalities. Albany County keeps 60% and sends 40% to the cities, towns and villages in Albany County enabling them to keep their property taxes down. It is a generous split - approximately 62% of counties across the State either keep a greater percentage of the sales tax they collect and 12 counties keep 100% of sales tax revenues. In 2012, Albany County generated roughly \$239 million in sales tax revenue and distributed over \$95 million of it to municipalities. That represents a 3.4% increase over 2011. After accounting for Federal and State revenues, the gap between what we bring in from sales tax revenue and what we spend is the best representation of our tax levy.

The budget I am proposing will still leave Albany County with one of the lowest property tax rates in New York State and enable us to continue to pay for many programs and services that are not mandated but serve a critical need. This tax levy will mean a homeowner with a \$200,000 home will see an increase in their County tax bill of only \$1.25 per month. I have been able to achieve this without making draconian cuts to programs like our Crime Victims and Sexual Violence Center, Children's Dental Clinic, Mental Health Substance Abuse Clinic, Children's Mental Health, and our entire Aging Department. Some of these departments, particularly Aging, have already suffered from cuts due to federal sequestration. This tax levy is the direct result of consolidation, increased efficiencies and the shift of the financial burden of the Albany County Nursing Home. It would not have been possible without the input of and compromise with members of the Albany County Legislature.

The budget I am presenting reflects the hard work of my administration and commitment to the declarations I made when I took office. It is an equitable budget that responsibly reduces spending while balancing efficient delivery of our vital services. I will continue to work to streamline government and create greater efficiencies without compromising or sacrificing programs and services that protect and serve the people of Albany County.

I pledged in my first State of the County to work tirelessly to ensure that we would be on the road to financial recovery. It is with your cooperation and partnership that I am able to present a budget that remains committed to these goals while also meeting the property tax cap. I can assure you that Albany County is on the path to financial health.