



9:31 AM
RECEIVED

(EK)

DEC 12, 2011

COUNTY LEGISLATURE

MICHAEL G. BRESLIN
COUNTY EXECUTIVE

COUNTY OF ALBANY
OFFICE OF THE EXECUTIVE
112 STATE STREET, ROOM 200
ALBANY, NEW YORK 12207-2021
(518) 447-7040 - FAX (518) 447-5589
WWW.ALBANYCOUNTY.COM

MICHAEL D. PERRIN
DEPUTY COUNTY EXECUTIVE

December 12, 2011

Honorable Paul Devane, Clerk
Albany County Legislature
112 State Street, Room 710
Albany, NY 12207

Dear Mr. Devane,

Pursuant to Section 604 (d) (iii) of the Albany County Charter, I hereby object to the specific budget amendments, delineated in the chart below, adopted by the Albany County Legislature as part of the 2012 budget and Resolutions 502 and 503 of 2011.

When I released my 2012 budget proposal, I warned of the County's dire financial state and I again strongly advise the members of the Legislature to consider the short and long term financial implications of any actions they might take. The 2012 Executive Budget prioritized services and was purposely crafted to preserve the County's core functions while eliminating the use of surplus and reserves to restore fiscal stability. After several years of economic decline, Albany County government is already lean. Over the last two years, the County workforce has been reduced by nearly 200 positions and other economies have been made to County operations. There is little flexibility within the 2012 Executive Budget to make cuts without severely impacting critical County services and the County's financial condition.

I am gravely concerned about the dire financial situation the Legislative 2012 budget creates for Albany County and the devastating impact it will have on those receiving services. While the Legislative changes may lower the tax increase on paper, they put the County in a precarious position to maintain operations. A number of Legislative changes rely on unrealistic savings and overly optimistic revenue estimates, and are operationally unworkable. County departments will have no flexibility to meet mandates and to deliver critical services, putting the health and safety of residents at risk.

These Legislative amendments are fiscally irresponsible and are tantamount to deficit spending in 2012, which will create a need for future tax cap overrides and significant tax increases in 2013, 2014 and beyond. These amendments set us on a course to drain surplus to fill the gaps created by the unrealized savings factors and revenue enhancements. This use of an already diminished surplus will severely weaken the County's financial position and further degrade the County's bond rating.

Moreover, the County will be at great risk of running out of cash before the end of 2012, resulting in short term borrowing to meet ongoing operational expenses, which after two consecutive years of borrowing and a downgraded bond rating, may not even be possible.

I would like to specifically draw your attention to the following items to which I object:

| Fund | Dept. | Line | Position | Title | Increased Revenue | Increased Appropriation |
|------|-------|-------|----------|--------------------------------|-------------------|-------------------------|
| A | 1992 | | | County wide .2 and .4 Savings | | (\$750,000) |
| A | 1994 | | | Personal Service Savings | | (\$1,000,000) |
| A | 1985 | 44000 | | Distribution to Municipalities | | \$911,083 |
| A | 1985 | 1110 | | Sales and Use Tax | (\$2,277,707) | |
| NH | 6020 | 18999 | | Personal Service Savings | | (\$400,000) |

Personnel Service Savings

I object to \$1.4 million of Personnel Service Savings, from not filling positions. The 2012 Executive budget already assumes the elimination of 89 vacancies throughout County government, but purposely left critical vacancies in the budget to ensure the County can continue to provide services directly related to the health and safety of County residents. The Legislature's additional Personnel Service Savings effectively eliminates any hiring of staff whether they are existing vacancies or vacancies created through attrition.

This change will have severe consequences for the County Nursing Home. Without the ability to fill certified nursing assistants, the Nursing Home will not be able to provide care for residents, forcing the facility to stop admissions and close at least one unit. Other critical County services will suffer as well. Child protective caseworkers and social services eligibility examiners will have increased caseloads, putting children at great risk and critically delaying public assistance and food stamp benefits.

These savings are simply unattainable, given County operations, mandate requirements and reimbursement associated with positions. The chart below demonstrates how little flexibility there is in managing County operations in 2012.

| Vacancy Analysis | |
|---|------------------|
| Vacancy Dollars Available as of 11/30/11 | \$8,480,300 |
| Vacancy Dollars Eliminated - Executive Budget | (\$3,449,955) |
| PSS Savings - Executive Budget | (\$1,642,363) |
| Vacancy Dollars Eliminated - Legislative Budget | (\$457,568) |
| PSS Savings - Legislative Budget | (\$1,504,817) |
| Grant Funded - No County Share Vacancies (i.e. STOP DWI, Sewer) | (\$691,077) |
| Consolidation Savings - Executive Budget | (\$750,000) |
| Critical Hire Appropriation - Executive Budget | \$750,000 |
| Available Vacancy Dollars - January 1, 2012 | \$734,520 |

Contractual Savings

The Legislature's budget includes an additional \$750,000 of County Share dollars in contractual and equipment savings. Such savings will be difficult to achieve, if possible at all, without cutting

programs and services. The vast majority of the provider contracts generate state and federal reimbursement revenue so that a dollar cut does not equate to a county dollar saved.

The 2012 Executive Budget purposely reduced appropriations significantly, with careful consideration not to cripple departments. The reductions I made forced prioritization. The Legislature's additional cuts put those receiving services at risk.

Sales Tax

My 2012 Executive Budget included a moderate increase in sales tax revenue based on a cautiously optimistic outlook for sales next year. Any further increase in sales revenue is risky in these tenuous economic times and I therefore object to the Legislature's additional one percent in sales tax revenue, which will most likely result in a budget shortfall at the end of 2012.

In addition to these objections, I also caution the Legislature to consider the implications of several other budget actions. The Legislative budget amendments call for an increase of \$500,000 in unclassified one shot revenue associated with the sale of County real property. If the Legislature is serious about selling real property, the revenue increases need to be accompanied by a resolution declaring the property surplus.

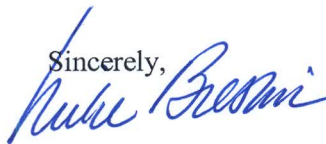
There is also an additional \$750,000 in savings associated with the purchase of the Family Court building. This is an extremely aggressive schedule to achieve these savings by the end of the 2012 fiscal year, considering the timeframe needed to implement these actions. Also, if the County is issuing short term debt to meet operational expenses, sufficient cash on hand will not exist to acquire the Family Court Building without first issuing debt service through bonds or bond anticipation notes. As it is not specifically budgeted, this will impact debt service for 2012.

The Legislature has also budgeted \$750,000 in savings related to the health insurance plan. I advise the Legislature to consider the time needed to implement these proposed changes. Again, I do not see the County realizing these savings by the end of 2012.

I urge the Legislature to reconsider their actions. The savings in the Legislative budget cannot be realized without drastically impacting critical County services. Absent further cuts to County services, which the Legislature has shown no intent of doing, the Legislative savings and exaggerated revenue cannot and will not be realized and will ultimately be funded by surplus. When I released my 2012 Executive Budget, I warned that any use of surplus would jeopardize the County's bond rating and financial health. The County does not have sufficient surplus or reserves to use without running in the negative or having dire consequences for cash flow.

The Legislature's budget is impractical and unsustainable and will only put County operations at great risk.

Sincerely,



Michael G. Breslin

cc: Chairman Daniel P. McCoy, Albany County Legislature
Members of the Albany County Legislature
Jamie Kallner, Counsel to the Majority
Thomas Marcelle, Counsel to the Minority