
**BROOME COUNTY LEGISLATURE
REGULAR SESSION
WEDNESDAY, OCTOBER 1, 2003**

The Legislature convened at 12:02 p.m. with a call to order by the Chair, Daniel A. Schofield. The Clerk, Louis P. Augustini, read the fire exit announcement and called the Attendance Roll, Present-15, Absent-4 (Burger, Lindsey, Mather, Miller).

The Chair, Mr. Schofield, led the members of the Legislature in the Pledge of Allegiance to the Flag.

WRITTEN OR ORAL PRESENTATIONS OF THE COUNTY EXECUTIVE:

Presentation of the Proposed 2004 Broome County Budget and Proposed Six-Year Capital Improvement Program.

Ladies and Gentlemen of the Legislature:

Last Saturday the Town of Kirkwood honored the memory of Joe Griffin by naming the new Town Hall after him. It was a fitting tribute to a man who gave so much of himself to the community he loved. Joe was also an important member of our Broome County family. His work for Broome County Security not only resulted in the arrest of numerous criminals but his efforts also saved county taxpayers countless dollars.

As I begin my 2004 Budget address, please join me in a moment of silence to honor the memory of an individual we were all fortunate to know.

In accordance with Article VI Section 604 of the Administrative Code, I hereby present the Recommended 2004 Broome County Budget and Six-Year Capital Improvement Program for your review and consideration.

Yogi Berra once observed "this is like déjà vu all over again." These eight words, more than any other, aptly describe the 2004 Budget I present to you today.

As was the case in 2003, the 2004 Broome County Budget requires dramatic increases in county support for state mandated social welfare programs, and once again, Medicaid is the primary culprit. Last year's budget required a \$7.2 million increase in county property taxes to support increases in state mandated welfare programs. The 2004 Budget requires an almost \$8.3 million increase in county property taxes to pay for cost increases in Medicaid and other state mandated welfare programs. However, because of sales tax redistribution which this honorable body approved earlier this year and controls on discretionary spending, I am proud to say that total county property taxes will increase by some \$3.8 million less than the tax support required to fund state mandated welfare costs.

The 2004 Recommended Budget increases total spending by 3.7%. However, state mandated social services spending is increasing by over 14%. Spending on non-mandated services has been reduced by over \$2 million.

Based on my 2004 Budget proposal, the average homeowner will pay \$.91 more per week in county property taxes.

Medicaid

My 2004 Proposed Budget recommends a total Medicaid appropriation of \$38,700,000. This is a \$6,000,000 increase in expense when compared to the 2003 Budget of \$32,700,000. By itself, this increase in expense is 13% of total county property tax collections for 2003.

Actual Medicaid expense in Broome County was \$24,300,000 in 2001. In three short years, Medicaid expense has increased by \$14,400,000. Since 2001, total county property

taxes have increased by \$14,500,000. In other words, Medicaid accounts for 99% of the increase in county property taxes since 2001.

Statewide, New York's Medicaid population has grown 28.5 percent from 1,715,513 in January 2002 to 2,204,006 in March 2003. Over the past 18 months, Broome County Medicaid enrollment has increased by almost 15%. One out of every eight people now living in Broome County is on Medicaid assistance.

Clearly, some of the growth in Medicaid expense is explained by the increase in the cost of medical care and the aging of the population. However, a substantial percentage of Medicaid growth is related to state expansion of eligibles for the Medicaid program. The state has expanded the Medicaid program no less than ten (10) times in the past four years. In fact, four of these expansions occurred after 9/11/2001.

The most costly of these state expansion of eligibles has of course been Family Health Plus enacted in 2000. In Broome County, Family Health Plus enrollment has increased from 358 in January 2002 to a projected monthly enrollment of 4,151 at the end of 2004.

Medicaid is the largest program providing medical and health related services to America's poorest population. However, this should be a program totally funded by the state because as described in federal guidelines each state

- 1) establishes eligibility standards
- 2) determines the type, amount, duration and scope of services
- 3) sets the rate of payment for services and
- 4) administers its own program.

To have counties in New York State pay for any costs related to this program flies in the face of the basic funding principle which connects financial responsibility with program responsibility.

On May 28, 2003 President Bush signed into law the "Jobs and Growth Tax Relief Reconciliation Act of 2003." Under the law, counties in New York State will receive increased federal matching rates for Medicaid services. The increase in federal support is 2.95% of Medicaid payments made during the period April 1, 2003 through June 30, 2004. It is estimated that Broome County will receive an additional \$2,300,000 in federal support for the 15 month period from April 1, 2003 through June 30, 2004.

The increased federal aid anticipated for 2004 of \$920,000 (covering the period January 1, 2004 through June 30, 2004) has been included as part of my recommended budget. If not for this \$920,000 of federal aid, 2004 county taxes would need to be \$920,000 greater than my recommendation.

Some important points regarding Broome County's Medicaid expense:

- The 2004 Budget assumes a 20% increase in Drugs expense. Since 1999, Drugs expense has increased by an average of 20% a year.
- Prepaid Health Care for Medicaid enrollees is expected to increase by 26% in 2004.
- Family Health Plus monthly payments per enrollee are projected to increase 17% in 2004.
- Medicaid Mental Health related services are expected to increase by 20%. This is directly attributed to the expense associated with the NYS Office of Mental Retardation and Developmental Disability "NY Cares" Program.

On the positive side:

- Broome County Managed Care enrollment ranks seventh highest in New York State at 72% of eligible enrollees as of July 2003.
- Broome County ranks 40th out of 57 New York counties in average cost per enrollee.

Overburden Aid "Forgiveness"

On September 16, 2003, State Budget "Cleanup" Bill S5725 was passed by the State Senate. Part of this bill included Overburden Aid Forgiveness. The language in this bill directs

the Department of Health not to recoup certain prior years Medicaid overpayments that were advanced to counties since 1992. Without this legislation, these funds, which amount to almost \$1.3 million for Broome County, would remain a liability for counties and could be recouped by the state at any time. While many counties budgeted this revenue as part of their 2003 Budgets, we opted to take the conservative fiscal approach of not budgeting this revenue until appropriate legislation was passed by the State Legislature. With passage of this State Budget "Cleanup" Bill, we can now include this revenue as part of the 2004 Budget.

Broome County Staffing

Last year's budget eliminated 173 positions. Excluding public safety positions in Emergency Services, Sheriff's Department and Security and positions at the Willow Point Nursing Home, total county staffing now stands at 100 fewer positions than when I took office. Lets examine staffing at some of the largest county departments over the past 7 years.

Department	1996 FT Staff	2003 FT Staff
Social Services	372	328
Health	91	59
Mental Health	66	44
Parks & Recreation	46	37
Public Works	143	129

We cannot continue to reduce staffing in these departments and maintain the level of current services that are both mandated and necessary to the citizens of this county. If we are going to further erode staff in these departments then we all must come to agreement on what services will be reduced or eliminated.

2004 Capital Program

Over the past seven years, county bonded indebtedness has fallen by \$46 million. To pay for mandated services, specifically Medicaid services, we have limited our expense on county infrastructure.

I believe the time has come to begin a major investment in county roads and bridges even though state and federal mandated expenses continue to grow at an alarming rate.

A report by the American Society of Civil Engineers released on September 4, 2003, said the condition of the nations infrastructure hasn't improved over the last two years. The nation's infrastructure condition was given grades ranging from C to D minus. As one engineer so aptly stated "American's concerns about security threats are real, but so are the threats posed by crumbling infrastructure. It doesn't matter if the dam fails because cracks have never been repaired or if it fails at the hands of a terrorist. The towns below the dam will still be devastated."

The budget I present today proposes major countywide investment in road and bridge repair.

This increase, although significant, will result in county outstanding debt at a level some \$30 million less than when I took office.

I foresee the increase in road and bridge repair as the first step of a five-year program to rebuild county infrastructure. I anticipate continued investment in the next four years at the same or higher level.

Some of the more significant projects I am recommending for 2004 include the following:

- 1) Hooper Road Bridge Reconstruction – This project represents a \$3,400,000 investment of which the county will pay only \$170,000. Hooper Road is a major thoroughfare in Broome County and requires our immediate attention.
- 2) Lester Avenue Bridge Rehabilitation in Johnson City – This \$2,000,000 project requires county support of just \$100,000.
- 3) General Highway Reconstruction – I am recommending a \$2,000,000 capital program to repair county highways. The priority for repair will be based on pavement condition and traffic load.
- 4) Airport Road Entrance Improvements – This \$500,000 project consists of structural improvements to the entrance loop road at the airport. This will include new curbing, road/shoulder pavement, directional signage, lighting, and security equipment.
- 5) Transit Coach Replacement – This \$3,200,000 project includes replacing (3) 1992 transit buses with alternative fuel transit buses.

Other capital projects recommended for 2004, include fleet equipment replacements for Highways and Landfill, microwave system replacement for Emergency Services, computer hardware replacements, and capital projects at Willow Point Nursing Home that deal with health and safety issues.

Health Insurance

Our self-insured health program continues to reap substantial benefits. On a positive note, health insurance premiums are budgeted to increase 5% in 2004. This follows on the heels of a 2% increase in premiums for 2003. Our 7% two-year increase is almost unheard of. The savings in 2004 costs come primarily from shifting our HMO payments from a premium-based payment to a claims-based payment.

The market-based increase over this two-year period for fully insured products has been close to 40%. HMO's in our region have shown a 20% average per year increase over the last two years.

This is indeed a strong testament to our decision to self-insure all county health benefits.

Assigned Counsel

Because of state legislation passed in early 2003 as part of the adopted state budget, fees for assigned counsel will more than double in 2004. Assigned counsel rates, which are dictated by the state but paid 100% with county funds will increase from \$25/hour for out of court time payments and \$40/hour for in court time payments to flat \$75/hour of time worked for most cases. Our county cost will go from \$800,000 in 2003 to \$1,720,000 in 2004, an increase of \$920,000.

State Retirement Costs

Because of declines in the stock market and other investment losses, the state finds it necessary to increase municipal contributions to the state pension system. In 2004, our contribution will be 11% of payroll expense. In 2004, the county contribution to the retirement system from the operating budget will be slightly over \$8,300,000. This compares with an actual cost of \$1,059,000 in 2001 and \$1,794,000 in 2002.

This cost increase impacts all local governments. And we have been told by the State Comptroller's office that the 11% contribution will likely remain at that level for the next three to four years to rebuild pension system assets.

Support for Grants

Throughout the 2004 Budget, you will note that I have limited the county support for grant programs to a growth rate much less than that requested. In some cases this may mean a dramatic impact to the grant program itself. This is because the state in many instances is limiting or even reducing its funding support for these programs.

If we limit our growth to a reasonable increase, then position reductions or possibly layoffs may be necessary.

Park Fees

My 2004 Budget Recommendations include the elimination of all county park entrance fees for the second time.

It is my feeling that the reinstatement of the park entrance fees in 2003 was the primary factor in causing park attendance to drop by almost 50%. At a time when the cost of travel is so expensive for everyone, we should be encouraging our citizens to remain in Broome County and use our parks.

Contract Agencies

Our support for contract agencies contributes to the well being of citizens within our community. Our support to economic development, the arts, agriculture, community health and mental health services, library, veteran's services, community planning services, and the zoo represents less than 1% of the total budget and roughly 2% of the total county tax levy. I am recommending that support for these contract agencies remain at 2003 levels.

Historical Perspective

As you may recall, the 2003 Budget eliminated all tax-supported equipment except for Sheriff Department patrol vehicles. Over 170 positions were eliminated; some employees were laid off. Travel and training appropriations were reduced by 50%. All other contractual expenses were reduced; these include office supplies, building and grounds expenses, utility costs, building and equipment rentals and support for contract agencies.

We have systematically reduced our operating expenses over the past seven years. A case in point is tax supported debt services; principal and interest payments on outstanding debt has fallen dramatically in the last seven years.

When I took office in January 1997, total outstanding debt for Broome County stood at \$117,000,000. By 2003, total county outstanding debt stood at \$71,000,000. Outstanding debt has fallen by \$46,000,000 over the last seven years. Contrast this with the eight years prior to 1997. During that time, county outstanding debt actually increased by \$63,000,000 rising from \$54,000,000 in 1988 to \$117,000,000 in 1997.

Over the past seven years the average annual increase in total county cost has been 1.7%. This is less than the rate of inflation over the same time period. This average annual rate of growth is 1/5 the annual average rate of growth for the period 1988 to 1996.

And although property taxes have increased in the past two years, totally as a result of increases in state mandated welfare programs, the aggregate property tax levy has actually declined by over \$2,500,000 in the last seven years.

Consolidation of Government Services

There are opportunities to enhance the delivery of local government services and increase efficiencies. Some efforts have been implemented in the past and more can be done. Discussion has taken place on further consolidation related to tax collection, planning, permitting, etc. Continued discussion helps to identify the obstacles, which must be overcome.

A multitude of issues must be addressed when dealing with the various entities involved in merging/consolidating public service delivery. The solutions may not be easily achieved but the goal should remain the same. Generally, the public is not concerned about which entity delivers a service as much as they are about service quality and costs. All governments need to commit to seeking the most viable and comprehensive approach to public services delivery even if it means either sharing or giving up "turf." Budgeting constraints and evolving changes in local government financial resources is the catalyst to force change.

Conclusion

As a famed scholar once wrote, "tough times don't last – tough people do. That which doesn't destroy us makes us stronger. It's all part of life's rich pageant."

Once again we are faced with difficult funding decisions. Some people suggested reducing a number of non-mandated services but I quickly rejected the idea. All these services combined represent less than ten percent of total county tax support. Discretionary services provided by the county include Sheriff road patrols, libraries, arts agencies, parks and recreation and health and mental health programs. These are what make our community a community. It is the fabric of who we are, I ask you, should we close libraries to fund Medicaid, should we reduce Sheriff road patrols to finance welfare expense. My heart tells me that cutting these vital services is not the right thing to do.

Sheriff road patrols costs the average citizen in Broome County \$16.50/year. County support for local libraries costs the average citizen \$3.75/year. Contrast this with state mandated Welfare and Medicaid expense which costs the average citizen \$253/year.

In 1990, Social Services tax support represented 57% of the total property tax levy. For 2004, Social Services tax support will be 101% of the total property tax levy.

We must not sacrifice our commitment to education, our commitment to providing a well-maintained and effective transportation network, and our commitment to keep the public safe in order to pay for state mandated welfare expense that is beyond our control.

As Republicans and Democrats, we must work together to manage the problems of rising mandated uncontrollable expense. In this regard I am not the Republican County Executive and you are not Republican and Democratic Legislators. We are all elected officials trying to do the best for the citizens of this wonderful county.

Finally, counties are subject to the will of state government. The state giveth and taketh at its own discretion. It is difficult for the public to understand this process and often even more difficult to accept. However, it is the rule. If the public accepts conditions as they now exist, then no action is necessary. If the public wants change then state legislative leaders need to hear it from those who care. The state must address its revenue needs and expenditure priorities in a rational and fiscally sound manner; if not, the impact of the failure to do so will simply continue to fall on the back of county taxpayers.

As always, as you begin review of the 2004 Budget my staff is available to assist you in any way we can. Thank you.

Respectfully,
JEFFREY P. KRAHAM
County Executive

Mr. Howard made a motion to adjourn, seconded by Mr. Pasquale. **Motion to adjourn carried,** Ayes-15, Nays-0, Absent-4 (Burger, Lindsey, Mather, Miller). The meeting was adjourned at 12:19 p.m.

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