



Dutchess  
County  
Executive

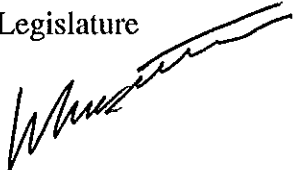
# Dutchess

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## MEMORANDUM

TO: Dutchess County Legislators  
Barbara Hugo, Clerk of the Legislature

FROM: William R. Steinhaus  
Dutchess County Executive 

DATE: December 15, 2009

RE: Resolution No. 209371, Adoption of 2010 County Budget

After months of intense development of the Dutchess County 2010 Executive Budget, on November 1<sup>st</sup> my staff and I were able to provide the legislature and property taxpayers with a balanced proposal that would freeze the property tax levy and reduce spending. Our proposal was not without painful, difficult choices.

As I said at that time, Dutchess, like most county governments, is facing serious financial challenges of declining revenues, state mandated and non-discretionary spending requirements and the ongoing damage from the overall economic downturn. The continuing recession has resulted in shrinkage in **all** the county's major revenue sources including sales tax, mortgage tax, hotel tax, transportation aid revenue, interest earnings and other economically driven revenues.

In the earliest stages of this current economic downturn, we recognized we would be facing an extended period of retraction and recession – one that could seriously impact families, businesses, our governments and the unavoidable community impacts that result from such devastating global, national, and state economic distress. Unemployment in Dutchess remains at an unacceptably high rate of nearly 8% in October, double the average annual unemployment rate of 4% for 2007 prior to the economic downturn. These rates are the highest since 1994, with **11,600 people currently out of work** in Dutchess, the highest number since 1993. These numbers reflect real pain for real people and real families.

The administration made repeated efforts to communicate with the legislature about the concerns we had, and as early as **two years ago, at the end of 2007** we began to take administrative measures to curtail spending and leave staff positions vacant. Unfortunately, the now outgoing Chairman and his Democrat majority instead of working with us to cut spending, reorganize and restructure county government, mocked our early measures wrongly believing our economic and financial predictions were incorrect. In fact, the Democrat majority was very wrong.

We believed then, and are certain now, that government simply cannot be sustained as it has existed in recent years, and higher county property taxes and higher county spending cannot be justified during this recession. We wish it didn't turn out the way it has because people, businesses, and communities are indeed suffering.

At a time when local families and businesses are struggling with their own fiscal pressures, having lost jobs or in jeopardy of job loss, not receiving raises or seeing their wages cut back, a property tax increase can be enough to break them. Therefore, cost of living increases for the county workforce, except for the last year of contractually obligated DSCEA cost of living increases and step increments, were not included in the 2010 budget, and county elected officials have not had a salary increase since 2007.

Unfortunately, economic and financial stress is far from over. Government has an opportunity in these difficult times to reprioritize, restructure, reduce and eliminate duplications, and importantly listen keenly to the stressed taxpayer electorate. That is why I am returning this adopted budget with 164 vetoes that I believe the legislature can and should sustain in order to produce a final 2010 budget that will decrease the legislature's additional increased spending by almost \$3 million, reduce an indefensibly huge property tax levy increase, yet still provide the most important programs and services needed by our residents.

These veto decisions are just as difficult to make the second time as when I made the decisions in my original budget proposal six weeks ago. But these are the decisions that **must be made** to give some of our property taxpayers a fighting chance to survive these economic circumstances.

The legislature added approximately \$2 million back into the budget for services provided by community organizations in our "*purchase of services*" relationships. This government has not treated these allocations to these agencies as "entitlement grants" for many years. The administrative departments invest a tremendous amount of time reviewing what they anticipate will be necessary to service their customers and clients in a work plan for the coming year, and then review that in conjunction with scope of services for purchase of services from agencies. It is a thoughtful and comprehensive review. When the legislature decided to restore funding based on an arbitrary percentage rather than the considerations of service delivery and needs, the Democrat Majority reinstated an illogical grant "entitlement" approach with a political mentality.

The administration does not support that approach, because it is an approach which does not work and it is fraught with defects. Accordingly, vetoes have been exercised in most instances except the legislative budget amendment increasing Family Services funding in the Department of Social Services by \$382,222. I do want to be absolutely clear with this particular action that early next year, the Commissioner of Social Services will evaluate community needs and determine the specific programs and services required for 2010. A portion of the \$382,222 added back to the budget will then be allocated by the Commissioner to programs available from Family Services, Grace Smith House and perhaps one or two other

agencies based on the required scope of services for that department to address its mission. All vetoes are itemized in the attached budget amendment spreadsheet.

As stated in my budget message, County government is a people business; people provide services to other people. The “story line” that somehow the county government is a bloated organization is a myth as proven by a smaller workforce today than 24 years ago, even in the face of significantly increased demands by residents. Regrettably, the media has repeatedly failed to report how lean we have constrained the size of the county government workforce choosing to instead default to the emotional story lines being reported.

Again, the most painful part of the 2010 budget is the corresponding reduction in staff that must be made when programs and services are reduced and so, I veto all but a few of the positions which the legislature added back into the budget. The impact is spread broadly across multiple departments and deletes 52 positions for 2010 on top of the 38 cut from the budget this year for a total of 90 fewer positions. All of the vetoes are detailed on the attached budget amendment spreadsheet.

In reference to the Board of Elections, the budget request from the department was more than a 400% increase from \$874,000 in 2005 to a startling \$4.4 million just five years later in 2010. The BOE is the single agency the Legislature itself is accountable by law to oversee, and unfortunately it has been allowed to have unchecked, out of control spending growth. That must change. The legislature’s adopted budget added back in eight positions removed in my proposed budget.

I have decided to meet the legislature half way for the 2010 budget and have vetoed back out only four of the eight positions. This will give the legislature adequate time during 2010 to begin a long overdue analysis of the BOE operations. The legislature should enlist the help of the newly elected Comptroller. I have also vetoed the restoration of additional monies to the BOE temporary help line because of the concern the Commissioners will use it to provide raises to their staff and/or themselves as they have undoubtedly attempted in the past **without legislative approval**, including those raises that I removed from their original budget request for 2010. Again most other county employees and elected officials are not receiving COLA raises in this budget.

After discussion with legislators, the BOE chargeback revenue deleted by the legislature has been restored by veto with the expectation that the unanticipated funds received by the municipalities from sales tax as a result of the clothing exemption being repealed will cover that cost. A total of \$1.15 million in new revenue is projected as added “revenue sharing” to localities which will offset the BOE chargebacks of \$988,395. Therefore, any suggestion by localities this cost sharing cannot be absorbed is unfounded.

I would like to spend a moment talking about the Sheriff’s Resource Officer program and the officers currently assigned to a few select school districts. It is important to note appropriations were included in the Executive Tentative budget for these six deputy positions. Those appropriations remain in the adopted legislative budget and in the budget I am returning today. What is returned into the budget by my line item veto is the offsetting

revenue deleted by the legislature. Let me explain so there is no ambiguity in regard to this particular veto.

The budget vote to sustain or override school deputy sheriff assignments will be a clear declaration of legislative policy on this program. Should the legislature sustain the veto, it will be a legislative act requiring the Sheriff to enter into a contractual partnership with any school district wishing this discretionary, optional service of a deputy being assigned exclusively to their building site. The Sheriff will be required to establish the standard inter-municipal agreement his department uses elsewhere in **dozens of other similar arrangements with school districts** and local governments in the county.

Should the school districts choose not to enter into the inter-municipal agreements, the Sheriff's Office will then have the following option:

The Sheriff can return the six deputy positions to the road patrol duties they previously performed before they were placed in these six school district facilities. Payroll documents demonstrate the Sheriff expends very large and increasing sums of monies at expensive overtime rates to backfill and supplement road patrol coverage. These six deputies, or some of the six deputies, could provide up to 9,000 plus hours of road patrol coverage at straight time, which would significantly relieve the taxpayer burden of overtime expense for routine patrol coverage saving the property taxpayer hundreds of thousands of dollars annually.

Therefore, should the Sheriff not be able to enter into the necessary agreements with school districts to cause the anticipated revenue to be received by his office, then the appropriations for the six SRO positions will be required to be offset with a dollar for dollar savings to taxpayers in overtime savings. Overtime will be tracked and monitored to ensure a cost/revenue neutral offset is produced. Budgetary controls prescribed in the Charter and Administrative code will be exercised as necessary.

Additionally, the legislative budget amendment adding \$225,000 to Sheriff overtime is vetoed. Four months ago, the Budget Director notified the Sheriff his overtime funds were overspent, and if spending continued at the current rate, the Sheriff would exceed his annual overtime budget set by the legislators by more than \$230,000. Subsequently, I met with the Sheriff to discuss this issue in the context of the county's broader serious fiscal challenges. The Sheriff agreed to control overtime spending to avoid a year end shortfall for 2009 and to manage overtime expenditures closely in 2010.

Subsequently over the last eight pay periods, the Sheriff's overtime expenditures have been reduced significantly. The Sheriff has managed his overtime expenditures while continuing to provide important law enforcement services. At the current rate of spending, with a modest increase for step increments and longevities, the 2010 projected overtime expense for the Sheriff is \$740,000, nearly \$70,000 less than the Sheriff overtime funding of \$809,622 included in the Executive Tentative Budget. This cushion amount will leave adequate flexibility for increased needs throughout the year. With the Sheriff's commitment to continue managing his overtime closely, he should have no problem staying within the

proposed overtime appropriation of \$809,622, and certainly does not require the \$225,000 in additional taxpayer dollars unnecessarily added by the legislature.

The overtime issue must also be balanced in the context of the anticipated substantial overtime savings cited above from potentially redeploying some SRO's back into road patrol coverage where they originated.

We have heard and listened to the concern about the Sheriff's road patrol issue. As with last year, I believe this issue has been grossly mischaracterized. But in deference to concerns expressed by legislators and municipal officials in regard to the timing issue, I have not vetoed the revenue adjustment made by the legislature. I do, however, look forward to a deeper analysis of this policy proposal over the course of 2010 as has been committed to by several legislators who agree there must be a workable and equitable resolution.

As Chairman Higgins and his Democrat Majority complete their two year reign and leave their own fiduciary legacy, their gift to taxpayers for 2010 would be a double digit property tax increase for many residents. This is on the heels of the Democrats' 2009 budget with an 11% property tax increase. In the current 2010 budget adoption, the Democrat Majority has attempted to extract a "bi-partisan" budget agreement from the Republican caucus that knowingly threatens serious fiscal consequences to county government and our county property taxpayers for years to come. They plan to hold the fiscal integrity of the county government hostage to everything they want – so they must want this property tax increase pretty badly.

All of us are acutely aware of the financial disaster happening in New York State government. Governor Paterson, in explaining his recent actions to delay payments to localities and others, said "New York is now at a breaking point... If we don't act now and if we don't all understand the perilous circumstance that confronts us, it will further impair and impede our ability to address it."

Please join me in understanding the perilous circumstances before us here in Dutchess County, and do not impede this last opportunity to stand up for our distressed property taxpayers. We cannot wait, as our state elected officials have done, for county government to be at a "financial breaking point" to act. Let's make one final choice; let's lower the property tax increase in your adopted budget; let's deal with the fiscal realities our families and businesses face; and let's do this together for our future.

cc: Department Heads  
Elected Officials

Attachment: 2010 Budget Vetoes