



**COMPTROLLER'S  
RESPONSE  
TO THE  
2005 EXECUTIVE  
BUDGET**

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**Presented by  
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# 2005 Executive Budget

The 2005 Executive Budget is an unimaginative response to the crisis we have been facing since September 11<sup>th</sup>. To merely increase taxes and layoff dedicated County workers when our greatness beckons is a disservice to the potential we have...our ability to change, improve even transform this great County.

Too often we fall into the trap of the blame game. Mike Breslin, to his credit, at least has the courage to increase our property taxes by over 87% in four short years. We, the people of Albany County have to encourage our legislators to dare to be great, to reach for the stars, to really change County government as we know it. If we meet this challenge, we might be the inspiration for our tired dysfunctional state government to embrace the need to improve the world we jointly serve.

To put the call for transformational change into context, let me give you a fiscal précis of how we got here and what is wrong. This diagnosis is easy to see; we know what is wrong.

**We are eating the food of our young by consuming the surplus and we are crushing the elderly and those on fixed incomes by piling on tax increase after tax increase. We can and must do better.**

	Appropriated Reserve	Fund Balance
Exec. Budget 1996	1,078,875	0
Exec. Budget 1997	774,867	0
Exec. Budget 1998	806,179	0
Exec. Budget 1999	1,604,534	3,900,000
Exec. Budget 2000	0	0
Exec. Budget 2001	1,441,004	16,000,000
Exec. Budget 2002	2,700,000	15,000,000
Exec. Budget 2003	1,052,928	11,000,000
Exec. Budget 2004	1,667,607	10,000,000
Exec. Budget 2005	1,103,436	6,500,000

**Albany County  
Budgets 2001-  
2005**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Total Appropriation</b>	376,851,841	385,431,450	394,184,092	393,095,845	409,320,937
<b>Total Revenue</b>	326,642,350	337,323,250	341,032,937	-331,337,601	-338,546,879
<b>Fund Balance</b>	16,000,000	15,000,000	11,000,000	-10,000,000	-6,500,000
<b>Appropriated Reserve</b>	0	0	1,052,928	-2,410,846	-1,103,436
<b>Yields Property Tax For</b>					
<b>Budget Purposes</b>	34,209,491	33,108,200	41,098,227	49,347,398	63,170,622
<b>Allowance for</b>					
<b>Uncollectable taxes</b>	250,000	250,000	500,000	250,000	750,000
<b>Deferred Tax Revenue</b>	2,250,000	2,250,000	2,500,000	2,250,000	2,750,000
<b>GRAND TOTAL</b>	<b>36,720,000</b>	<b>35,608,200</b>	<b>44,098,227</b>	<b>51,847,398</b>	<b>66,670,622</b>

The sad fact about this disgraceful situation is we have offered a better way to deaf ears, or our suggestions were not powerful enough to move those mired in the love of the status quo.

This is why I am so passionate about the need for change.

Our office's Preliminary Examination of the Albany County Healthcare Facilities in 2002 uncovered disgraceful diversions of Medicaid Funding from the facilities, dramatic understaffing and resulting conditions that led to our being found negligent in the level of care provided to our residents in three different death cases. These findings, in part, were a result of that investigation and were pronounced not by our office but by the New York State Department of Health.

My obvious passion about this topic stems from personal experience. In 1992 while my father was in the beginning of the last phase of Alzheimer's disease, I attempted to place him in the Albany County Nursing Home because of the excellent reputation and delivery of outstanding care due to the level of staffing provided. Jim Coyne understood the importance of staffing at the Nursing Home and Mike Hoblock understood during his three years as Albany County Executive.

My findings in the Preliminary Examination of the Albany County Healthcare Facility, released in 2002, was attacked by the Breslin Administration with an \$18,000.00 contract hatchet job that dismissed the findings only to have the Office of the Inspector General of the U.S. Health and Human Services Audit confirm our efforts and excoriate

the County. Rather than admit there was a problem and seek a remedy, the Breslin administration attacked the messenger.

Lest you be tempted to dismiss this morning's presentation as merely an attack on a disgraceful situation, let me remind you of a few changes I recommended that would remedy the damaging situation.

After the firestorm of press attention concerning our scandalous behavior at the Healthcare Facilities, I reached out for two of the best and brightest providing care to the elderly and medically frail, Sister Margaret Stranney of the Sisters of Mercy and Mr. Craig Duncan of the Northeast Healthcare System and asked if they would be willing to help. They both agreed to work with the County on a pro bono publico basis with the Majority Leader and the County Executive to develop a plan to correct the conditions at the Nursing Facilities without any involvement of our office due to the nature of our unfavorable examination and preliminary report. Unfortunately, the Breslin Administration chose to attack the work product of our Preliminary Examination rather than address the cause of the problem.

Once again, I am calling upon the Albany County Legislature to value the lives of the medically frail and elderly in our healthcare facilities and embrace the concept of professionalizing the leadership of the facilities via an authority, **just like they did for the Albany County Airport for County Executive Mike Hoblock.**

It is a cruel thing when we devote more energy, attention and money to improve a transportation venue while our terrific staff labor with short staffing, a diversion of funding and a lack of first class management. Wouldn't it have been wonderful to bring leadership at the Nursing Homes of the same high caliber as John Egan? Doesn't it send the message that we value the air travel passengers more highly than our seniors, medically frail and staff when we devote the energy, commitment and resources to building a first class airport and let the Albany County Healthcare Facilities plan stagger to a halt?

The following remedies are listed for consideration by the Legislature as they deliberate the 2005 Executive Budget. The draft authority bill is a first class piece of work that will improve the quality of life for our seniors, medically frail, staff and residents shocked by the Breslin Administration's conduct at the Nursing Homes. It is time for reform and here is the prescription:

# Remedies that would have avoided an accumulated 87.23% tax increase in 4 budget cycles

- Adoption of Public Benefit Corporation for the Albany County Healthcare Facilities

1. Proposed Legislation protects all County employees except two leadership positions.
2. County Executive maintains absolute control of the Board appointments with input from the County Legislature and NYS Legislature
3. The facilities are immediately eligible to recalculate Medicaid reimbursement based upon 2005 costs instead of the outdated archaic 1983 base year costs, bringing a greater amount of revenue to the facilities and reducing the County's operating loss (\$27 million in 2002 and 2003) and relieving a significant property tax obligation in the 2005 budget.
4. Top professionals committed to the region would seek to serve, improving the operation, quality of life and working conditions by accepting appointment to the board of the new Residential Healthcare Authority, just as was done at the Albany County Airport/Albany International Airport.
5. Construction of a replacement facility of appropriate size and at the most suitable location could be done while the current facilities are being upgraded. The Authority would have the option of owning or leasing the facility in an arrangement similar to the new Family Court Facility.
6. An operating agreement between the County and the Authority would guarantee the financial support of the facility, protect the employees and generate an improvement to the 2005 Executive Budget in the millions of dollars.
7. The Authority would lease the existing facilities from the County, purchase the operation and continue there until the new facilities are constructed. The 2005 Executive Budget could easily save \$7-8 million if this legislation were enacted.
8. The County would be able to sell the property after the Residential Healthcare Authority moved into their new facilities. The 2004 request from the Breslin Administration for Capital Funds in my upcoming sale did not contain any funds for the construction of a new healthcare facility. The Administration's response to our question about this topic was to reply that the Legislature would have to take that issue up in their budgetary deliberations. Once again the Breslin Administration deserts

the medically frail and elderly of our Healthcare Facilities leaving the Legislature holding the bag.

- Debt Reform and Diversification of Assets

1. Albany County blew the opportunity to transfer the risk of the tobacco settlement revenues and reduce our debt by over \$90 million when the Breslin Administration ignored warnings from our office. Since the original recommendation, the proceeds of the transfer have declined by over \$20 million.
2. The Tobacco Settlement Revenue agreement produced a windfall of enormous proportions that should have been invested. Instead, the Breslin Administration chooses to spend our children and grandchildren's nest egg by appropriating the revenues to pay for today's expenses with the assets of tomorrow's generation.
3. The 2005 Executive Debt Service is over \$19 million when it could have been reduced by at least \$4 million per year.
4. Holding on to the Tobacco Settlement Revenues, prospering from the proceeds of the addiction while posing as an anti-smoking administration is a conflict of interest of serious proportions. Doing so in the light of the steady decline of tobacco settlement revenues is a dangerous concentration of investment of the lawsuit windfall in the cigarette industry, something the Investment Advisory Board should avoid, especially given the recent stock market difficulties for organizations that ignore the theory of diversification of risk.

- Early Retirement Part-time Work Opportunity

1. There are about 300 Albany County employees above the age of 50 with 20 years or more of service. Previous early retirement offers have forced valuable productive employees to leave public service when a better option exists. Our office offered a plan to the Breslin Administration in the 2001, 2002 and 2003 budget cycles that would allow County employees to self select for early retirement with a return to work on a part-time basis in their current job which would have reduced .1 Personnel costs in the 2003 Executive Budget by in excess of \$1.5 million dollars while providing for the hiring of new to the workforce or returning to the workforce staff to compliment the part-time positions and learn from experienced public servants.

2. The retirees would actually increase their disposable income in just about every case by virtue their retirement income being NYS Income Tax exempt.
3. The blockage of opportunity by the baby boomers holding these opportunities to serve creates long term staffing and leadership problems by preventing the normal perpetuation of the workforce and represents a creative way to accomplish more with less.

- Regional Cooperative Opportunities to Improve Service While reducing Spending

1. The creation of an Albany County Intergovernmental Corps represents the best opportunity to reduce spending by sharing staff and eliminating redundant executive level positions.
2. A countywide Law Enforcement Agency comprised of all the Chiefs of Police serving on a board of directors for the Sheriff is a method that will improve the policing presence throughout Albany County while facilitating planning, purchasing, hiring, training and coordinating procedures. The transition would be to eliminate the Chief position as that person retires in each locality while maintaining local control of desired levels of service. Each municipality would pay for the level of service they desire while sharing resources. The Countywide Policing force would have greater access to grants, state and federal funding while delivering a coordinated attack on crime.
3. Public works projects, equipment acquisition and integrated planning of road design, repair and replacement could be more effectively accomplished in a collaborative manner while saving the taxpayers millions.
4. Training of first responders, police, fire and EMS professionals could be more effectively provided with a regional facility that all staff would have access to and pay to use in relationship to their needs.
5. Transfers from locality to locality offers productivity enhancement and enriches the work experience while containing the rate of growth in spending.

- Medicaid Reform

1. The Breslin Administration has a greater opportunity to seek meaningful reform than any other County in New York State because the County Executive's brother is the most powerful Democrat on the Senate Finance Committee and yet the drum beat is about playing the blame game.

2. Our poor are receiving care from a system that is designed to pay bills, not obtain a greater healthcare outcome. We must do more. Our office has championed a proposal that improves the quality of life for our seniors and delays the need for nursing home care, transfers a substantial portion of the total healthcare costs for Medicaid to the insurance sector, improves coverage, invests half of the savings for the next generation and places responsibility and accountability in the hands of the individual while maintaining protections for those unable to do so. After five years of this demonstration grant program, Albany county could save as much as \$40 million dollars per year and have over \$130 million saved for future long term care cost increases.
3. Shifting the cost for Medicaid to the State is merely changing the pocket of the taxpayer we are picking. We can and must reduce spending.

## We Do Not Have to Raise Taxes by 87.23% in Four Years

Pogo is credited with the line, “We have met the enemy and it is us.” Local governments have the greatest potential to improve the horrific situation our taxpayers currently face. The preceding proposals, if enacted, could have prevented the situation our Seniors face from coming to pass. To raise taxes in this way is to damage the reputation of Albany County.....and that is a scandal.

Thank you for your patience, I'll try to answer some of your questions without boring you to death or burying you in wonkish detail.