



State of the Fisc 2011

(The Fiscal Condition of Albany County 2010)

Presented by Michael F. Conners, II
Albany County Comptroller

May 9, 2011

Good evening Chairman, legislators, staff and attendees. I've always loved being a legislator and look forward to this opportunity to share the results of our County's fiscal results, challenges and remedies. This is my 16th State of the Fisc and I never know if it will be the last.

First I'd like to join you in thanking the people serving in the United States Armed Forces and especial S.E.A.L. Team Six for the great job they did in getting Osama Bin Laden.

Next, this is a time of enormous challenge but I'd like to thank County Executive Mike Breslin for his service to our nation in the United States Army and as a dedicated public servant for the last 16 plus years.

We are in the midst of an extremely difficult economy and need to reduce spending while service demands grow dramatically. We can do this if we PLAN and work with each other.

We will be posting the Fisc and related documents to our webpage tomorrow at: <http://www.albanycounty.com/departments/comptroller/>

Overall Comparison 2010 vs 2009				
		2009	2010	Increase/Decrease
Excess of Revenue, Appropriation of Prior Year Fund Balance & Other Sources Over Expenditures, Encumbrances and Other Uses				
		-12,695,500	2,940,634	
Appropriated Undesignated Fund Balance in Subsequent Budget				
		-	-	
Undesignated Fund Balance				
		16,636,117	19,576,751	2,940,634
Percentage of Undesignated Fund Balance to Total Revenue				
		4.06%	4.67%	
To Total 2011 Appropriations				
			4.76%	
Revenues				
		497,696,058	508,078,109	10,382,051
Expenditures				
		505,444,999	510,853,748	5,408,749
Excess of Revenues Over Expenditures				
		-7,748,941	-2,775,639	
Total Fund Balance				
		37,249,796	34,474,157	-2,775,639

Results

Overall Comparison 2010 vs 2009

The first Chart is the highlights of the 2010 Annual Financial Report to the New York State Comptroller. The results are a mixed bag. We have ended the year with a modest first step in bringing our surplus back to acceptable levels. The \$2.9 million that we added to the surplus is offset by a reduction of our overall fund balance by almost \$2.8 million. Given our need to access the municipal borrowing market on Wall Street, I believe we are at a dangerously low undesignated fund balance (surplus) and this could give us problems later in the year.

		Revenue		
Highlights		2009	2010	Difference
Sales Tax		218,742,864	222,596,790	3,853,926
County Share Sales Tax		131,182,131	133,723,648	2,541,517
Tobacco Settlement		5,172,067	4,304,199	-867,868
Interest Income		65,268	99,718	34,450
OTB		906,255	1,126,924	220,669
Civic Center		1,755,140	1,082,577	-672,563
Occupancy Tax		3,602,149	6,354,894	2,752,745
TOTAL REVENUE				
Tax Items		300,680,510	308,170,801	7,490,291
Departmental/Inter-governmental/Misc.		53,803,706	54,143,477	339,771
State Aid		75,209,264	68,371,852	-6,837,412
Federal Aid		65,920,357	75,980,944	10,060,587
Transfers		2,082,220	1,411,036	-671,184

Revenue

2009 vs. 2010

Sales tax revenues are up slightly in 2010 but no where near the high point in 2008. For the first time in several years, combined federal and state aid exceeds our sales tax revenue but with the loss of stimulus funding this will not be the case next year.

Highlights	Expenditures		Difference
	2009	2010	
Personal Services	127,480,530	122,991,530	-4,489,000
MMIS	60,784,388	63,294,744	2,510,356
MMIS Net of FMAP	54,834,977	53,772,237	-1,062,740
Family Assistance	24,218,214	22,310,091	-1,908,123
Safety Net	12,379,587	12,568,002	188,415
Jail	33,142,996	31,561,121	-1,581,875
Retirement	8,991,399	11,004,813	2,013,414
Health Insurance	38,224,475	39,516,427	1,291,952
Transfer Residential Healthcare	10,493,520	12,317,179	1,823,659
TOTAL EXPENDITURES			
General Government	127,926,702	128,113,265	186,563
Education	24,487,309	23,588,055	-899,254
Public Safety	55,253,116	53,726,657	-1,526,459
Health	34,293,062	33,647,998	-645,064
Transportation	1,236,821	1,265,011	28,190
Economic Assistance and Opp	180,742,084	186,605,036	5,862,952
Culture and Recreation	1,098,009	1,046,815	-51,194
Home and Community Svces	3,114,271	1,749,583	-1,364,688
Employee Benefits	40,105,251	41,972,402	1,867,151
Transfers	37,188,375	39,138,926	1,950,551

Expenditures

2009 vs 2010

Our payroll for 2010 is down almost \$4.5 million to \$122.9 million. Retirement costs were up almost \$2 million to \$11 million. This could be as much as \$24 million by next year. Our health insurance costs were up \$1.3 million and could face double digit increases by next year. When we add the payroll to benefits and retirement costs for 2010 it is over \$172 million. More about that later.

The operational subsidy at the nursing home increased by \$1.8 million and including additional federal funds rose to over \$20 million for 2010. Rensselaer County's facility with over a 100 more beds and similar union rules and contracts lost a small fraction of that amount. The problem is not the building but the leadership. I called several Legislators on March 31st to remind them we had lost about \$4.5 million dollars already based upon estimates. I was wrong; the loss looks more like \$5 million. We need to do something now.

CHALLENGES

The 3 major Challenges we face are the nursing home, poverty and the demographic economic problems we face with job creation.

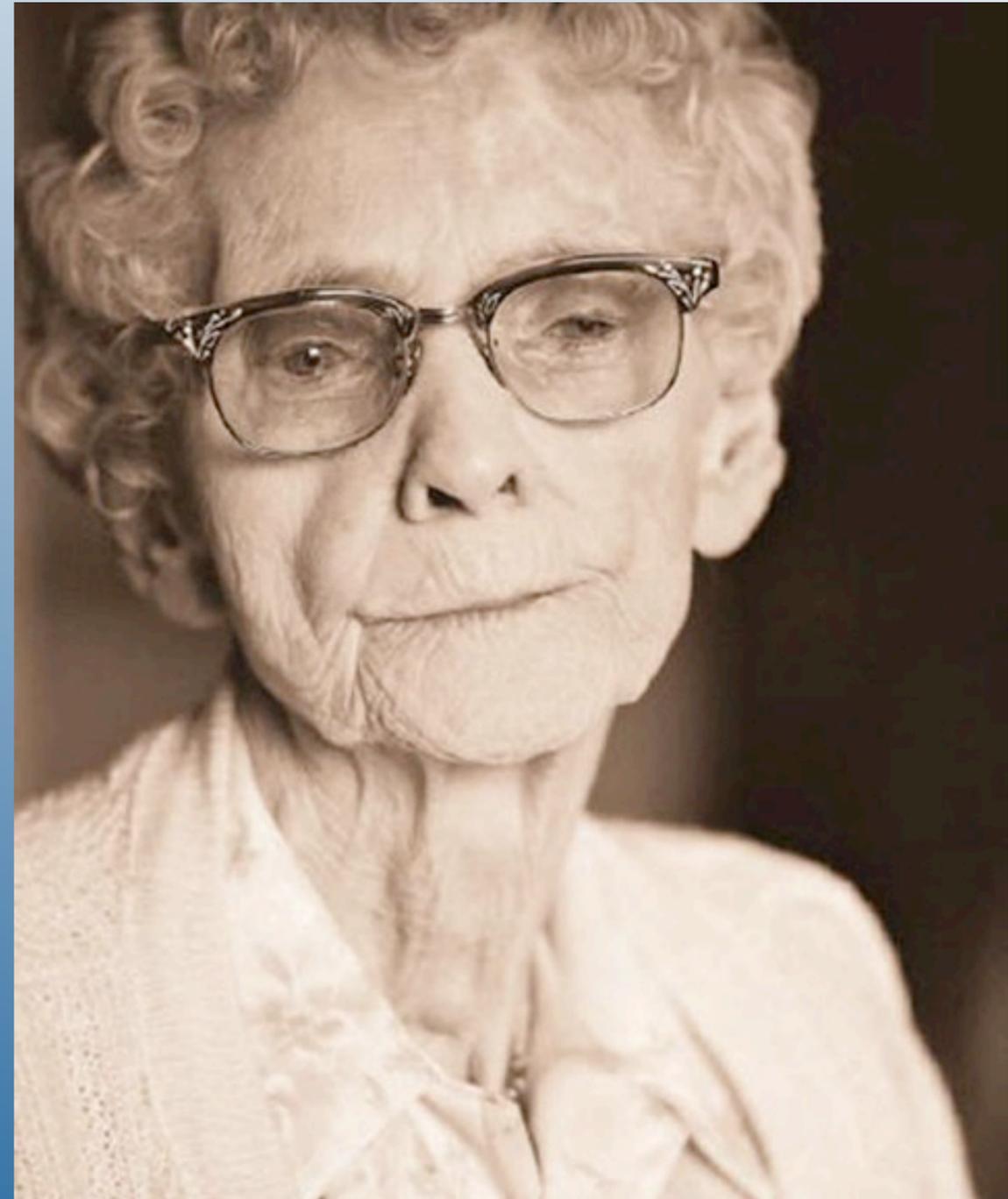
The Albany County Residential Healthcare Facilities

It's not the building..

Its the Leadership!

The truth about the Nursing Home

- In 2010 over 750 residents were shipped out of Albany County
- There is a need for Nursing Home beds
- Single largest financial problem the County faces
- All the while the current Administration ran the facility at a loss of over 20 million before subsidies in 2010



The nursing home challenge is a short term problem that we have some control over. The need for beds is there, we sent over 750 people from Albany County to other states and counties to facilities, most of whom were much lower rated than our own facility and a higher cost.

The shameful dirty secret about this transshipment of the medically frail and vulnerable out of our County is that the local nursing homes do not accept their fair share of the difficult cases, behavioral problems and dementia residents who are not private pay. By year end we will be facing a healthcare entity that controls several hospitals and 6 nursing homes with excellent ratings who do not take their fair share of expensive cases.

Nursing Home \$\$\$

Year	Actual Amount Subsidized
2002	\$11,990,648.00
2003	\$14,843,148.00
2004	\$13,000,000.00
2005	\$17,268,547.00
2006	\$15,289,855.00
2007	\$18,816,874.00
2008	\$18,744,495.00
2009	\$10,493,520 (Plus 8.2 million)
2010	\$12,317,179 (plus \$8 million)
TOTALS	\$132,794,266 (plus 16.2 million)



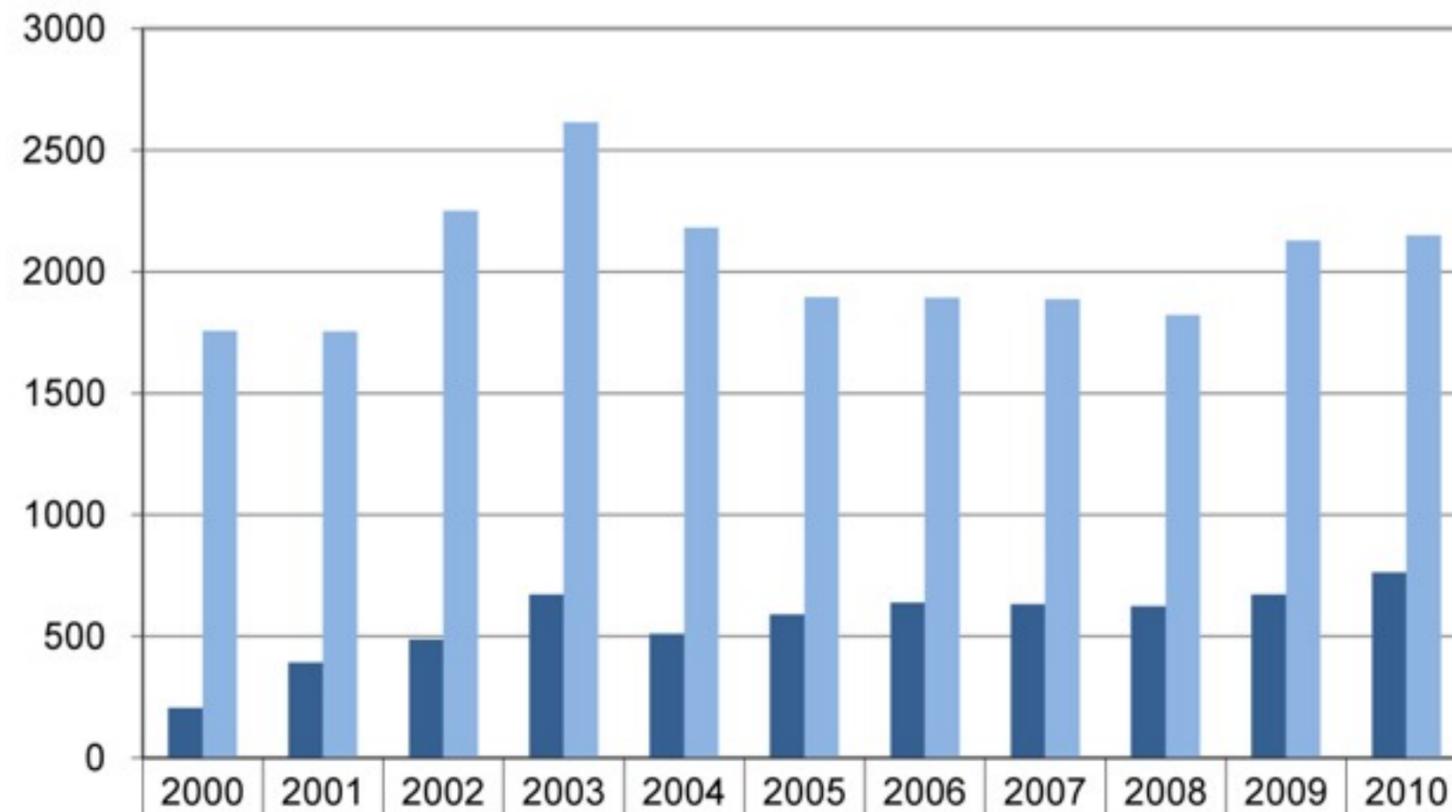
A Permanent Cycle of Poverty...

Quick Facts

- According to the US Census, the % of people in poverty in Albany County has grown from 9.6 to 12% as the age of those below the poverty level has increased.
- The number of people served last year by (Homeless Travelers Aid Society) HATAS was 5,100. This number has Tripled in the last ten years.
- Economic Assistance & Opportunity (Welfare Costs) rose by 5.8 million last year.

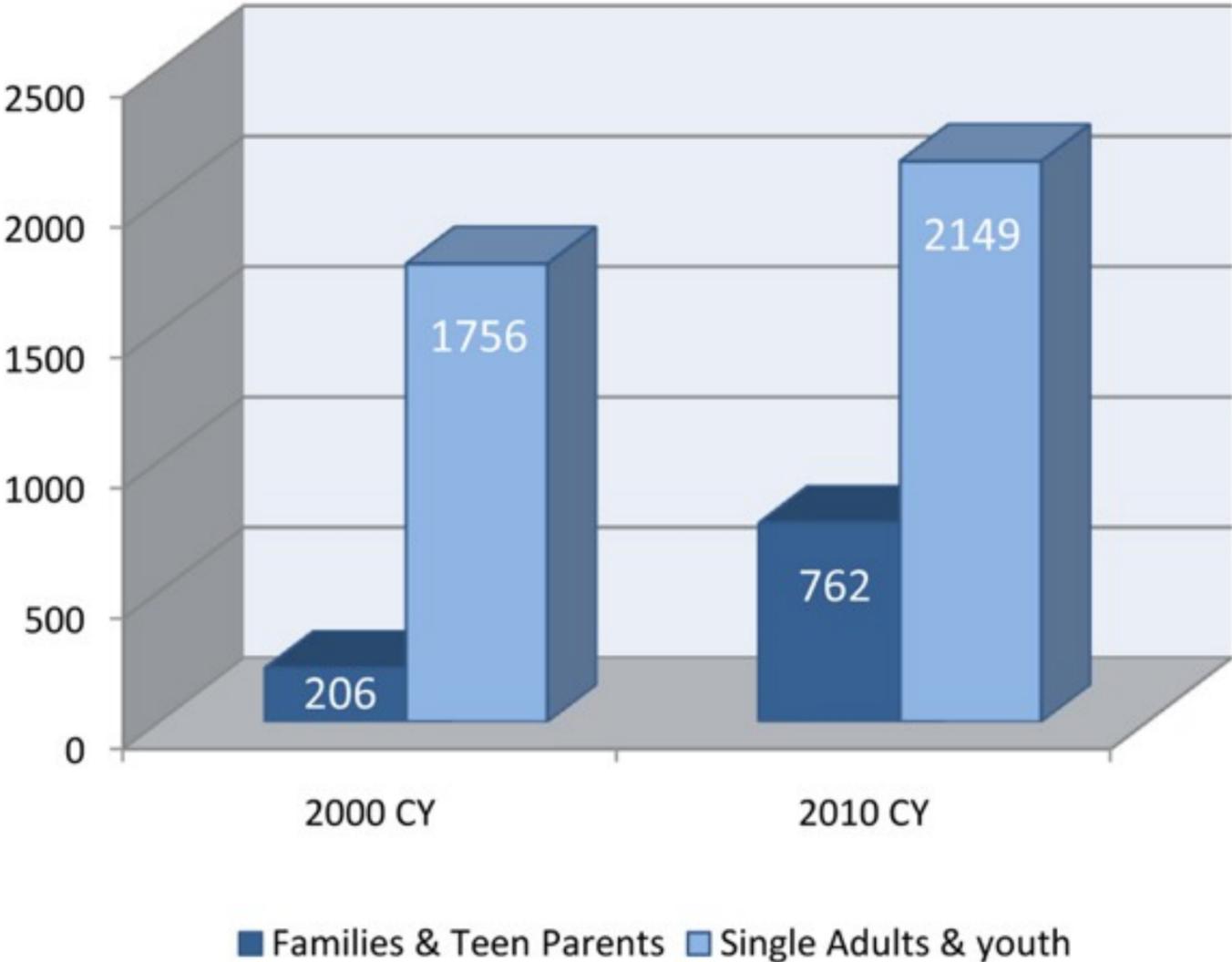
Homeless & Travelers Aid Society
 Prepared by Liz Hitt, Executive Director
 1st Quarter 2011

HATAS New Episodes of Homelessness



■ Families & Teen Parents	206	393	488	673	510	591	639	633	623	672	762
■ Single Adults & Youth	1756	1754	2251	2613	2181	1896	1892	1887	1822	2129	2149

New Episodes of Albany County Homelessness:



The Albany County Department of Social Services in April of 2011

- Serviced 2774 caseloads and 6,067 individuals in Temporary Assistance
- Serviced 26,846 Medicaid Caseloads and 37,603 individuals
- Serviced 15,244 Food Stamp caseloads and 28,755 individuals

Poverty is the single largest problem we face. We haven't failed to reduce the welfare rolls...we haven't begun to fight the trend. The human waste of facing the 7th generation of families on welfare is disgraceful. The failure to capitalize on the potential these families represent to our economy is a waste of the potential to contribute. We must do something significant to plan for a different way of doing business. Let's start with our employees and recipients in a massive re-tooling of how and why we deliver services. There must be accountability, better tools and committed leadership.

When we add services like HEAP

We have given welfare assistance to
58,870 Individuals in Albany County in
April 2011

The demographics are frightening. In April 2011, we are providing one form of welfare to 58,870 different people.

IT IS NOT WORKING!

Nationally 85% of college grads return to nest

- In NYS 80,000 people have left the workforce over the last two years
- More than 263,000 New Yorkers applied in February for SNAP (food stamps)
- That's a **9.7%** increase over February of 2010
- USA Today cites a study New Yorkers receive more government aid per person from social programs than any other state. (NYS average \$9,442 per person)

For Recent College Grads its worse...

- This year, three million young people are expected to graduate from college and they face a double digit unemployment rate for young people.
- The Unemployment rate for 16-24 year old workers is 18.4%.
- 85 % will initially move back home. This is up from 67 % in 2006.

But what about local graduates and local jobs?

In the Capital District

- According to the NYS Education Department, area colleges graduated almost 3,400 Associates degrees and over 7,200 Bachelors, 2762 Masters degrees and 262 Doctoral degrees last year.
- The Albany - Schenectady - Troy area of New York added a net of 3,100 private sector jobs from March 2010 to March 2011.

Over 13,000 New College Degrees locally

3,100 new private sector jobs

Do the math!

The most recent employment report from the NYS Department of Labor for the period of March 2010 to March 2011 shows added new private sector jobs of just over 3,100 positions. Do the math. We need to grow more jobs if we want to keep the young people we are educating. Let's stop exporting our best product. The demographics of exporting young educated people are disastrous. Again, another unsustainable trend for our region.

REMEDIES

The Remedies section of the Fisc includes a few charts that could result in a new culture of delivering local government services. It will take planning, redesign and working collegially to make local decisions but purchase the resources on a group basis.

Restructuring Government from the ground up!

Government's most basic responsibility is to protect the public

- There are 14 police agencies in Albany County
- Only one, the Sheriff, is a NYS Constitutional Officer
- We can improve safety and reduce costs by combining all 14 into a Policing Board lead by the Sheriff with 13 Chiefs and Commissioners of Public Safety working in concert

Water and Sewer

- The County treats sewage and storm water now
- It makes sense to have the Albany County Sewer District expand and handle collection as well as treatment of sewage and storm water
- Sell (transfer liabilities) the systems to the ACSD and have them tax, service and remotely treat CSO problems

Energy

- Local governments should own power generation that is sustainable and renewable. Electricity and transportation fuels could be owned by the “community”
- Wind farms, PV cells, water and cellulosic ethanol products could generate more revenue than landfills currently do for Colonie and Albany
- Combine energy and waste storage landfills at the county level

Accounting and Auditing Functions

- Consolidate all accounting and auditing at the County level with common civil service protections and union contract over 5 years
- Bid common outside auditing contract
- Bid common Financial Advisor contract
- Bid common Bond Counsel contract
- Process all claims, warrants and purchase orders at the county level with transfer of staffing
- Develop common rules and procedures for Internal Controls and Internal Auditing at the County level

Legal Services

- Consolidate all Departments of Law with subsets for cities, towns and villages until state law allows common legal rules
- Develop litigation department to cut down on outside counsel expense
- Develop internship program with law schools to provide training ground for new attorneys to enter into public service

Payroll Towns, Villages, Cities, and Albany County 2009

<u>Schools</u>			<u>Towns</u>		
Albany City School District	\$	96,185,608.00	Berne	\$	655,592.00
Berne Knox Westerlo	\$	9,850,297.00	Bethlehem	\$	15,464,956.00
Bethlehem Central Schools	\$	48,591,851.00	Coeymans		
Cohoes	\$	18,817,637.00	Colonie	\$	39,408,770.00
Green Island	\$	2,922,020.00	Green Island	\$	116,977.00
Guilderland	\$	47,626,759.00	Guilderland	\$	12,341,298.00
Menands	\$	2,351,212.00	Knox	\$	489,338.00
North Colonie	\$	52,145,266.00	New Scotland	\$	1,552,328.00
Revena Coeymans Selkirk	\$	23,601,928.00	Renselaeville	\$	645,228.00
South Colonie	\$	52,531,046.00	Westerlo	\$	901,062.00
Voorheesville	\$	11,228,414.00			
Watervliet	\$	9,547,829.00			
			<u>Cities</u>		
			Albany	\$	70,680,400.00
			Cohoes	\$	9,449,003.00
			Awatervliet	\$	6,058,645.00
			<u>Albany County</u>		
				\$	127,480,530.00
		TOTAL			\$ 667,352,769.00

Source Office of the NYS Comptroller

Personnel cost reductions can be achieved without massive layoffs

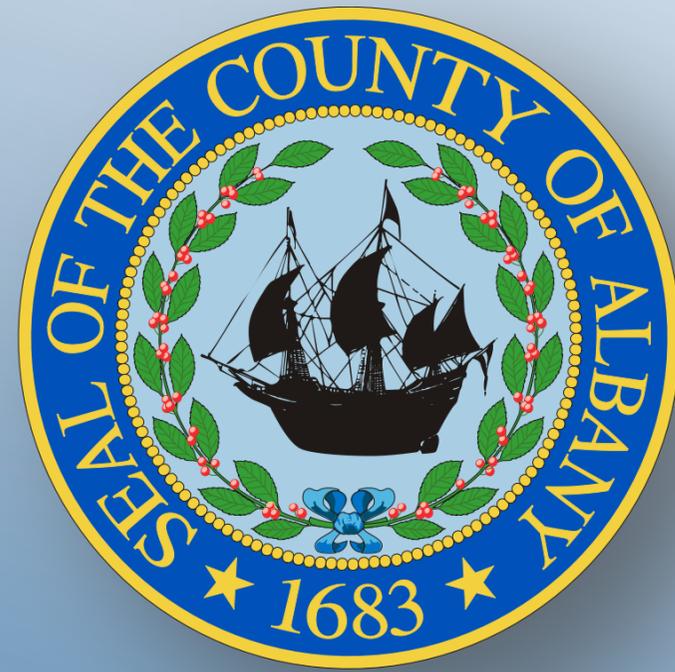
- Common attrition plan, retirements and return to work part time for all those employees who so desire will improve effectiveness and reduce full time equivalents within five years by over \$20,000,000 for salary alone.
- Job sharing and intergovernmental staffing of positions will allow more work to be done with fewer full time equivalents and change the culture permanently

Cost Savings Calculations

- OSC Report in 2009 shows \$280 million in payroll for cities, towns, villages and Albany County
- Elimination of \$20 million dollars in salaries will require reduction of \$30 million dollars due to escalating salary contracts, salary grade creep and longevity payments
- Redesign of local government, common purchasing and tighter controls of welfare benefits could lead to a 10 million savings in five years.
- Initially, savings will come from elimination of commissioners and higher level appointees but vast majority of the monies saved will come from the elimination of the number of full time equivalents

Charter Changes

- Subpoena Power (Only Elected Comptroller in NYS without it.)
- Computer Services under the Department of Audit and Control Umbrella
 - 4 or 5 different systems to service Welfare programs that are not integrated and not streamlined equates to NO system.
- The Succession of the Comptroller's Office needs to be addressed. Should this be in the hands of the Governor or the Albany County Legislature?
- Independent Legal counsel will improve effectiveness of audits and investigations



Michael F. Conners, II Albany County Comptroller

Finally, I work for and with a great group of people of whom I am extremely proud of and blessed to lead. It is a wonderful opportunity to serve you and the people of Albany County as Comptroller.

This is great time to face the challenges, together with our local government partners, to build a better future. I have enormous respect for you, the Executive, Sheriff, District Attorney, Coroners, Clerk and the great employees of Albany County. God bless you, the people of Albany County and the United States of America.