

2010 ALBANY COUNTY EXECUTIVE BUDGET

INTRODUCTION AND HIGHLIGHTS

Message from your County Executive

MICHAEL G. BRESLIN

County Executive



VOLUME I

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

October 10, 2009

To the residents of Albany County and members of the Albany County Legislature

I present to you the 2010 Executive Budget.

Economic and Financial Context of the 2010 Budget

The past year has seen the greatest economic challenges since the Great Depression of more than seven decades ago. As we were completing the 2009 Budget, the world's financial markets were grinding to a halt. These economic stresses forced us to change direction mid-year and we are still adjusting. We are not only adjusting to deal with the immediate crisis, we are adjusting to prepare for 2010 and years beyond. Most of the changes proposed in this Budget have not only 2010 in mind, they anticipate continued and significant challenges in 2011 and afterwards.

Nationally, there has been a significant downturn and some areas of the country are suffering terribly. Fortunately the Federal government has responded to the economy and done so in a way that brought some rapid relief to county government in New York. Though hardly sufficient to offset all of our losses, channeling significant Federal stimulus funds through the Medicaid program reduces our Medicaid cost this year and next. The impact of the economy without that relief would have been catastrophic for Albany County government. However, that relief declines in 2010 and ends in 2011.

The significant revenue losses of \$21 million coupled with escalating State mandates and employee health and pension costs require us to take drastic actions. County spending must be reduced by \$11.6 million. The spending cuts together with the use of \$6.6 million in reserves allow us to hold the property tax increase to \$4.0 million.

Our two primary revenue sources, sales taxes and State aid, are both cause and symptom of our current challenge.

Sales tax revenue in 2009 has decreased over seven percent from 2008. Compared to current trends, we project a small turnaround and modest growth beginning in the second half of 2010. However, compared to the 2009 Budget, this represents nearly a six percent budget-to-budget decline. This is crucial because Albany County is unusually dependent on sales tax revenue. Among New York Counties, Albany ranks third in sales taxes as a percentage of total revenue and first in relation to property tax revenue. As we were completing this Budget, we received notification of the first sales tax distribution in October. Receipts were down over \$2.0 million, or 12.4 percent from the same period a year ago. Though this was only one of many points, far too many have been like it. To date in 2009, only once have our receipts exceeded those in 2008.

The County's reliance on sales tax revenue make it especially important that after distribution of municipal shares, sales tax revenue is projected to decline by \$8.0 million or 5.5 percent. This equals 11.7 percent of the 2009 property tax levy.

At the same time, the economic distress that is the cause of the decline is also the cause of increased workload and costs in many County agencies. The numbers and needs of individuals and families we serve are increasing dramatically. We can and must develop new means to ensure those who need assistance receive it.

State aid was directly reduced in April of this year and we anticipate further reductions in 2010. The economy has stressed State finances at least as much as ours and this Budget projects over a \$6.8 million reduction (7.8 percent) in State aid. While we recognize the State's distress, we cannot tolerate a State response that does no more than shift the burden to counties and county property taxpayers. We actively seek to work collaboratively with the State, to partner with us in creating new solutions to mutual problems. But we will vigorously fight any attempt to simply shift the burden to county taxpayers.

There is regrettable but necessary sacrifice in this Budget. That sacrifice is spread between taxpayers, County employees

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

and contractors.

The property tax increase required by the economic challenges we face is \$4.0 million, or 5.95 percent, bringing the property tax levy to \$71,944,944. For a taxpayer with a home valued at \$150,000, this represents an increase of \$19 to \$42 a year, depending on municipality.

Personnel expenditures in this Budget are down \$4.8 million or 3.8 percent. That excludes the significant increases for pension contributions (\$4.9 million or 43.0 percent) and health insurance (\$2.6 million or 7.3 percent).

It is to my great regret that this Budget proposes eliminating the positions of 109 employees. Earlier this year, we offered a "Voluntary Separation Incentive" to reduce the County workforce. Over 40 individuals took advantage of the Incentive and their positions are either eliminated or will be held vacant in 2010. But for reasons of program re-direction, operational effectiveness, and the need to further reduce expenditures, a reduction in the County workforce is a necessary step. This has been one of the most difficult decisions, perhaps the most difficult that I have made as County Executive, but there is no alternative.

In deciding where to eliminate filled positions, my primary criteria were how best to continue performing as many essential functions as possible, as effectively as possible, and without exhausting the staff that remain. In some cases, I chose to abandon a function entirely. If there was an alternative means of performing those functions, we examined it and, in many cases, chose it. I also kept an eye on the future, considering the potential long-term damage from dismantling a program and also considering our financial prospects for a year from now and longer.

Many agency leaders and staff worked closely with us in assessing how best to provide the services that the public most needs. I appreciate the time and effort that so many people put into these analyses and discussions.

In addition to eliminating 109 filled positions, we are eliminating numerous vacant positions and many others must remain vacant until better times. The Sheriff, the District Attorney, and the County Clerk each worked with us and each has committed that they will maintain a specified vacancy level to produce savings as well as absorbing other reductions. They recognized our economic challenges and they understand they are part of a larger environment. Their time, efforts and willingness to help out is very much appreciated.

Countywide, contractual expenses will be reduced \$25.9 million or 6.9 percent.

Revenues

Local tax items, primarily sales taxes are projected to decline \$17.9 million or 6.8 percent. Departmental and miscellaneous income is projected to remain relatively stable, increasing \$705 thousand or less than one percent. State aid is projected to decline \$6.8 million or 7.8 percent. Federal aid is projected to increase \$2.7 million or 4.7 percent. The total effect is a projected budget-to-budget decrease of \$21.2 million for taxes other than the property tax.

A \$4.0 million property tax increase is proposed yielding a net reduction in revenue of \$17.0 million.

Appropriations

Overall, this Budget proposes reductions in appropriations of \$11.6 million, or two percent.

Reserves

Over the years, we have put funds aside for the sort of challenge we face this year. This Budget proposes appropriating a total of \$6.8 million from reserves. I do not propose using fund balance because of the continuing uncertainties regarding how much of it will have been exhausted during the current year. As soon as possible, we must begin rebuilding those

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

reserves.

Human Services

As was the case this past year, the same economic stresses that reduce our revenues cause financial strain on families and individuals. Those financial strains and the associated social stresses often bring those families and individuals to the doors of County government, increasing the workload of agencies at the same time when they have fewer staff. We will need to further explore opportunities to re-design work processes to minimize those effects. I acknowledge the extra work and even strain, that this will require of employees. And I honor those who have chosen to do this work, not only for a paycheck but because of a calling to serve those less fortunate.

We expect continued increases in public assistance costs and have included an additional \$589 thousand for Family Assistance and \$1.6 million for the Safety Net program.

Recognizing the importance of the Home Delivered Meals program, this past year we spent much time and effort tightening operations and reconfiguring the procurement specifications for this program. As a result, we believe that in 2010, we will be able to serve more people than would otherwise have been the case. While the proposed appropriation for this program is unchanged, we expect improved service. Additionally, during 2010, we intend to explore the potential for expanding the program to homebound persons who, except that they are under age 60, would otherwise be eligible for the program.

Long Term Care

In response to a Legislative resolution, I submitted "Choices – the Future of Long Term Care in Albany County." We are now engaged in a spirited public debate regarding how best to provide long-term care services to Albany County residents.

As you are aware, like that of others, my thinking has evolved on this issue. I believe that we can create a new long term care system that is much less reliant on institutional "bricks-and-mortar," more responsive to the preferences of individuals, and more flexible to meet changing needs.

This Budget includes increased funds for the Expanded In-Home Services for the Elderly Program (EISEP). Since 2007, when we committed to avoid a waiting list, program enrollment and use has expanded significantly. The increased use of EISEP has exceeded the decreased use of the Albany County Nursing Home. The increased funds in this Budget are for two purposes. First, they are necessary to accommodate the continued increases in enrollment and hours of care. Second, we expect to begin operations of "consumer directed" EISEP, in which clients may hire and direct their own caretaker. This has already proven to be a successful model for Medicaid clients. It will be a particularly important model in the more remote areas of the County, because the program will allow hiring of local neighbors and even relatives to provide care and avoid the transportation time and costs associated with more traditional home care arrangements.

The Budget includes funding for the new Transitional Case Management program. This "rapid response" team will complement services provided by Albany County-NY Connects, help families navigate the long-term care system and facilitate access to the entire spectrum of long term services and supports available in Albany County.

This Budget assumes that except for re-admissions of current patients, we will close admissions to the Albany County Nursing Home and that the census will fall to approximately 140-160 by the end of 2010.

We cannot continue the existing inflexible long term care system which fails to meet the needs of so many, nor can we afford to pay its costs. For the next 30 to 40 years, we can have a long term care system that is inflexible, expensive, and which requires that patients have only one choice. Or we can have a system that is flexible, less expensive, and offers

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

many choices. Although embarking on a new path is always hard and sometimes painful in good times, in hard times it is essential that we choose a new path. This is not only a budget decision for 2010. It is a budget decision for 2011, 2012 and after.

I recognize that change is difficult, and many argue that it is easier to do what we have always done. However, over the past year, it has become increasingly clear that there is a better, smarter role for the County in long term care. We must seize this opportunity to serve more people with the services they prefer, less expensively.

Organizational and Operational Improvements

Even in good times, we need to search for efficiencies in operations. In bad times, increased efficiency is even more important. This Budget proposes several steps to improve program efficiency and effectiveness. Some examples include the following.

First, this Budget proposes the consolidation of the Department of Mental Health's Mobile Crisis Team and its new CART program. Mobile Crisis has been operational 24 hours, seven days a week, but it responds to the crisis and then it refers patients elsewhere. It does not have a wide array of resources for follow up. CART, however, can provide follow up care and can bill for much of it. By consolidating the two programs, CART will become a 24/7 operation. Moreover, it will be able to provide and bill for follow up care.

Second, considerable work has already been done to smooth the flow of individual assessments for home delivered meals, EISEP, and Medicaid personal care. This has involved the efforts of the Departments of Aging, Social Services, and Health. The new protocols will be tested during the next few months and are expected to become operational in January. This may mean that some administrative functions in those agencies would best be consolidated.

Third, this Budget proposes the integration of consumer protection functions into the Department of General Services.

Fourth, this Budget proposes transferring several of the functions of the Department of Economic Development, Planning and Conservation into other departments. Most notably, Planning, and the administrative housing and support for the Stormwater Coalition would be transferred to the Department of Public Works. The geographic information systems (GIS) work formerly performed by an employee who took advantage of the Voluntary Separation Incentive will be transferred to Information Services.

Conclusion

Over the years, we have faced and met numerous challenges. The ones we face today are stark, but our purpose remains the same as always, to meet the needs of those we serve, especially those less advantaged.

The economic challenges we face today are perhaps the greatest that this generation has faced. I have no doubt that with creativity, good will, and courage that we will meet the challenges we face and that we will serve those in need.

Sincerely



Michael G. Breslin
Albany County Executive

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

Budget Highlights

Revenues

Total revenues, excluding property taxes are projected to decrease \$21.2 million to \$495.7 million.

- Most revenue sources are expected to be stagnant or worse. Sales taxes, the County's single most important revenue source are projected to rise less than one percent, about the same as the 2009 annualized trend. Compared to the 2009 Budget, this reflects a loss of nearly \$8 million in sales tax revenue. What little growth is projected is anticipated to occur during the second half of 2010.
- Interest earnings from investments have fallen dramatically for the second consecutive year. This decline is due to interest rate reductions instituted by the Federal Reserve and the County's declining balances upon which it would earn interest.
- The gain from the sale of properties acquired in tax foreclosure is projected to total \$200,000 due to our clearing of the backlog and the tax amnesty instituted in 2009.
- Revenues from the Hotel/Motel taxes are expected to be \$6.7 million.
- After a significant decline, sale of properties may have begun to stabilize. As a result mortgage recording taxes are projected to be \$3.6 million.
- Federal aid will be up \$2.7 million (4.7 percent).
- State aid is projected to decline \$6.8 million or 7.8 percent. State aid has been reduced significantly in recent years and is likely to be reduced again in 2010. In 2009, the State's policy regarding payment to the County Correctional Facility was revised to end any payments for housing inmates ready for a State Correctional Facility until after 10 days and the Medicaid rate paid to the Nursing Home was reduced below the level planned for. Further reductions are anticipated as well. For example:
 - When Medicaid reimbursement for the Nursing Home was reduced the State set in motion plans to further develop and begin using a new method by which all nursing homes are paid by April 1, 2010. While the new method will likely reduce payments to all county facilities, neither the key concepts nor the details have been finalized.
 - The State Comptroller has projected a decline in the statewide Indigent Legal Services Fund from \$76 to \$70 million and a decline in Albany County's share from \$1.1 million to \$990,000.
- Using cost figures provided by the Commissioners of the Board of Elections, election-day costs in 2008 increased to \$865,640. This will be charged back to municipalities based on the continued transition to the new formulation moving to a cost based system. In 2009, one-third of the allocation of total election-day costs was based on actual costs in each individual municipality and two-thirds based on each municipality's proportionate share of equalized assessed property values. In 2010, the proportions will be reversed. In 2011, election-day costs will be allocated based entirely on actual election-day costs within each municipality.

Appropriations

Proposed appropriations total \$571.4 million, down \$11.6 million, a decrease of 2.0 percent.

- Salary costs, excluding fringe benefits and related costs, comprise nearly \$124.8 million. This represents a \$4.8 million reduction, or 3.8 percent. The Budget is based on the elimination of 109 filled positions. It also includes elimination of vacant positions and holding other positions vacant at least through 2010.
- The cost of health care coverage of County employees, dependents and retirees continues to grow faster than both revenue and salaries and wages. The Budget includes \$37.4 million for health insurance, an increase of nearly \$2.6 million (7.34 percent). This increase includes offsetting savings resulting from the introduction of a program by which beneficiaries can use pharmaceuticals imported from Canada. This program is the result of a Legislative initiative.

Retirement costs increased \$4.9 million to \$16.4 million, an increase of 42.9 percent.

2010 BUDGET MESSAGE FROM MICHAEL G. BRESLIN

Education

The County's contribution to community college tuition for County residents grew substantially in 2009 and is expected to total \$10.3 million. Albany County is strongly supportive of the educational purpose of its contribution but remains concerned about the financial advantages of counties sponsoring community colleges and their ability to shift the financial burden to their students and to non-sponsor counties, such as Albany.

Public Safety

- Total expenses for public safety are projected to \$72.8 million. This represents a slight decrease (less than one percent).
- This Budget maintains the commitment to converting the staff of the Public Defender's Office from part-time to full-time, but postpones completion of that process due to the current financial constraints and the unexpected resumption of growth in fees paid to private attorneys for indigent legal services under Article 18B of the New York County Law.

Health/Mental Health

With respect to long term care, this Budget is consistent with *Choices*, the plan for long term care prepared by the County Executive in response to Resolution 205. Total spending for health and mental health is budgeted at \$39.2 million.

The Department of Health continues its planning and preparation for minimizing the effects of H1N1 influenza. Two new positions were added to the Department's budget specifically to assist with efforts to address the pandemic.

Economic Assistance/Opportunity

Total spending for economic assistance/opportunity is budgeted at \$223.5 million, a decrease of \$5.2 million (down 6.2 percent).

- The County will continue its commitment to the Expanded In-home Service for the Elderly (EISEP) program. This will mean both increased program enrollment and increasing services to those enrolled. Additionally, this Budget assumes that a Consumer Directed EISEP option will be made available to clients mid-2010.
- Due to the economic challenges and the lagged effect they have on public assistance programs, Family Assistance and Safety Net expenditures are projected to increase \$589 thousand and \$1.6 million respectively.