

## **2008 BUDGET MESSAGE**

Honorable Members of the Oneida County Board of Legislators:

In accordance with the terms of the Oneida County Charter, I appear before you today to present the proposed operating budget and capital project plan for 2008.

I stand here today in the midst of an election cycle. In seeking a full, four-year term for the office that you entrusted to me a year ago in a unanimous vote, I am making the same commitment I made to you then: to address the complex issues that face us with long-term solutions for the future. The responsibility for which I was entrusted has not been treated as merely keeping the seat warm. Together we must continue to work toward solutions that will stand the test of time.

I am here today to talk about this budget, but the full measure of the worth of county government is not measured in dollars and percentages.

County Government has the power to bring the communities of Oneida County and the region forward; we have the responsibility to lead economic development efforts; we have the obligation to look after the vulnerable – from our seniors to our children; we have critical public health and public safety roles that only a strong county can uphold; and we have the ability to be the catalyst that brings partners together to create a stronger region.

To get the job done, Oneida County Government needs to be fiscally strong and fiscally responsible; able to respond to challenges that could devastate weak governments and take hold of opportunities that are open only to the strong. To do that, we must look at our fiscal future based on realism, not wishful optimism

This budget fulfills the vital goals that I have set out for Oneida County for the past several months:

We will continue to deliver, at the highest standards, the necessary services to ensure the public health and safety of our residents.

We will reduce the overall sales tax in Oneida County without sacrificing vital programs.

We will adopt common sense budgeting.

We will begin the restoration of fiscal order to maintain our credit ratings and develop fiscal strength that will lead to long-term growth without always being dependent on state or federal programs that typically come and go.

This budget reflects the very cold fiscal reality that we cannot spend down every penny in the bank and still have resources to support daily operations and respond to emergencies. The reality of County Government is that at budget time, everyone wants to cut, and the rest of the time, our communities, our people, and our local agencies come to us looking for money to solve critical problems. The cost of missed opportunities eventually shows up on a balance sheet, but more importantly, it also shows up in the lives of people.

The financial straits within which we found ourselves in the past have not disappeared with the “Medicaid cap.” The Medicaid burden remains on local property taxpayers across the state. That burden has added an additional cost of over \$1.3 million to this budget.

Earlier this year I called upon the state Legislature to restore public confidence by providing middle class taxpayers the property tax relief they deserve by doing what’s right—further eliminating the full Medicaid burden from the backs of county taxpayers. The current state budget pledges to provide \$6 billion in property tax relief over the next three years - much in the form of rebate checks. Along with the operating surplus of \$1.5 billion, the state has fallen short of meeting the challenge of accountability by allowing Medicaid to remain on the backs of

the local property taxpayer. Such action would provide the suggested relief to stressed municipalities.

Today, we are cleaning up the pieces, making realism our budget watchword, and presenting you with a budget that reduces positions, fulfills our vital obligations to the people we serve, and restrains spending by making sound management decisions to save money in every possible way to offset rising costs.

At a time when state government is increasing spending, experience should tell us that when the state has a fiscal problem, those problems roll down onto the shoulders of county government in the form of unfunded mandates. With an unstable national housing market, rising health care costs, volatile energy prices, and financial markets that veer from up to down in the course of a day, we must have sufficient capacity to cover potential cash flow shortages caused by delayed state payments, spiking costs or new state programs. We must be fiscally strong so we are not caught unprepared and have to incur the expense of short-term borrowing.

This budget calls for a 4.91% increase in the budgeted levy. This should come as no surprise. When I began a review of the county's finances the year before I took office it was clear at that time that a level of property tax increase would eventually be necessary if we were going to have a competitive sales tax rate.

Growth of taxable value has been on the rise. This has gone a long way toward helping to lessen the impact on the average taxpayer. For example, in 2003 the county rate was \$8.13 in New Hartford, \$8.29 in Rome, \$8.35 in Utica, and \$8.31 in Whitestown. Several years later our rates remain more than competitive with the increase on the average rate for 2008 expected to rise about 1.2%. Although rates in about a third of our communities will actually decrease

because of changes in equalization, it is expected that the remaining average residences will see an increase around \$20 next year.

One reason we need to pay attention to our fiscal foundation is that we need to have the ability to respond to economic opportunities and community needs. A year ago, credit agencies gave a mixed verdict on this county, with one of them – Fitch – warning of a structural budget imbalance and downgrading us because we relied too much on one-shot revenues. That’s not a warning we wanted to hear, but it is one we cannot afford to ignore, especially at this time when the future of our economy relies upon Oneida County having the ability to take bold economic steps that require an investment in our future. The financial strength this budget provides for county government opens the door for actions that can transform this region. If we are not willing to invest in ourselves then who will be?

We have a unique long-range economic opportunity to build upon the transformation this Board began by shifting county airport operations to The Griffiss Air Field and working with EDGE to bring Empire Aero to Oneida County -- a project that I am also proud to have been involved in with Empire State Development Corp. Empire is a phenomenal story. More than 400 people from around the region work there and Empire is straining at the seams so it can hire more people to reach its goal of 1,000 employees by 2010. This is a great success. Empire Aero’s growth has translated into increased new lease revenue from both Empire and Midair Aviation.

As we take advantage of the exciting opportunities at the new airport, we are also moving forward to maximize the potential of the former airport in Whitestown. Months of hard work resulted in a lease agreement for the state Homeland Security Center that brings Oneida County \$600,000 in rent annually. This Business Park, which is home to many outstanding employers,

will receive a capital investment of \$600,000 to begin the process of investing in the park's future. Further, I have directed Mohawk Valley EDGE to begin work on a master plan for this county asset.

This proposed budget is the result of a long, cooperative process to keep spending at a minimum. After all departments submitted their budget proposals we examined each request literally line-by-line. Although this is already a lean operation, Department Heads were told again and again that new costs could not be incurred. Aging equipment has to last another year. Even with added work, new unsupported positions are not possible. I want to thank all of our Department Heads for their work with our Budget Team during this process. The dozens of cuts made across the board have allowed this budget to rise minimally despite major increases in mandated programs.

State human service mandates remain the major cost areas in the county budget. Medicaid alone is a massive fiscal burden that tops \$50 million in 2008.

Since 1998 the number of pre-school children in Early Intervention has increased over 80%, from 399 children served to an estimated 719 for 2008. Similarly the Pre-School (3 to 5) numbers have also grown at the healthy clip exceeding 39% since the year 2000; again with an expected number of about 780 children for 2008. The cost of the Education of Handicapped Children and Early Intervention Program has increased steadily over the past five years and is projected to top \$ 4.6 million next year.

The Safety Net program will increase by \$450,000 in 2008. In this program, the state of New York mandates that we continue to provide support to the people the federal government will not support with public assistance.

The budget fully funds our commitment to protect the people of Oneida County. Our efforts to fight crime and protect the people include the Oneida County Sheriff's Office – both the road patrol and the corrections division – as well as the District Attorney and the Probation Department.

This budget also continues the exceptional efforts of our Health Department to fight lead poisoning. The Health Department has taken a pro-active stance to prevent lead poisoning, and will be increasing its efforts next year through a state-funded pilot prevention program to decrease childhood lead poisoning in the City of Utica's highest risk census tracts. The proposal will combine extensive outreach with rapid action to protect the people who live in areas with a high risk of lead poisoning.

Although I believe strongly in honing our mission to focus on critical needs, and eliminating positions that are no longer needed, I did not believe that any layoffs would accomplish our goals. Let there be no mistake, I'm concerned about dollars and cents, and I'm committed to running this government efficiently. But you and I know that our mission is not just about dollars and cents because for many of our staff, such as the employees who do lead screenings in the Health Department, or those in our DSS Child Protective Unit, or the deputies who are the only law enforcement in many rural areas, the cost to the community losing those services would be devastating.

Libraries across the county will see a 3% increase in county aid. We all agree that our libraries are vital community assets. Failing to help them keep pace with costs only hurts the people we are all elected to serve. Likewise, the Utica Zoo will receive a 3% increase. I believe we must continue to invest in this quality of life attraction until the discussion with all of the stakeholders determines otherwise.

Mohawk Valley Community College will see a 5% increase in county aid to just over \$7 million as well as continued capital project investment of almost \$400,000 for design of the field house and technological upgrades. Support of MVCC ensures a quality education at an affordable price. The college is an example of seizing opportunities; every dollar we invest in them is an investment in the future of our workforce and our economy.

Despite the reduction of 30 positions that have been unfunded or deleted, this budget reflects increases in the costs of basic operations. Negotiated salary increases with our employees keep increasing every year, as do rising health benefit costs that are impacting every employer. Operations costs keep rising -- from the utilities to keep our 911 Center going 24/7 to the mileage costs incurred when Office for the Aging workers travel to meet frail, homebound rural seniors.

This year I am also asking for an investment in county operations through the capital budget, which includes

\$1.8 million to add parking space here at the County Office Building, which will help increase vacant parking spaces downtown that can, in turn, be used for businesses. Because parking is so critical to the growth and development of downtown, I see this as an urban renewal project that can increase downtown's attractiveness for both area residents and employers. Revitalizing downtown Utica begins with increased parking, and this is an action we are taking to invest in downtown's future.

\$1.5 million for asbestos abatement at the County Office Building along with \$926,000 in building improvements.

\$1.9 million at the jail for improvements and added security.

The Oneida Indian Nation has been an issue in our area for many many years – dating (from a fiscal perspective) at least to the early 1990s. This community has gone without the commensurate property taxes associated with the added value and has had to forego sales tax revenues that were not enforced by the State of New York. Included within this budget is an anticipated state allocation of \$2 million in revenue (which began in 2006) to Oneida County in order to partially offset the historical impact from these losses to our community. We are grateful for the state’s assistance, but the amount falls far short of the mark given the total impact. Although I have not added to this amount, I will continue to press the governor and our local state representatives to increase this amount, easing the burden on our community.

Oneida County Government is the leader that solves problems too big for any one community; we have the mission of serving people in their hour of darkest need; and we have the critical opportunity to lead our region’s efforts to build a new economy. We cannot achieve any of those vital missions if we continue to follow the fiscal path of least resistance.

Realistic budgeting means taking an honest look at where we are, and looking at a turbulent economy with prudent estimates. We have the responsibility to make the right decisions for the people of Oneida County – not just for this budget, but for years to come.

In the coming weeks, as you review this budget document, there will be competing voices, competing beliefs and some calls for additional spending. I urge you to look at this budget, as I have, with the vision to prepare Oneida County for the challenges to come, the leadership to make the tough decisions, and the courage to be honest with the people.

This budget I am presenting today is a working document. The ownership of which belongs to all of us.



As we begin the next step in our work, I ask the members of this Board and the people of this county to look at this budget as a realistic fiscal road map – a map that guides Oneida County into a stronger fiscal position, enhances our ability to grow the local economy, and fulfills our commitment to be the leaders this region needs.