



2014 Ulster County Budget Fact Sheet

Sequestration Plan

Michael P. Hein
County Executive

I. Overview

In the 2014 Executive Budget, Ulster County Executive Mike Hein proposed a local version of the Federal sequestration process. The County Budget sequestration is a procedure that limits the ability to spend in targeted areas of the County Budget if the sales tax revenue from the 1% sales tax extension for the month of February is not received.

II. Background

Sequestration involves budgeting for the potential loss of February sales tax, valued at approximately \$1.9 million, by placing \$2 million in targeted County spending in the contingency fund or account. Whatever portion of the anticipated \$2 million in revenue that is not received by the County beginning February 1, 2014 will result in a commensurate cut to the budgeted contingency items.

If the Legislature appropriates from contingency without the necessary revenue to offset spending, it will further drain the County's dangerously low fund balance. This would further strain the County's financial position while also putting the strong bond rating in jeopardy.

The local sequestration model was created to hold Assemblyman Kevin Cahill accountable for his commitment to restore the County's sales tax no later than February 1, 2014. The County Executive recommended areas in the budget of spending that are non-mandated and will be removed from the budget if the February sales tax is lost.

III. Proposed 2014 Budget Action

Included in the 2014 Budget Sequestration Plan are the following spending priorities at risk:

Item	Amount
• Contract Agencies	\$602,225
• Mental Health Contracts	\$ 34,000
• Personnel Adjustments	\$300,000
• Sheriff Department	\$494,305
• Department of Public Works	\$274,786
• Social Services Contracts	\$182,000
• UCAT Busses	\$ 35,300
• Municipal Dues	\$ 32,451

IV. Fiscal Impact

The Ulster County Sequestration Plan has no financial impact as long as the County's sales tax is restored no later than February 1, 2014. If the New York State Assembly fails to restore the sales tax by that time, the clock begins and permanent cuts begin to take affect. Each day into February the sales tax restoration lingers and sales tax is not collected, the fewer sequestration items will be eligible to be restored. Additionally, Assemblyman Cahill can also compensate the County for the loss of sales tax through increased and immediate mandate relief that would result in mid year savings to Ulster County.