

2014 Ulster County Budget Speech

This budget presentation will undoubtedly be different than those of the past because the challenges we are now forced to address are different. In addition to the significant, but universal issues that face county leaders all across New York State, from Long Island to Buffalo, we in Ulster County are now forced to overcome even more.

In addition to the impacts of a challenged national economy, a statewide mandate crisis, and our efforts to recover from Hurricane Irene, Tropical Storm Lee and other natural disasters, the people of Ulster County must also address the \$4.5 million "Cahill Crisis." A crisis that has now expanded to blow a \$6 million dollar hole in the Ulster County budget and, because of our Assemblyman, it is the only situation of its kind in the State.

But because I believe in dealing with issues directly, regardless of how difficult they may be or how irresponsible the root cause is, at a press conference last week my Administration took the bold step to protect taxpayers and hopefully limit the damage of the "Cahill Crisis." You see it is important to note, at this moment we still face the potential loss of over \$22 million.

At that press conference I announced that my Administration would, once again, take the difficult steps needed to shield our property taxpayers and not raise taxes. In addition, I am also delivering the Executive Budget earlier than ever before so as to bring certainty to our Towns and the City of Kingston in their time of need.

I also announced that my Administration would protect our sheriff's deputies from layoffs as well as our community college from cuts, and do everything in my power to protect critical programs that help our most vulnerable residents. Fortunately, we have been able to design a strategy to do all of this without any layoffs - for now. But unfortunately, the people of Ulster County are still exposed to a major unnecessary danger; and so, our work is far from done.

Ulster County is an amazing place. In addition to having breathtaking natural beauty and a long list of other tremendous assets, we are also blessed with the most important asset of all, remarkable and resilient people. It is for those people, the great people of Ulster County, that my Administration fights.

In addition to working to participate in the American dream and build a better community, these families also share in the desire to shield their loved ones from the sometimes harsh realities of life. My Administration does the exact same thing, for all of our residents. I am inspired by the people of Ulster County as they make the difficult decisions every single day to balance their own budgets.

I have always believed they deserve a government brave enough to do the exact same thing; and that is why my Administration constantly works to improve County government and never shies away from innovative solutions, even if the decisions are hard.

Today's budget speech will address many of the challenges that face the citizens of Ulster County; because the great people of Ulster County deserve nothing less.

As a good example, when I took office I was told it was impossible to sell the nursing home; but what was even more concerning was the fact that Golden Hill's finances were quickly moving the discussion away from public or private and instead towards open or closed.

This nursing home crisis was hitting all across New York, but I refused to allow our facility to close like the nursing home in Suffolk County, or go into a financial spiral because of gridlock. My Administration refused to let all those jobs be lost in our community and I refused to have families turned upside down because of a closure. Most of all, my Administration refused to allow some of our most vulnerable citizens to be displaced from their new home because government could not come up with an innovative solution.

So yes, it was hard. Yes, it was gut wrenching; and yes, it required us to design an entirely new model for addressing county nursing homes in crisis in New York State. Yes, it was all of those things - but it was not impossible.

And now after all that work, there are some who conveniently forget exactly how we bridged the financial gap. There are some who forget the one shots that stabilized the County budget until the sale could be completed. And yes unfortunately, there will always be typical politicians willing to pretend Ed McMahon just showed up with a great big check so they can spend your hard earned tax money two, three or even four times over. That is the kind of thinking that gave Albany its reputation for dysfunction in the past, but that is not how we operate in Ulster County.

So let's answer the two basic fiscal questions:

Where did the sale proceeds go?

Where do the savings from not having to subsidize Golden Hill go?

My Administration has shown that we are prepared to make the hard decisions but are just as committed to compassion in the process, and in the end we will completely re-invent county government if that is what it takes.

The fact still remains that when we leave here today, I don't expect the focus to be the sweeping reform we have completed in Ulster County over the past five years, reform that protected our citizens from what would have been a 90% cumulative tax increase over the period if we had tried to maintain the status quo. I also do not expect the focus to be on the fact that we have become a model of how to address the new financial paradigm around the State of New York with innovative solutions; or that many of our ideas are now being replicated in other counties.

I do not expect the focus to be on that or the fact that with this budget we are delivering the largest reduction in government spending in the history of Ulster County, \$23.7 million less, or the fact that because of thoughtful restructuring more services are delivered today than ever before. A fact that in and of itself, seems almost impossible, more services for less money.

Instead, I fully expect the focus will be on either sequestration cuts or the budgetary impacts of the Cahill nonsense, and that is unfortunate.

The truth is, this budget is really about overcoming obstacles and protecting citizens. It is about overcoming obstacles like the negative impacts of a national economic crisis or of a statewide fiscal crisis with even more unfunded State mandates. And unfortunately, it has also become about

protecting the great citizens of Ulster County from Kevin Cahill and his multi-million dollar Albany extortion.

This budget has been nearly five years in the making; and our workforce has been amazing at doing more with less. And because of those nearly five years of reform, during which we have restructured virtually an entire government, our sheriff's deputies will not need to be laid off this year, and will remain available to protect and serve. Due to the nearly five years of unprecedented innovation, this budget ensures that the Towns and the City of Kingston will receive much needed Safety Net relief; and because of nearly five years of a willingness to make difficult decisions, our community college, which is non-mandated, has been spared from devastating cuts to education. However, the fact remains; our work is far from done, and it was just made much harder.

As you can imagine, the budget for a \$336 million dollar organization is complex, but in the end it is very simple.

It is not about budget gimmicks; it is about hard work and having the expertise to design thoughtful solutions to complex problems when many see no options and no hope. In the end, it is about siding with the people over the politicians, every single time.

Let us take a moment and talk about the consequences of the "Cahill Crisis" right now and get that out of the way.

First let me be clear, even though he has made countless attempts to confuse and cloud the basic issue, here is the bottom line; this was never really about Safety Net expenses. My Administration was already on track to fix this after decades of gridlock. Safety Net talk by the Assemblyman was used to create a distraction and cover up the truth. It was always about his raw political desire to impose control over local government. He acted in total disregard of the consequences to our citizens; and those consequences, unfortunately, are severe.

I want to be clear, the Assemblyman accomplished absolutely nothing here; except to cost Ulster County property taxpayers approximately \$4 million and the property taxpayers of the City of Kingston another half a million dollars.

That is \$4.5 million that can not go towards property tax cuts; \$4.5 million that can not be utilized to protect public safety; and \$4.5 million that can not go towards programs to help our most vulnerable citizens.

Although he talked about an immediate and full takeover of all Safety Net expenses, and an immediate and full takeover of all election costs; he did this without any understanding of finance.

What happened in the end? The county has continued with the exact same plan we had clearly outlined last year; a three year phased-in takeover of Safety Net expenses. A plan my Administration designed and implemented with the bi-partisan cooperation of the County Legislature after decades of gridlock, and we did it all while enduring even more unfunded State mandates.

And now we are forced to do it with a huge loss of much needed revenue.

So what is the ultimate legacy of the "Cahill Crisis"?

Assemblyman Cahill severely hurt his own constituents:

1. Visitors to Ulster County will receive a break on the backs of Ulster County property taxpayers;
2. Ulster County's financial stability has been weakened by \$4 million;
3. The City of Kingston's finances have been weakened by \$500,000; and
4. Ulster County property taxpayers lost out on a major property tax cut.

In the end, this is the sad legacy of the "Cahill Crisis."

In order to begin dealing with this reality, we are already addressing the potential loss of approximately \$2 million for this year alone. Then we are preparing for the possibility of more lost revenue of up to \$22 million in 2014, all while trying to protect the Towns and the City of Kingston from damage; and so we took action.

I immediately directed my Administration to delay new capital projects, defer equipment purchases and reduce contractual spending. In addition, we have eliminated the use of numerous temporary employees to help provide short term assistance.

As part of our preparation to face further unnecessary revenue losses, we have designed a unique county version of sequestration. This idea allows for a progression of spending cuts that do not kick-in if timely actions are taken in Albany to contain the sales tax crisis.

It is important to note these cuts do not have to happen if the State addresses the sales tax crisis this year with either the Skartados' legislation, or immediately upon returning to Albany in January 2014. These cuts can be avoided. These cuts will only need to be implemented, and then only on a sliding scale, if the State Legislature fails to act on our carefully designed legislation. But in the end, the unavoidable truth still remains; as well crafted as this strategy may be, this plan cannot undo the millions of dollars in lost revenue because of Assemblyman Cahill.

It is also important to note there is one more cautionary item; if the sales tax crisis is not limited in January with State Legislative action, we will have no choice but to bring forward massive mid-year budget cuts to address the potential loss of up to \$22 million in 2014.

What you see here is an overview of county revenues over a three year period; but the truth is, it is much more than that. It is a technical picture of my Administration's financial vision to reinvent government and move towards long term sustainability for everyone, all while protecting our taxpayers.

We began five years ago, not on level ground, but instead we began with multi-year, multi-million dollar budget gaps that were only able to be closed by structural changes like Golden Hill, RRA, aggressive spending restraint and a reduction in the overall size of government in order to address county legacy costs. All of that reform plus a series of one shots had to be utilized. These one shots were an important additional tool that helped balance the budget and protect taxpayers as we bridged toward a more sustainable government.

But they are called one shots for a reason, they are not recurring. In order to replace these one shots we needed recurring revenue combined with deep and lasting cuts in spending; so just like in your own budget, revenues would match expenses.

In order to put that into perspective; it costs about \$2 million to pay for the takeover of every one-third of safety net expenses. In regards to the County, that means this year, by absorbing two-thirds of the safety net expenses, our anticipated costs are approximately \$4 million, and that number will recur and likely grow. This means after just three years of our phased in plan, the County will have paid out over \$12 million to the Towns and the City of Kingston, plus a continued expense of \$6 million every year going forward - and growing.

To understand the damage of Kevin Cahill is to understand that he speaks of one time revenue, but he makes demands that result in recurring and growing expenses. The \$4 million in lost sales tax revenue was the same \$4 million that would have offset the second phase of the Safety Net takeover. Therefore, not only did he cause \$4 million in lost revenue, minimally, but with the additional \$2 million in safety net expenses he blew a \$6 million gap in the County Budget, harming Ulster County property taxpayers now and long into the future.

And, by the way, all this presumes he can limit his damage sooner, rather than later.

The County's 2014 tax levy is \$78,730,408, the exact same as last year and includes absolutely no increase in the tax rate. This marks the third time my Administration has delivered a budget at or below zero percent to protect over-burdened families across Ulster County in their time of need.

But the fact remains, all the positive changes we have made can be dismantled if unfunded State mandates continue to expand or the Cahill crisis persists. Over 70% of Ulster County's budget is now mandated. That number is absurd and it is growing.

Maybe the most troubling State mandate fact of all is the fact that over 100% of all Ulster County property taxes collected now goes to pay for New York State mandates. The truth is if Assemblyman Cahill would address even a fraction of these mandates, then we would not even be talking about the 1% sales tax in the first place.

In this year's budget, like always, there are many changes, and I would like to discuss two specific initiatives that are both special and very important to the County's future.

As we have restructured Ulster County Government operations over the past five years through consolidations, mergers and reorganizations; I am proud to say each change was made thoughtfully and with a purpose. As a result, combined they have saved Ulster County taxpayers millions of dollars while streamlining operations and improving overall services.

Whether it was:

- Department of Public Works combined with Buildings and Grounds;
- Stop DWI merged into Probation;
- Health Department streamlining mental health;
- Traffic Safety included in the Safety Department;
- Real Property Service Agency made a division of the Department of Finance; and
- Youth Bureau and Human Rights linked together, we continue to evolve.

So when we began the 2014 budget our focus moved to the next step in making Ulster County Government work harder, smarter and better. Utilizing currently funded positions we designed a new division of the Ulster County Finance Department called the A.C.E. unit. A.C.E. stands for accountability, compliance and efficiency.

This “good government” initiative focuses like a laser on performance, risk management and program development, to ensure all departments are following the most up to date "best practices." This special unit will become a State-wide model and will move across County departments to provide technical training and professional assistance. Whether it is ensuring those who contract with Ulster County are held accountable or performing internal risk management to insulate taxpayers, the A.C.E. unit will be responsible.

In addition, program performance evaluations and corporate compliance efforts will improve operation and address the ever changing state and federal regulations; the A.C.E. unit will be tasked with these critical roles too.

Finally, this unit will also provide enhanced management of grants and will complete the remaining Golden Hill closeout process to ensure we adhere to strict regulatory requirements.

I know this is not glamorous stuff, but it is at the heart of any well run organization. We look forward to providing information and reports to the Ulster County Legislature from the A.C.E. unit and identifying internal improvements that will best serve the citizens of Ulster County.

And though over the past five years we have significantly reduced the overall size of County Government utilizing technology, public / private partnerships and internal reorganization, it is not always about getting smaller. The A.C.E. unit will use existing resources to help make Ulster County Government better and more sustainable for the people, and that is what it is really all about.

As we look to make Ulster County a more sustainable government and protect property taxpayers, while ensuring high quality care for our most vulnerable citizens, it is essential that we address the service model we have used in the past to deliver mental health care for adults in our community. The shameful and often under publicized truth is massive cuts in State aid over the past five years have hurt all counties in their ability to provide quality care for vulnerable New York citizens with mental illnesses. Those cuts total over 50% in the last five years. This means a loss to Ulster County of over \$8 million and rising. It is a disgrace; and as a result, we had to change.

If we had attempted to stay with the status quo in this tax cap environment, State cuts would have forced Ulster County into a terrible no-win decision; either only providing care to those individuals on Medicaid and excluding everyone else, or increasing the caseloads of our therapists to the point at which effective care would be dramatically compromised.

When faced with this impossible choice, my Administration was unwilling to accept either; so we collaborated and designed an additional option of our own. I believe we have a moral obligation to ensure high quality behavioral health services are available for those in need regardless of their ability to pay. So we began the difficult process of completely reinventing how we deliver mental health services in Ulster County and entered into partnerships to guarantee high quality care remains available for children, families and adults.

This process began earlier this year with the Astor Home for Children and Family Services which has allowed us to expand services throughout the County for youth and their families. For 2014 we have entered into an innovative partnership with Hudson Valley Mental Health to provide enhanced services for adults now and long into the future. This plan strengthens the County’s regulatory role by improving our LGU or local government unit. It utilizes all the best parts of public / private

partnerships. It guarantees no layoffs, it improves our ability to provide heating assistance to seniors, veterans and families by reallocating existing staff, and it assures everyone who is in need of mental health services in Ulster County will receive them, regardless of their ability to pay.

In this effort, I am pleased to have the full support of our partners in service, CSEA, because it has never been about designing a bigger government or a smaller government; it has always been about creating a better government, regardless of the challenges before us.

So whether it is a national economic crisis or a statewide fiscal crisis, or now even the absurdity of the “Cahill Crisis,” we will always fight to protect the great people of Ulster County.

The decisions are hard and it will not be easy, and the consequences may yet be extremely severe.

Ultimately, it may not matter that Senator Larkin, Senator Tkaczyk, Assemblyman Skartados and so many other State representatives are appalled by Cahill’s actions. It may not matter that the Ulster County Comptroller, County Legislature and the editorial boards of every daily newspaper in the region have opposed the damage he is causing. In the end, it may not matter that labor plus countless not-for-profits all know that Kevin Cahill endangered our community. Instead, what matters most is protecting the great people of Ulster County; and that is exactly what we do.

Because of that, my Administration has refused to accept the generally accepted idea that governments must get bigger and more expensive every year. We also refused to accept the idea that you must choose between being fiscally responsible or being socially responsible. Instead, we roll up our sleeves and work day in and day out, to prove that if you're willing to embrace innovation and change, you can actually have both.

So by not being typical, more services are now available for the citizens of Ulster County than ever before. Due to five years of hard work, the 2014 Executive Budget delivers the single largest reduction in government spending in our history, plus no tax increase; but the dangers are not gone.

I would like to leave you with this: this budget was designed specifically for our seniors and our children; for moms and dads; for working taxpayers and their neighbors who may be down on their luck. This budget is about our people – the great people of Ulster County.

Which is why we will never try to be like typical governments, and I am proud of that. I believe there are already far too many politicians and far too few public servants. Too many politicians more focused on elections than on honest solutions to serious problems. Unfortunately yes, across our great State and our great nation, there are still far too many politicians and far too few leaders.

As someone who has been entrusted to serve as the County Executive in a place I was born and raised, I take very seriously that responsibility, as well as the oath I have made to each and every one of you. I am proud to say I have always, and I will always, side with the great people of Ulster County over the politicians, every single time.

Thank you.