



# The Fiscal Condition of Albany County for the Year 2013

Presented May 12, 2014 by  
Michael F. Conners, II

# State of The Fisc 2013

May 12, 2014

# Results

An Overall Comparison of  
2012 vs. 2013

<b>Overall comparison</b>	<b>2012</b>	<b>2013</b>	<b>Increase/ Decrease</b>
<b>Excess of revenue, appropriation of prior year fund balance and other sources over expenditures, encumbrances and other uses</b>	<b>3,803,840</b>	<b>7,511,996</b>	
<b>Undesignated fund balance</b>	<b>27,350,906</b>	<b>34,862,902</b>	<b>7,511,996</b>
<b>Percentage of undesignated fund balance to total net revenue</b>	<b>6.66%</b>	<b>8.25%</b>	
<b>To total 2014 appropriations</b>	<b>6.35%</b>	<b>8.02%</b>	
<b>Revenue</b>	<b>506,332,063</b>	<b>518,901,323</b>	<b>12,569,260</b>
<b>Expenditures</b>	<b>505,041,475</b>	<b>513,402,664</b>	<b>8,361,189</b>
<b>Excess(deficit) of revenue over expenditures</b>	<b>1,290,588</b>	<b>5,498,659</b>	
<b>Total fund balance</b>	<b>37,205,631</b>	<b>42,704,290</b>	<b>5,498,659</b>

# Revenue

2012 vs. 2013

<b>Highlights</b>	<b>2012</b>	<b>2013</b>	<b>Increase/ Decrease</b>
<b>Sales Tax</b>	<b>238,969,914</b>	<b>240,274,633</b>	<b>1,304,719</b>
<b>County Share Sales Tax</b>	<b>143,381,948</b>	<b>144,164,780</b>	<b>782,832</b>
<b>Property Tax</b>	<b>75,745,309</b>	<b>86,556,963</b>	<b>10,811,654</b>
<b>Tobacco Settlement</b>	<b>4,161,604</b>	<b>4,159,019</b>	<b>(2,585)</b>
<b>Interest Income</b>	<b>101,657</b>	<b>86,640</b>	<b>(15,017)</b>
<b>OTB</b>	<b>578,334</b>	<b>523,012</b>	<b>(55,322)</b>
<b>Civic Center</b>	<b>826,341</b>	<b>500,000</b>	<b>(326,341)</b>
<b>Occupancy Tax</b>	<b>7,799,907</b>	<b>7,509,014</b>	<b>(290,893)</b>

<b>Total Revenue</b>	<b>2012</b>	<b>2013</b>	<b>Increase/ Decrease</b>
<b>Tax Items</b>	<b>331,912,812</b>	<b>342,840,804</b>	<b>10,927,992</b>
<b>Departmental/Inte rgovernmental/Mis c.</b>	<b>49,453,009</b>	<b>50,070,167</b>	<b>617,158</b>
<b>State Aid</b>	<b>59,511,224</b>	<b>54,140,369</b>	<b>(5,370,855)</b>
<b>Federal Aid</b>	<b>64,120,788</b>	<b>70,833,281</b>	<b>6,712,493</b>
<b>Transfers</b>	<b>1,334,230</b>	<b>1,016,702</b>	<b>(317,528)</b>

# Expenditures

2012 vs. 2013

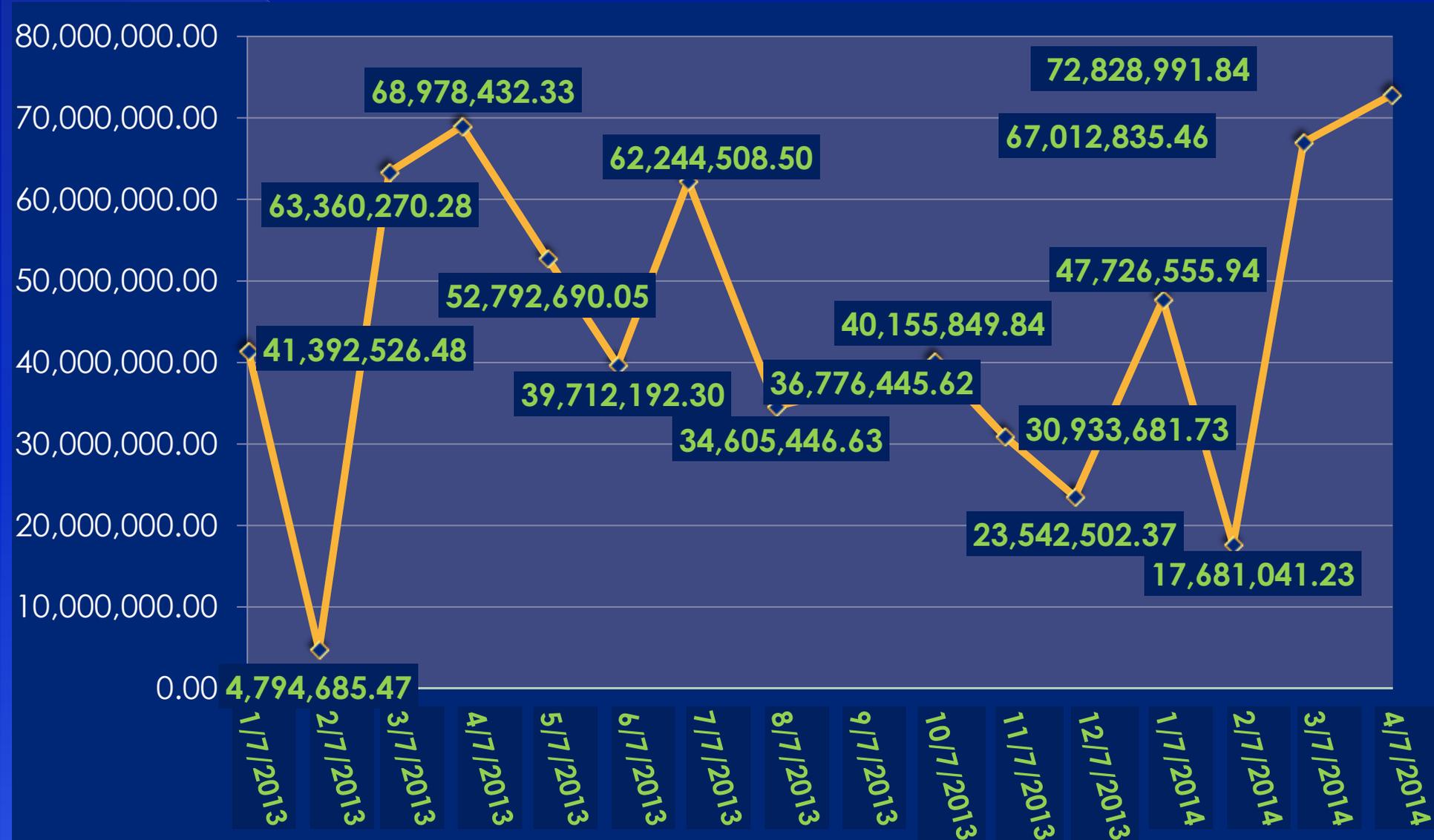
<b>Highlights</b>	<b>2012</b>	<b>2013</b>	<b>Increase/ Decrease</b>
<b>Personal Services</b>	<b>112,149,525</b>	<b>114,981,764</b>	<b>2,832,239</b>
<b>MMIS</b>	<b>66,669,644</b>	<b>66,790,082</b>	<b>120,438</b>
<b>Family Assistance</b>	<b>20,229,060</b>	<b>20,280,109</b>	<b>51,049</b>
<b>Safety Net</b>	<b>11,774,280</b>	<b>12,774,116</b>	<b>999,836</b>
<b>Jail</b>	<b>28,612,813</b>	<b>30,723,371</b>	<b>2,110,558</b>
<b>Retirement</b>	<b>14,819,647</b>	<b>16,587,569</b>	<b>1,767,922</b>
<b>Health Insurance</b>	<b>38,705,288</b>	<b>38,757,726</b>	<b>52,438</b>
<b>Transfer Residential Health Care</b>	<b>6,835,544</b>	<b>8,846,953</b>	<b>2,011,409</b>

Total Expenditures	2012	2013	Increase/ Decrease
General Government	129,969,530	130,698,277	824,380
Education	22,542,411	23,412,207	841,516
Public Safety	50,542,411	54,256,444	3,714,033
Health	29,359,910	27,515,656	(1,844,254)
Transportation	1,258,835	1,254,875	(3,960)
Economic Assistance & OPP	183,678,997	184,154,500	(475,503)
Culture & Recreation	714,880	566,488	(148,392)
Home & Community Services	1,625,012	1,744,484	119,472
Interest Expense	95,633	195,937	100,304
Employee Benefits	49,807,389	51,376,811	1,569,422
Transfers	35,513,820	38,226,985	2,713,165

# General Fund Account Cash Balance

<b>Date</b>	<b>General Fund Account Cash Balance</b>
1/7/13	<b>41,392,526.48</b>
2/4/13	<b>4,794,685.47</b>
3/4/13	<b>63,360,270.28</b>
4/2/13	<b>68,978,432.33</b>
5/6/13	<b>52,792,690.05</b>
6/3/13	<b>39,712,192.30</b>
7/1/13	<b>62,244,508.50</b>
8/5/13	<b>34,605,446.63</b>
9/3/13	<b>36,776,445.62</b>
10/7/13	<b>40,155,849.84</b>
11/4/13	<b>30,933,681.73</b>
12/2/13	<b>23,542,502.37</b>
1/6/14	<b>47,726,555.94</b>
2/3/14	<b>17,681,041.23</b>
3/3/14	<b>67,012,835.46</b>
4/7/14	<b>72,828,991.84</b>

# GENERAL FUND CASH BALANCE



# The Focus Topic for This Year's State of the Fisc Will be:

The policy failure of our DSS

# Poverty

Quoted from Robert A. Moffitt's  
John Hopkins University paper  
delivered May 2, 2014:

- The Deserving Poor, the Family and the U.S. Welfare System, Presidential Address to the Population Association of America in Boston, Massachusetts
- Two questions: Have we been more or less generous with the poor?
- Have there been winners and losers in this cycle?

# Growth of Poverty Programs and the U.S. Welfare System

- The official poverty definition (as stated by the U.S. Census Bureau) “uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps)”.
- Poverty has been a national issue since the passage of the 1935 Social Security Act, three programs, two social insurance programs and one for poor families.

# Growth of Poverty Programs and the U.S. Welfare System Continued:

- Johnson's "War on Poverty" in 1964 out of Harrington's "The Other America" in 1962 put an emphasis on a "hand up not a hand out".
- Food Stamp program, 1964-voluntary.
- Medicare and Medicaid, 1965-social insurance for seniors and welfare health insurance for the poor.
- National School Lunch and School Breakfast program, 1966.

# Growth of Poverty Programs and the U.S. Welfare System Continued:

- Expansion of Housing-voucher program for private landlord-portion of rent on the unit, early 70's.
- Nixon's guaranteed annual income for poor people-negative tax- failed, 1971-72.
- Supplemental Social Security Income program, 1972.

# Growth of Poverty Programs and the U.S. Welfare System Continued:

- Women, Infants and Children (WIC), 1975.
- Earned Income Tax Credit (EITC)- earnings subsidy, 1975.
- President Carter's higher income, universal eligibility, jobs creations never made it to the floor.

# Retraction and Retrenchment of Welfare State Expansion

- Basis in Congressional Record and President Roosevelt's statements, 1935-1936.
- Johnson's "Hand up not a hand out", 1964.
- Patrick Moynihan's The Negro Family: The Case For National Action, 1965.
- President Reagan's promise to curtail the welfare state, 1980.

## Retraction and Retrenchment of Welfare State Expansion, Continued:

- Charles Murray's book Losing Ground, 1984: welfare state actually made problem worse by discouraging the poor from working and giving them incentives not to marry.
- George H. Bush proposed mandatory work program for AFDC, but it was never implemented, 1988.

## Retraction and Retrenchment of Welfare State Expansion, Continued:

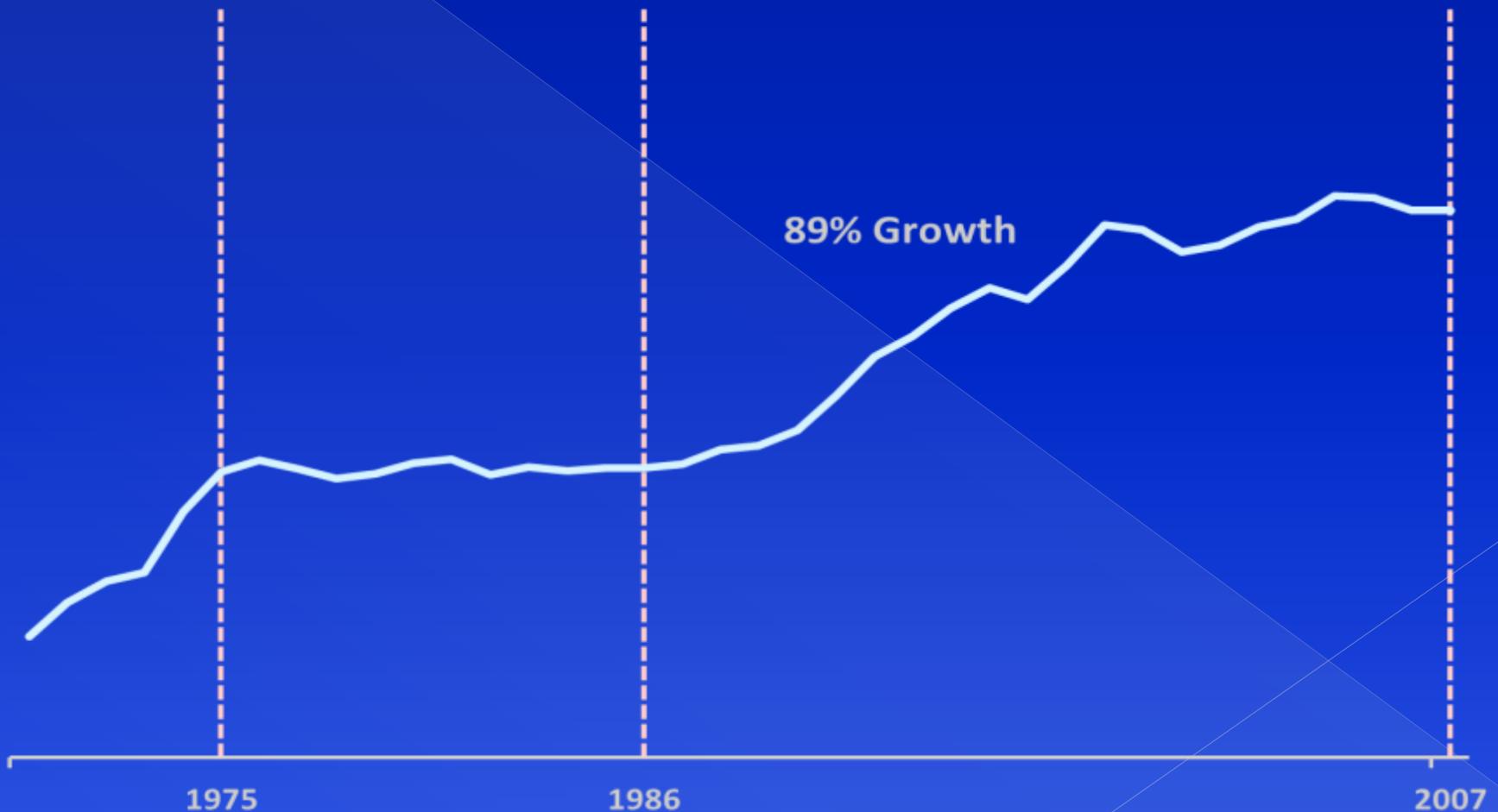
- Christopher (Sandy) Jencks said “After 1976...the idea that government action could solve—or even ameliorate—social problems became unfashionable, and federal spending was increasingly seen as waste.” (1992).
- President Clinton, 1996, imposed work requirements, credible and enforced monetary sanctions for noncompliance, and added time limits for AFDC, renamed to TANF. Reduced the number of single mothers served by 63% within 10 years.

What actually happened to real per capita spending on all major programs taken together, adjusted for inflation and divided by the size of the population?

- “The growth of spending has continued to rise steadily.
- Rapid growth in early 70’s was 60% from 1970-1975.
- Spending growth from 1975-1986 rose only 25%
- Spending from 1986-2007 grew by 74%.
- Some of that was simply an increase in medical prices-real health services delivered was smaller”.

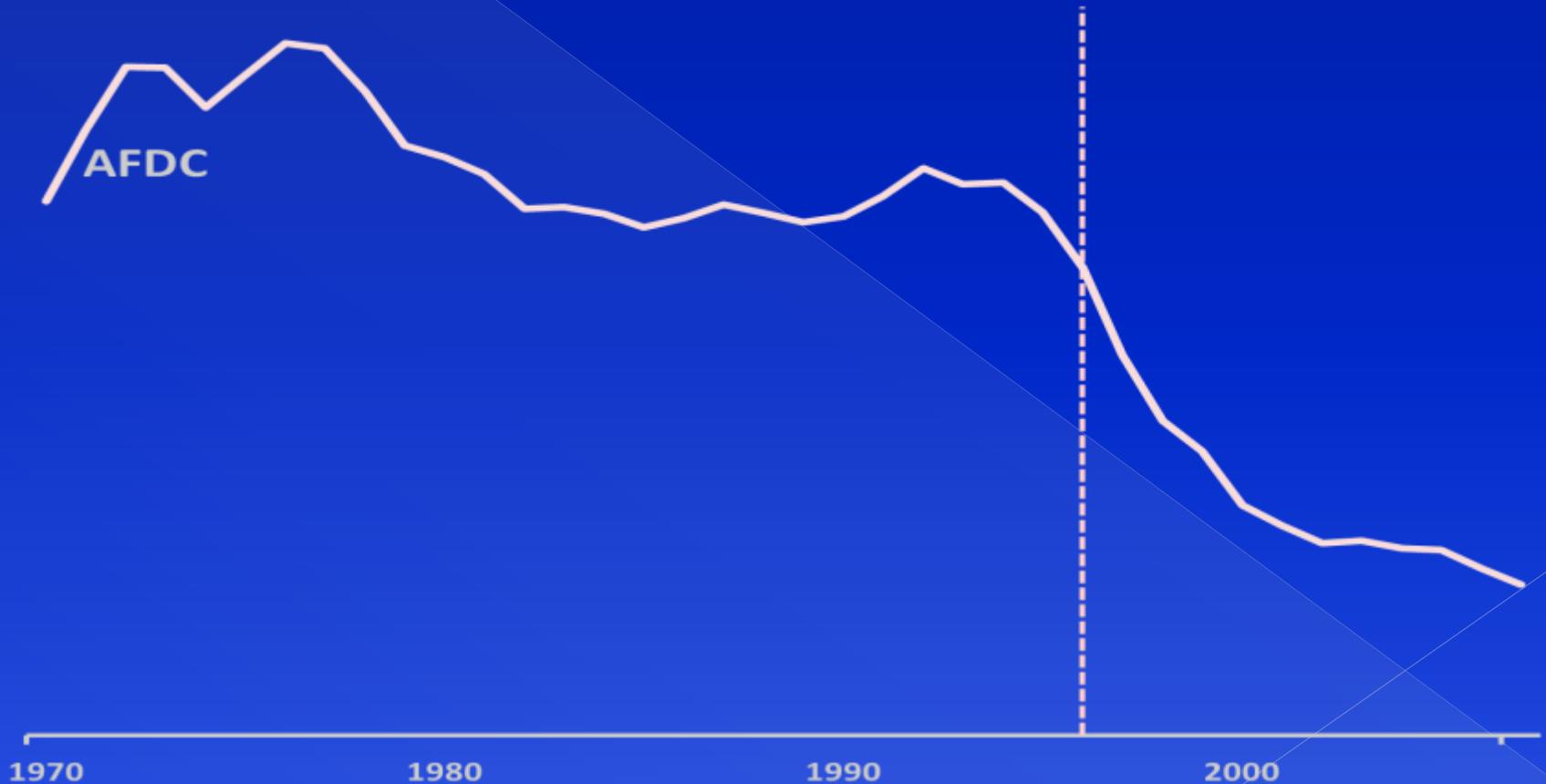
# Federal spending for welfare programs without Medicaid (Moffitt)

**Spending growth for welfare programs without Medicaid was also rapid**



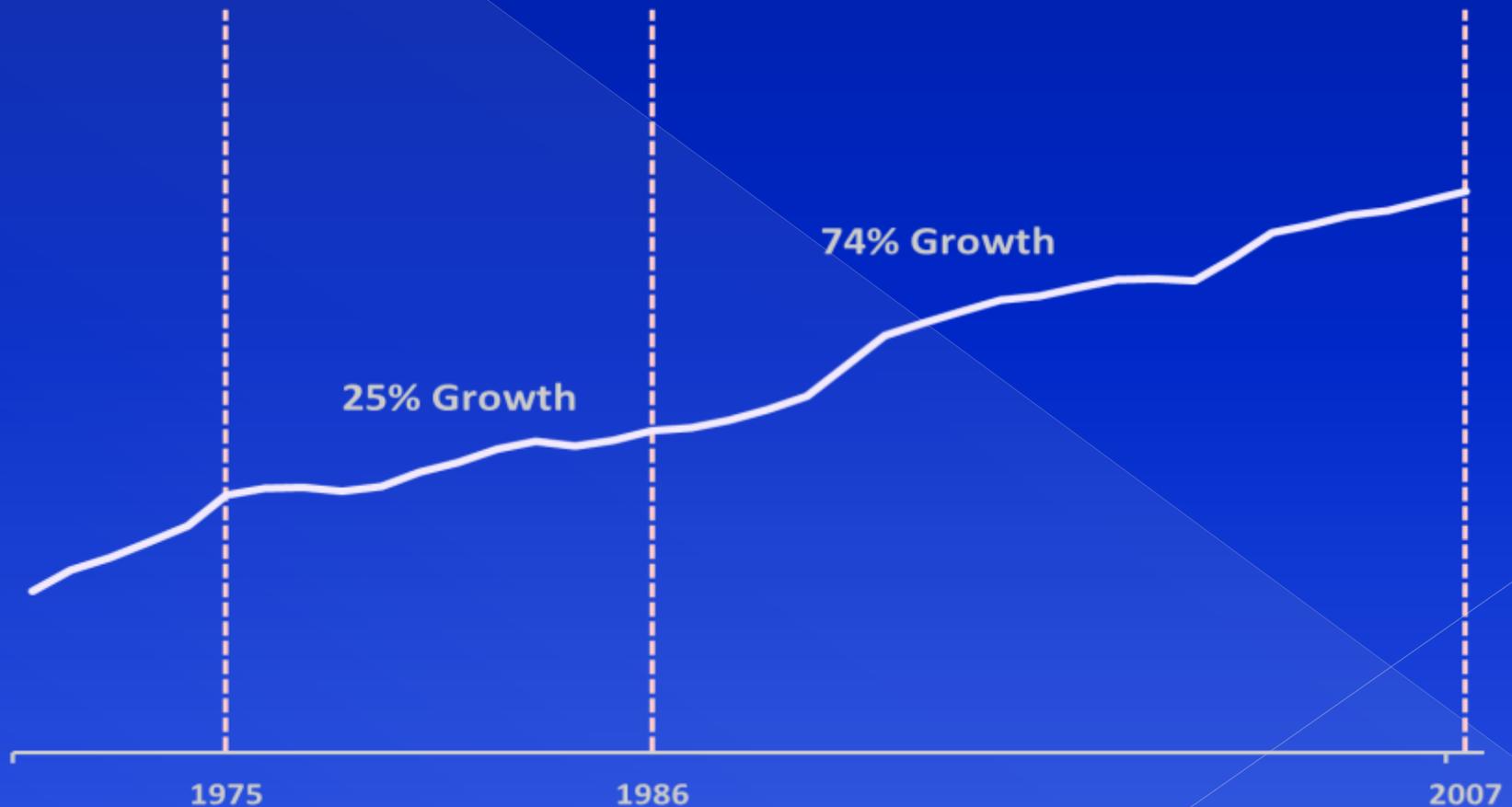
# Federal Aid to Families with Dependent Children (Moffitt)

**AFDC spending was slashed after 1996**



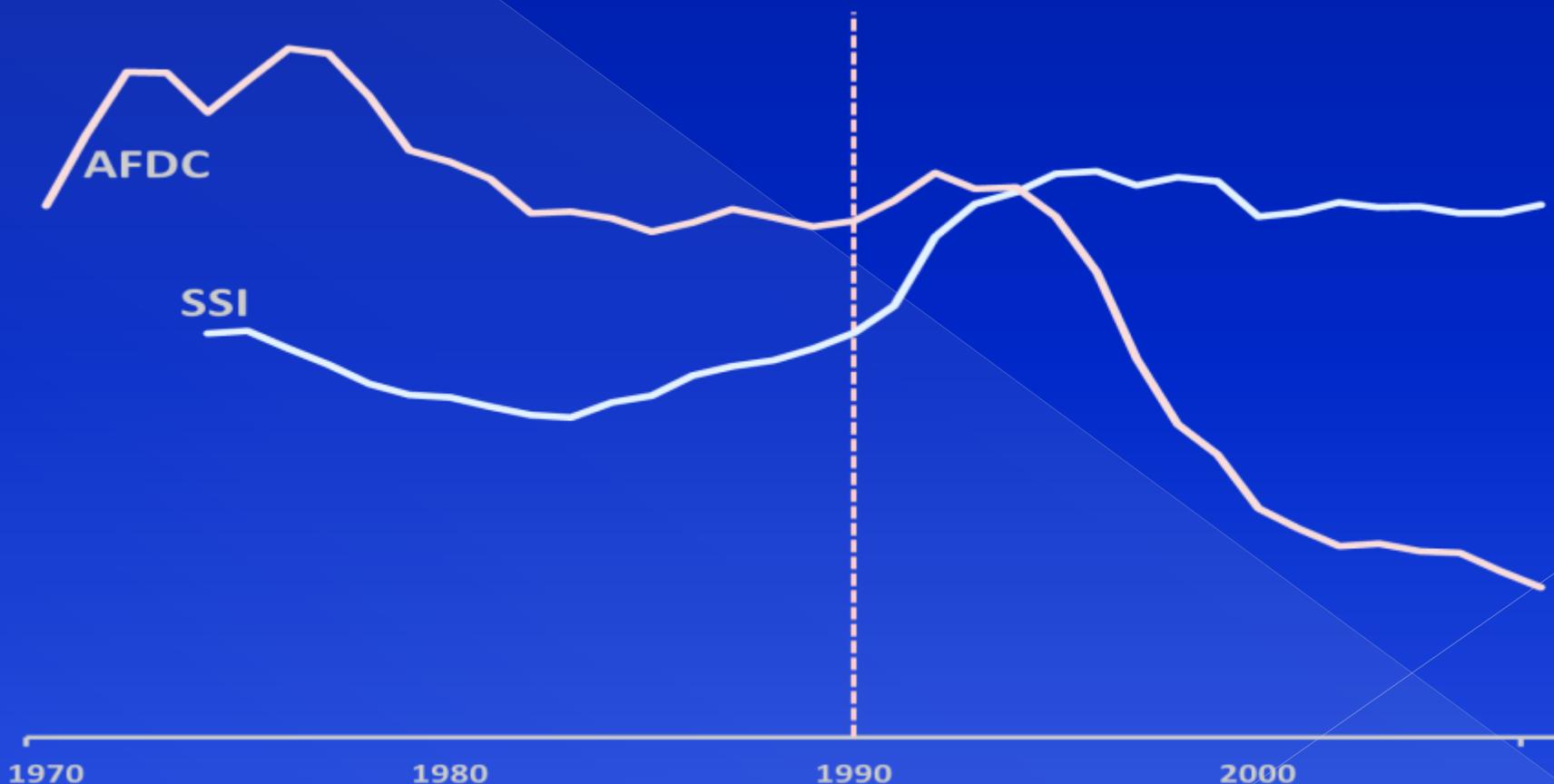
# Federal Spending on Welfare, With Inflation Adjustment in Real Dollars (Moffitt)

**Real aggregate safety net spending rose rapidly after mid-1980s**



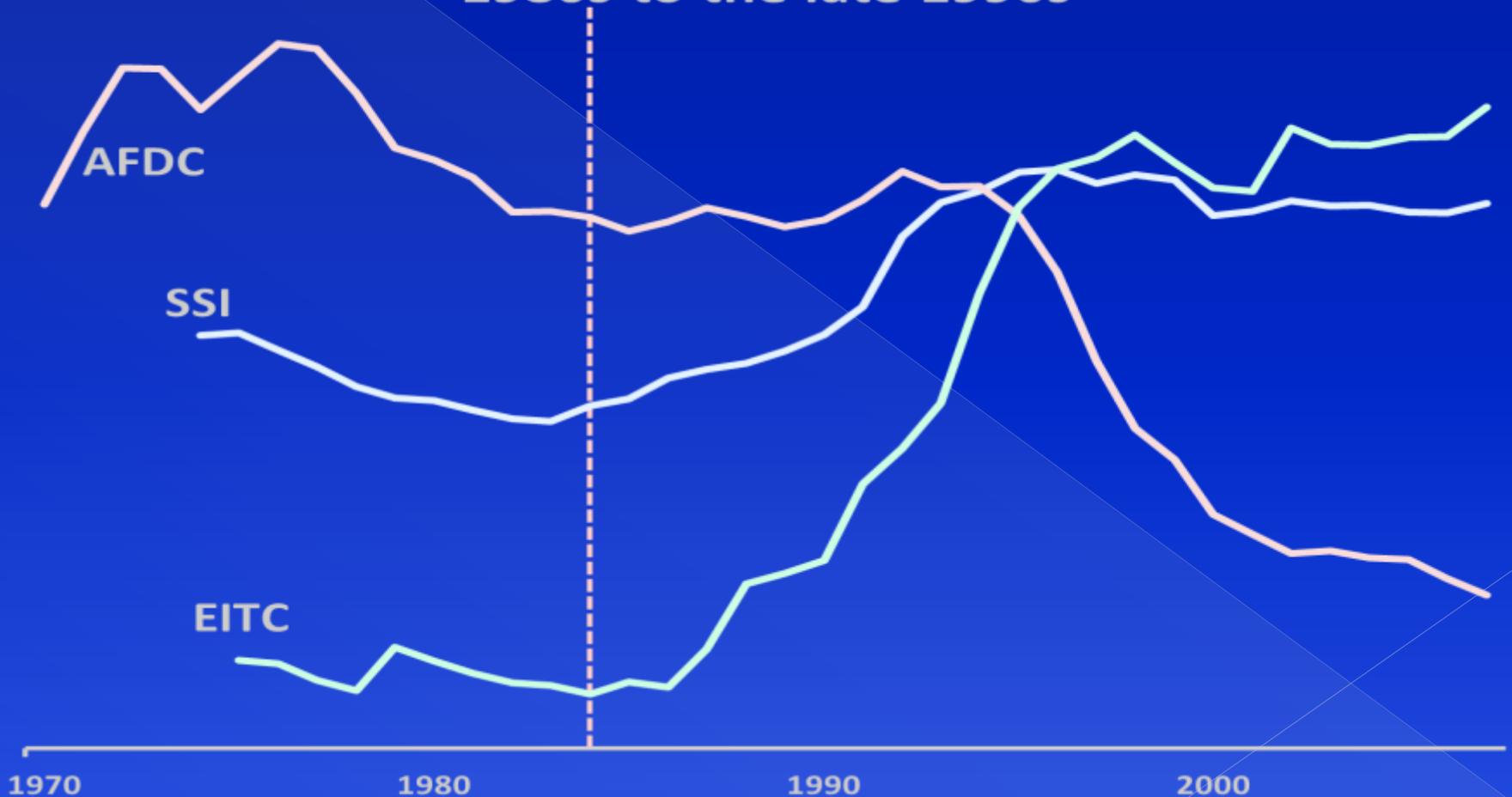
# Supplemental Social Security Income (Moffitt)

**But SSI spending grew rapidly after 1990**



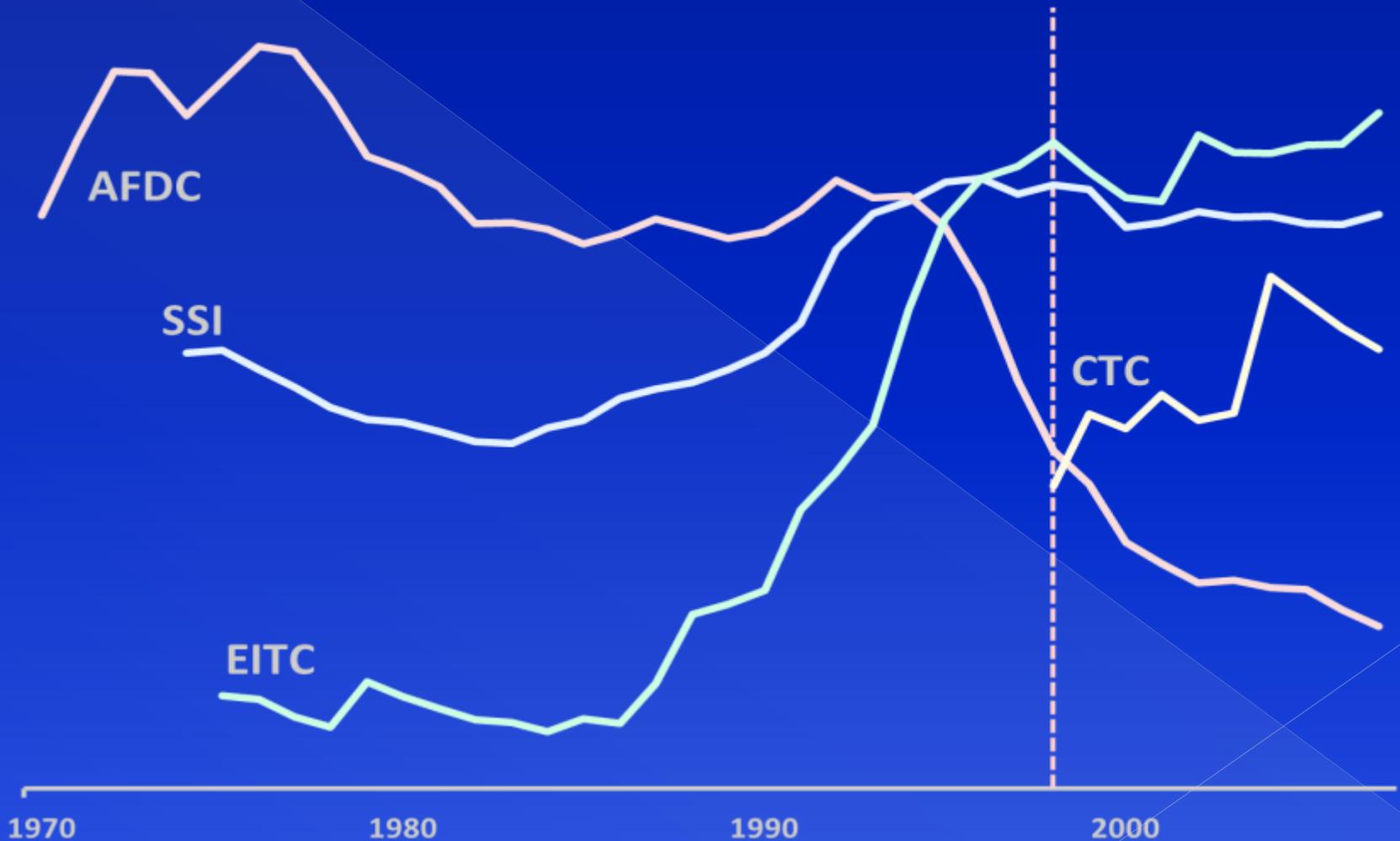
# Earned Income Tax Credit Spending (Moffitt)

**EITC spending grew rapidly from the late 1980s to the late 1990s**



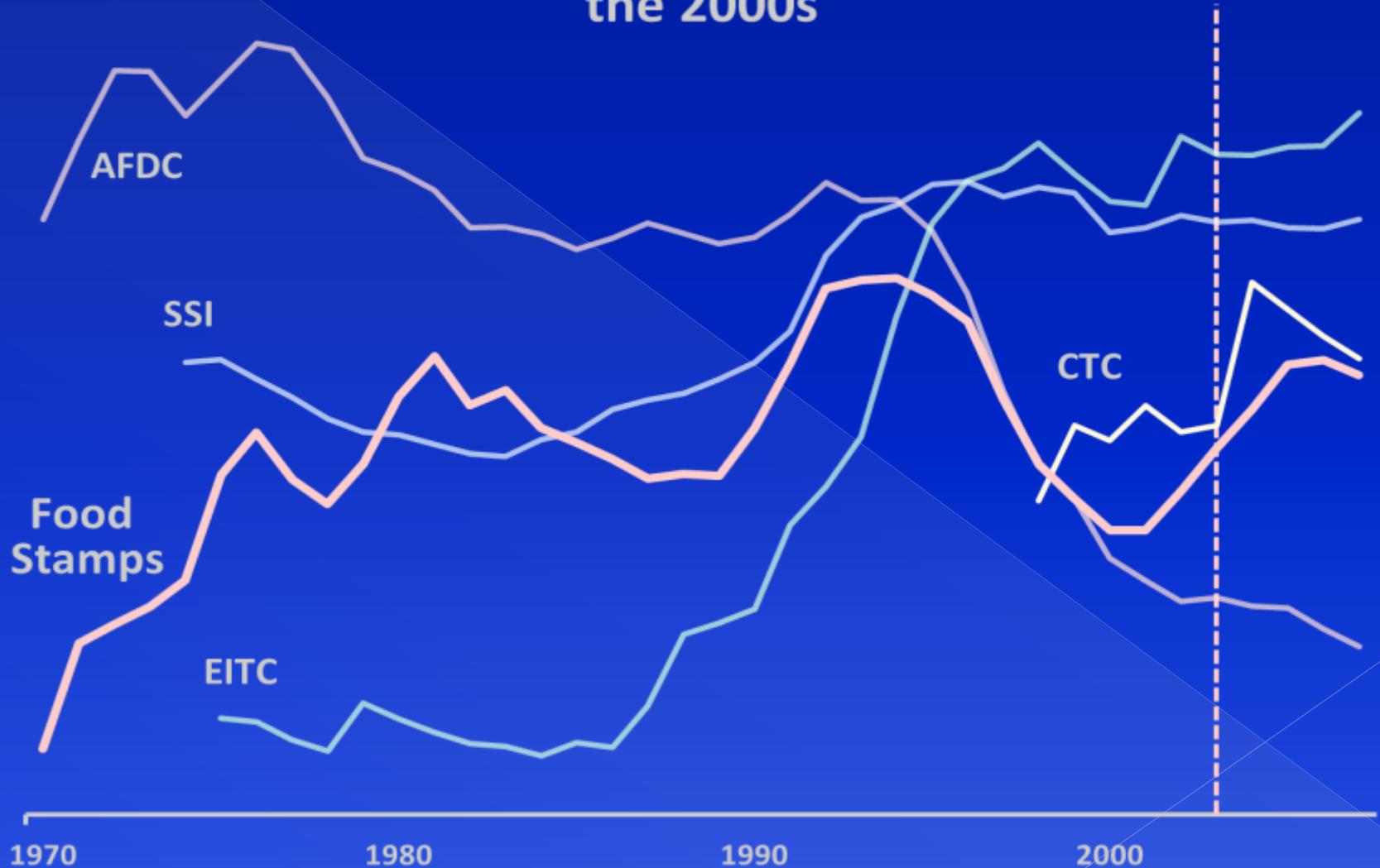
# Child Tax Credit Added (Moffitt)

The Child Tax Credit came in in the late 1990s



# Food Stamp spending (Moffitt)

Food Stamp spending grew unexpectedly in the 2000s

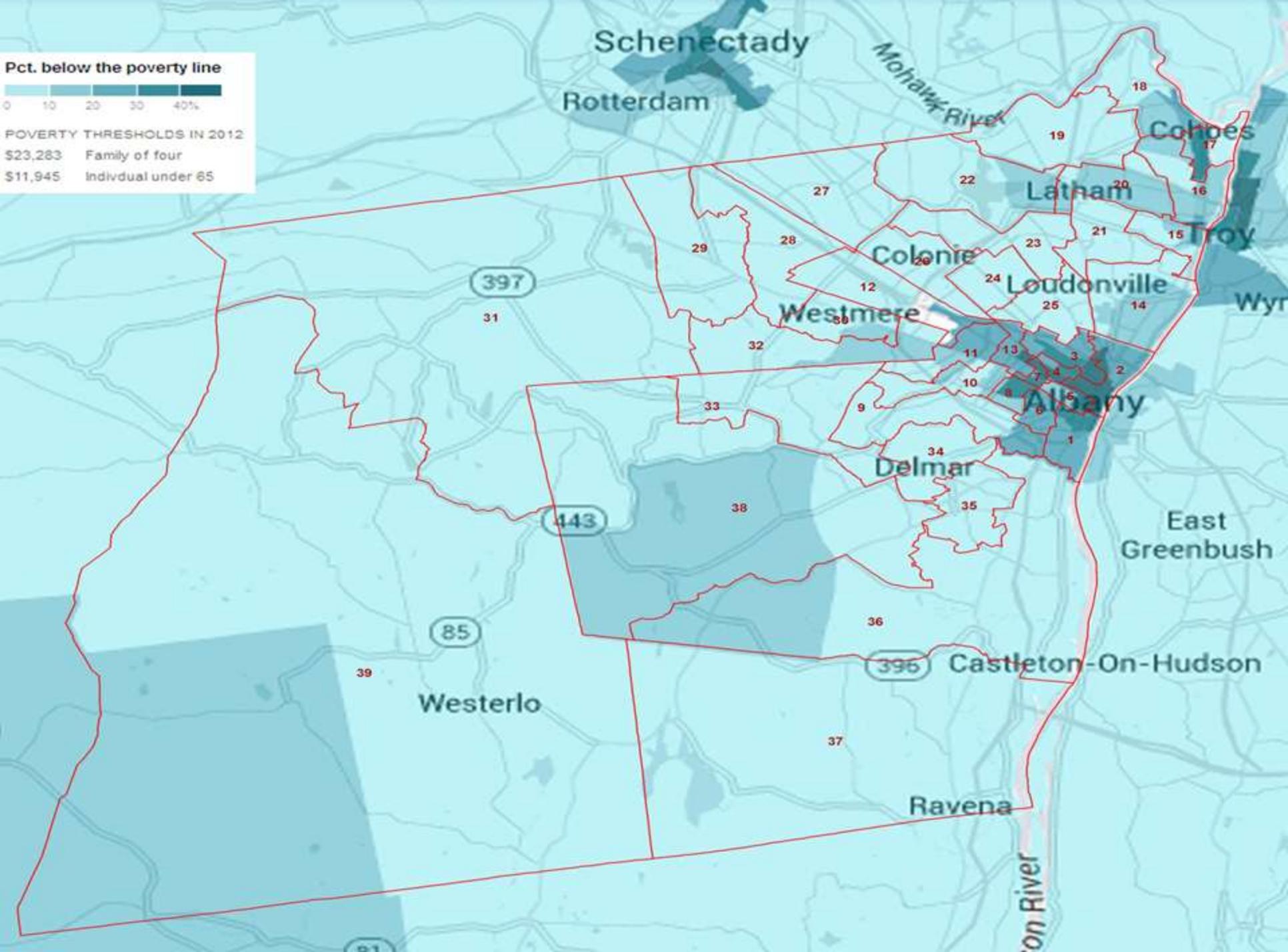


Pct. below the poverty line



POVERTY THRESHOLDS IN 2012

\$23,283 Family of four  
\$11,945 Individual under 65



The Albany County  
Story by the Numbers  
Since 1970

# History of Poverty in Albany County

Population by Poverty Status			
Year	Below poverty level	Percent below poverty level	Total County Population
1969: 1970	25,045	9.00	286,742
1979: 1980	27,972	10.19	285,909
1989: 1990	27,031	9.7	292,812
1990: 2000	29,745	10.6	295,601
2010	36,303	12.60	304,204
2012	37,684	13.10	306,012

The Department of Social Services leadership and administrations have not cooperated with the Department of Audit & Control since Mike Hoblock left office.

The staff have been helpful, gracious and professional, but top management have practiced cooperative dissonance.

# Recently, there have been several articles about the ACDSS in the Times Union

- These articles called attention to several issues that our office had identified in previous audits of DSS.
- An article written by Tim O'Brien called attention to the deplorable conditions of the Skylane and several other motels in Colonie, something our office had already done as revealed in our 2008 audit. If our recommendations had been followed, additional abuses would have been avoided.

# Just a few of Our Difficulties

- A 2010 review of the DSS temporary assistance division's shelter allowance policies and procedures.
- During the 2004 Medicaid Prescription Drug audit, the department refused to assist our efforts and we had to get cooperation from the New York City Corporation Counsel. As a result we were over charged by 35% above AWP we should have been charged.
- In 2010, our office did a review of the voucher policy for furniture vouchers issued through the DSS. This same program was recently the subject of a news story by Chris Churchill that depicted mattresses being sold full of bugs. Again, our recommendations if followed would have prevented this matter.

# Just a few of our difficulties, continued:

- A 2010 review of the DSS temporary assistance division's drug and alcohol procedures.
- 2008 Hotel/Motel Audit mentioned earlier.
- Food Stamp fraud. DSS never had the person that our staff turned over to them arrested, and requested that the Price Chopper Chief of Security not cooperate with our office. The current Deputy told our office in two different emails that DSS did not have the information, when in fact OTDA had informed us they did have the information.

# Other issues the Department of Audit & Control uncovered

- HEAP and Medicaid payments from DSS are going to Dead People.
- Nurses were getting costly overtime as we discovered in the Optional Medicaid Audit.
- There are 17 different systems, software programs and accounting platforms that DSS uses to organize their information. 17 different systems means no system.
- Our office fraud software, SALIENT, can not be used because DSS refuses to give us the information to utilize the program.

- Most recently, our office preformed an audit on America Works (AW) after referral from the Executive's police. This is an outsourced jobs program for people who are receiving DSS benefits. After our audit, our office notified DSS that AW did not comply with their contract.
- We found that over 50% of the claims audited did not have proof of service delivered and should not have been paid.
- We also found that DSS staff amended and modified AW contracts without Legislative approval in contravention of the Charter. There is pending litigation on the matter.

- DSS staff routinely have case loads far in excess of any recommended level. This leads to impossible work loads and inadequate supervision of eligibility, benefits and effective case management.
- There is a failure on federal, state and local levels for poverty programs that waste a huge amount of human potential. The War on Poverty has not worked for the poor, taxpayers or our staff.

# Remedies

- Albany County needs to investigate potential Demonstration Grant Waiver programs to try something different to break the permanent cycle of poverty and the corresponding growth rate.
- Audit & Control will be procuring estimates for a Department of Social Services management and productivity study.
- The County Legislature and Executive should appoint a high level task force to evaluate federal, state and local opportunities to reduce the rate of growth in the welfare programs we utilize.



Michael F. Conners, II  
Albany County Comptroller