

# Newsletter from Ulster County Executive Mike Hein on the 2012 Executive Budget

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Dear Ulster County Residents,

I have always believed that governments must make the same type of difficult decisions that hard-working American families make every day, and on behalf of the Ulster County residents, I am committed to making them. As you may know, the 2012 Executive Budget was created in a financial environment unlike any in our County's history, and in the aftermath of our worst natural disaster. This budget was drafted with the knowledge that:

- Employee pension costs are \$16.8 million, an increase of almost 3,700% since 2001
- Employee healthcare costs are \$25 million and rising, which is unsustainable
- The impact of the Federal "debt ceiling limit" is unknown
- State and Federal mandates now make up over 70% of Ulster County's budget
- Mandates are growing while NYS aid is decreasing.

The taxpayers have made it clear that they cannot and will not support significant increases in property taxes. I agree. Governor Cuomo delivered an initiative that caps property taxes on all local governments, including Ulster County. I fully support this tax cap, but without fundamental mandate relief, local governments will continue to be squeezed.

We have reached the moment that my administration has cautioned the County Legislature about for over two and a half years: powerful outside forces have converged and continuing the status quo is not an option. Major transformation is needed now. With this in mind, my administration continues to move forward, utilizing three core principles:

- **Protect taxpayers**
- **Maintain essential services**
- **Enable Ulster County to better compete in an evolving global economy**

The real question is, with all of the challenges confronting us, how can we deliver essential services while protecting taxpayers? The only answer is: **government must change!** The 2012 Executive Budget brings forth transformative and innovative change and will make Ulster County more sustainable. Important details about the budget are included in this newsletter. I ask for your support and cooperation as we continue to address these very serious challenges. Thank you.

Ulster County Executive

Michael P. Hein

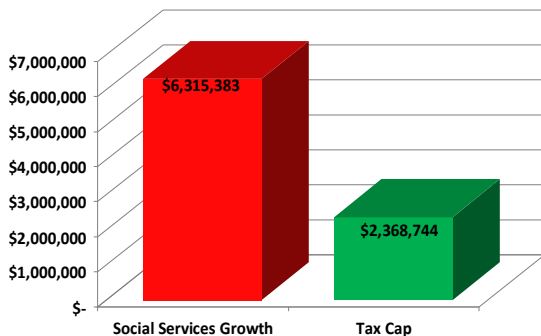
# Newsletter from Ulster County Executive Mike Hein

**Hurricane Irene.** Hurricane Irene was the worst natural disaster in the history of Ulster County. Countless Ulster County families were negatively affected, some lost their homes and others have suffered a tremendous amount of damage. Additionally, Ulster County has incurred substantial infrastructure damage currently estimated to be as high as \$15 million. This devastation made an already difficult financial situation even more challenging.



***“I want to say a special thank you to our Emergency Management personnel, our Sheriff’s Office and the DPW workers, as well as all of the amazing first responders from fire departments and EMS all around Ulster County.” ~ Mike Hein***

**State Mandates.** While County Executive Hein has reduced spending in non-mandated areas to protect taxpayers for three consecutive years, the County must dramatically increase spending on programs mandated by the State and Federal governments. In 2011, 70% of the County’s budget was the result of such mandates. In 2012, this percentage is expected to grow. For example, the heavily mandated **Department of Social Services expenses alone are expected to increase by over \$6 million.**



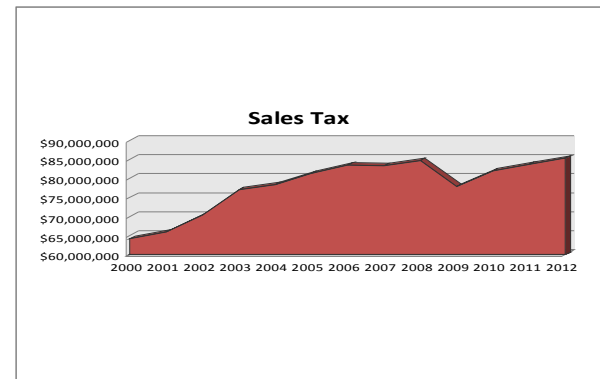
**Tax Cap.** When drafting the 2012 Executive Budget, County Executive Hein acknowledged the reality of the State Tax Cap, in effect until at least

2016, and successfully worked within its confines. According to the formula produced by the New York State Comptroller’s Office, which takes into account retirement growth exemptions, Ulster County’s total levy limit for 2012 is estimated at \$79,313,704. This equates to a maximum allowable tax increase of up to 3.08%. The Executive’s Budget proposes a property tax levy which is .6% lower than the property tax levy limit.

The previous chart puts the tax cap into context. It shows that due to the Tax Cap, property taxes cannot cover the rise in Department of Social Services mandates, much less all of the other expenses Ulster County is required to provide.

**Tax Levy.** The Executive Budget includes a \$78,860,389 tax levy. As the 2011 adopted tax levy was \$76,944,960, there is a 2.49% difference between this proposed 2012 tax levy and the 2011 adopted tax levy.

**Sales Tax.** After extensive analysis, the conservative 2012 sales tax projection is \$85,215,842, an increase of 2.0% from the 2011 adopted budget.



**Fund Balance.** 2012 is a year of significant need. To protect taxpayers from a massive tax increase, the Executive Budget allocates \$10.85 million from the general fund balance to offset expenses. With this allocation, the fund balance is expected to be \$12.1 million, or 4.28% of the general fund.

## Safe Streets

**Public Safety.** The County Executive has set public safety as a top priority in 2012. To keep Ulster County safe, the County Executive has included funding for an additional prosecutor, specifically to prosecute gang and drug crimes in the City of Kingston and to ensure that not one Sheriff’s Deputy is laid off.

## Reforming Service Delivery

### Consumer Protection.

The State Attorney General's office has agreed to handle all of the consumer complaints from Ulster County utilizing the same local phone number. The gross savings associated by expanding shared services is \$162,000 in 2012 alone.

### Chemical Dependency Services.

Providing chemical dependency treatment services for people in need is important. We are fortunate in Ulster County to have multiple service providers and as such, County government no longer needs to be a direct service provider. In addition, Ulster County will move forward with the realignment of the Public Health and Mental Health Departments, as we continue to strive to make Ulster County the healthiest county in New York State. As part of this process, the 2012 Executive Budget removes 11 vacant but previously funded positions from the Mental Health Department. Ulster County taxpayers will realize payroll savings associated with these actions of over \$1.11 million.

## Keeping Golden Hill Open.

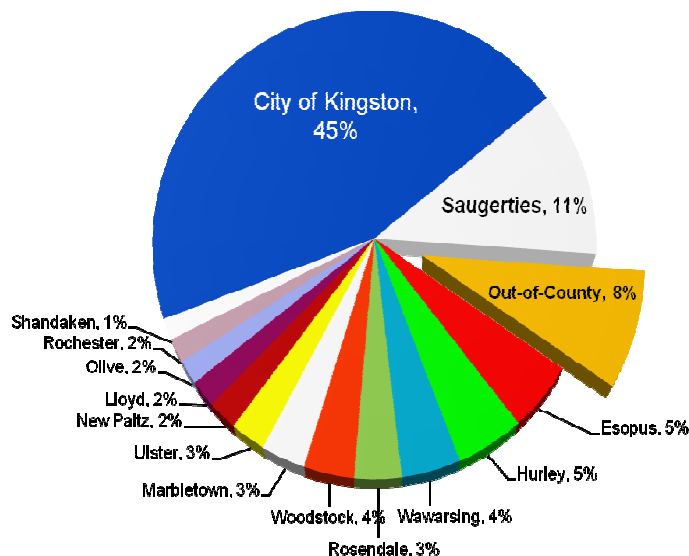
***"My administration is fighting to keep Golden Hill open." ~Mike Hein***

For nearly a decade, while the Ulster County Legislature has struggled to make the difficult decision regarding the future of Golden Hill Health Care Center, operating costs have skyrocketed and the building continued to deteriorate. Because County Executive Hein understands the importance of keeping Golden Hill open, his Executive Budget includes a compassionate alternative to closure. The 2012 Executive Budget will fully fund Golden Hill while it transitions ownership of the facility to a local development corporation (LDC).

In 2012, the County will subsidize Golden Hill's operations by more than \$5.5 million. Golden Hill also has a completely unsustainable projected operating loss for the next five years. Add to this total the debt service and bonding costs on a \$60-90 million capital project that will be needed. Partial reimbursement from NYS is possible, but not guaranteed.

Regardless of the set of figures used, not only is Golden Hill deteriorating, but without major changes now, Ulster County taxpayers are looking at astronomical property tax increases or the elimina-

## Occupancy at Golden Hill by Municipality



### 7 Towns with No Bed Utilization\*:

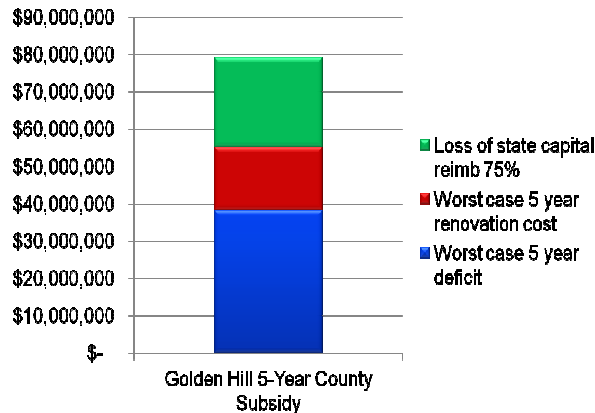
**Gardiner  
Kingston  
Denning  
Hardenburgh  
Marlborough  
Plattekill  
Shawangunk**

**Note: the third largest category of users at Golden Hill previously resided outside of Ulster County.**

\* This chart represents Golden Hill residents in calendar year 2010. Residents from Gardiner, Kingston, Denning, Hardenburgh, Marlborough, Plattekill and Shawangunk made up zero or less than 1% of the occupancy.

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This chart represents the taxpayer subsidy for only the next 5 years:



There are currently 1099 skilled nursing home beds in Ulster County and 819 of them are not run by County government. The vast majority of these residents are paid for through Medicaid.

Nursing Beds in Ulster County



The fact is that Golden Hill is the only facility that Ulster County taxpayers now have to pay for twice: once through the taxpayer funding of Medicaid (the same as every other nursing home) and again through the salaries and benefits of a government staff, plus we must maintain the facility.

It is important to understand that Ulster County is not alone. Orange County is struggling with a \$19 million budget subsidy. As a result, the Orange County Executive recently announced the end to all taxpayer funding for its nursing home by July of 2012. This means a potential lay-off of over 425 employees and potential displacement of 325 residents.

Neighboring counties of Dutchess, Delaware and Greene no longer have their nursing homes and Westchester has closed its nursing home. Suffolk is moving toward closure. There are many more.

***“This is the only plan put forward that protects taxpayers and keeps Golden Hill open.” ~ Mike Hein***

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## Myths about Golden Hill

**Myth #1**—If the county nursing home is sold the current residents will be displaced.

**Fact**—No resident will be displaced as long as the facility can be kept open.

**Myth #2**— A sale would result in employees being laid off and local unemployment skyrocketing.

**Fact**—The County Executive would only support an agreement in which the vast majority of the workforce remains employed. Also, in the event of a sale, current workers have the right to organize under New York State Law.

**Myth #3**—People on Medicaid will not be able to get into a non-government run facility.

**Fact**—Ulster County residents with Medicaid will continue to be able to use Golden Hill. It is illegal for nursing homes to discriminate based on the source of payment, as is evident by the fact that the other five nursing homes in Ulster County all have residents with Medicaid. The surprising truth is, there are actually more combined Medicaid residents at Ulster County’s private facilities than at Golden Hill.

**Myth #4**—Residents would receive lower quality care at a non-government run facility.

**Fact**—New York State inspection records for nursing homes in Ulster County do not support this claim at all and neither do the Federal records. Public and private nursing homes must meet the same high standards. People will have access to high quality care regardless of their ability to pay.