

**Address to the County Legislature on the
2007 Proposed Monroe County Budget**

Tuesday, November 14, 2006 -- 6:00 P.M.

President Zyra. Majority Leader Smith. Minority Leader Palumbo.
Honorable members of the Monroe County Legislature. And...most
important...my fellow Monroe County taxpayers.

For the past three years I have had the incredible honor of serving as your
County Executive.

Each year this legislature has supported a budget that has protected property
taxpayers, and preserved our quality of life.

We have worked together to support a business friendly environment that
will strengthen the economy so there will be jobs and opportunity for all of
our residents, both young and old.

We have worked together to make County government leaner and more
efficient. We have invested in our parks, in our libraries, in our infrastructure
and in our children and families.

The County budget is a powerful reflection of who we are as a community
and how effective we are as a government.

The 2007 budget proposal is balanced.

Once again, it controls spending, holding it below the rate of inflation.

The budget preserves our quality of life.

And, once again it does not raise the property tax rate. In 2005 the rate was
\$9.10, in 2006 the rate was \$9.10, and in 2007 the proposed rate will be
\$9.10.

Higher property taxes mean fewer jobs, less economic investment, the loss
of young people from our region, and a steady decline in quality of life.

I will continue to protect property owners and local employers with a stable tax rate going forward.

The operating budget I am submitting to this legislature totals just over \$877 million dollars. Mandated spending is \$664 million, while Non-mandated spending, the amount we actually control locally as a County totals just under \$214 million.

The 2007 Budget is the first opportunity for the County to use the financial features of the recently implemented SAP Software. This software is used by Fortune 500 firms like Microsoft, Hewlett-Packard and Verizon.

One of the important benefits of SAP enables the County to segregate Grant programs in the Budget. This reform allows for a more transparent accounting of your tax dollars. The Grant Budget totals \$147million.

79% of county spending is mandated. Non-mandated spending is only 21%. Over three quarters of our budget is dedicated to programs and services that are required, but not fully paid for by the State and Federal governments. This is not a new problem. It's an old problem that just gets more and more expensive each year. And, while we have been aggressive in squeezing almost every dollar out of the budget that we can we are left with few reasonable choices.

Non-mandated dollars pay for our County parks, the Seneca Park Zoo, the Public Safety Training facility, Monroe Community Hospital and important public safety programs like the Sheriff's road patrol.

We are continuing to operate County government within our means.

The 2007 budget includes 40 recommendations proposed by our Budget Advisory Team...initiatives that reflect a \$33.5 million dollar benefit to taxpayers.

For example, working with our health insurance provider, Excellus and with our labor unions, we have reduced health care costs by \$22-million dollars.

The budget also eliminates 30 county positions, The County's workforce has been reduced by more than 11% since 2001, and we are continuing a hiring freeze for non-essential positions.

Discretionary spending is down \$1.6 million dollars from the original forecast.

We saved new dollars from earlier this year and will use those dollars now to pre-pay pension costs removing \$15 million dollars from the 2007 budget.

And we are anticipating almost \$23 million dollars in additional revenue in 2007 from creative initiatives like community use of our fiber optic network, support of the Renew Monroe program in the County Clerk's Office, and green energy generated from the Mill Seat landfill.

We are streamlining technology and as a result will reduce the cost of printers and copiers by 25%.

A comprehensive energy conservation plan will reduce energy consumption and expenses by 10% over the next four years.

A growing number of public-private partnerships have also allowed the County to leverage private dollars to maximize government resources through preventive programs like Hillside-Work Scholarship, Emcompass, and Nurse-Family Partnership...all of which are designed to help individuals become self-sufficient and reduce future costs to property taxpayers.

These are important changes...bold initiatives that will control costs without compromising the high level of service individuals and families have come to expect from the County, and that contribute greatly to our quality of life.

We continue to share our sales tax dollars equally with the City of Rochester. In 2007, that will be \$123.5 million in sales tax revenue for our municipal partner. Total County financial support to the City totals more than \$165-million dollars in 2007. That includes funding for the Central Library, debt service for street and sewer improvements, the 9-1-1 center, and the downtown police patrol.

But any talk of a budget would be incomplete without again having a candid discussion about the impact of Medicaid.

The Medicaid burden is the prime reason our County faces the structural deficit that we are struggling to overcome.

It comes down to two important points.

First, County Medicaid costs rose a staggering 51% between 2001 and 2006.

And second, County sales tax revenues essentially flatlined...rising an anemic 9% during the same period of time.

The result is Medicaid costs rising at nearly six times the growth of sales tax revenue...leaving a \$42-million dollar gap between the cost of Medicaid and the dollars we have to pay for the program.

Ladies and gentlemen, that gap is the barrier between crisis and stability in our County budget.

For those of you thinking, “Wait didn’t the state cap Medicaid spending?” The answer is yes and no.

The state is using our 2005 expense to calculate the County Medicaid costs in future years. Through aggressive efforts, we reduced 2005 Medicaid gap costs by nearly \$9 million dollars.

Our collaborative initiative with the local medical community and pharmacy providers, to encourage the use of generic-brand drugs among Medicaid patients had a great impact on the cost of our local program.

And we continue to target Medicaid waste, fraud and abuse...a program that will begin to bear fruit in 2007.

The State stopped the County’s double digit increases, but the State still requires the County cost to increase each and every year. In 2006 the cost was over \$5 Million higher than 2005. In 2007 the cost will be about \$10 Million higher than 2005. This burden will increase every year.

The cap has slowed the rate of growth but Medicaid, next to school taxes, continues to be the largest portion of the property tax bill.

But a balanced budget in 2007 does not erase our long term projection of a structural deficit that tops 100-million dollars.

A deficit like that will hurt our ability to create jobs and grow the economy.

A deficit like that will continue to threaten our quality of life.

And a deficit like that will eventually have a devastating effect on this County's ability to provide basic services to our residents.

President John Adams said it best---facts truly are stubborn things.

And there are two facts that are reality in Monroe County.

If the Medicaid program had not grown at double digit rates since 2001, we would not have a structural deficit.

If we shared our sales tax with our municipal partners at the same rate as Erie and Onondaga----our peer counties, we would not have a structural deficit.

We are a generous county and it's the right thing to do for our residents, but we pay a price for this generosity.

Right now the County amount of sales tax revenue is essentially the same as it was in 1996.

Despite that stubborn fact, we have kept faith with property taxpayers. We have met the challenge of rising costs and increased Albany demands on our budget with fiscal restraint, controlled spending and without massive cuts that would threaten the safety and well-being of our community.

The 2007 Budget I am presenting tonight does just that. It controls spending.

But it's critical that we look beyond this budget and into the future.

Beyond 2007, all of you are faced with a choice.

You can take the easy way out and do nothing, hoping we can balance future budgets with one shots and band-aids.

You can waste time on debating proposals that don't remove cost from government but simply shift tax burdens from town to town and resident to resident.

You can turn the deficit debate into nasty partisan politics.

Or, you can follow me and take the bold steps needed to secure our County's long-term financial future

I will not turn my back on a true community solution that removes the threat of property tax increases,

That improves our County's jobs climate.

That improves the County's credit rating

That rebuilds our reserves,

That allows for less borrowing,

All while eliminating the largest mandated expense, Medicaid, from the backs of County property taxpayers and employers....forever.

When families across Monroe County sit at the kitchen table and balance their checkbooks, they know you can't keep writing checks that amount to more money going out than the money coming in.

You can cut expenses, by reducing your cable TV bill or lowering the thermostat. But when those sacrifices don't add up to enough to balance the family checking account you need to do something else. Tapping your savings account and rainy day fund only goes so far.

This County government has cut back on the expenses we control and we have tapped our savings. Unlike the reality in our own households, we don't have control over approximately 80% of the county's budget.

So, when we collective sit around this community's "kitchen table" our task is made more difficult. But I refuse to surrender to this challenge.

I'm prepared to move forward, and I ask you to have the courage to join with me as we build a sustainable future.

Thank you.