News From
Maggie Brooks
Monroe County Executive

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MAGGIE BROOKS ANNOUNCES F.A.I.R. PLAN

County Executive's local solution ends the budget crisis while
cutting the property tax rate with NO cuts in quality of life services

Monroe County Executive Maggie Brooks was joined today by **Legislature President Wayne Zyra**, **Majority Leader Bill Smith** and Town and Village leaders in announcing a comprehensive plan that will end the County's structural budget deficit and ensure fiscal stability.

The County Executive's **F.A.I.R. Plan** (**F**airness, **A**ccountability, **I**nnovation and **R**esults) solves Monroe County's structural deficit for the long-term, with no fiscal impact to the City of Rochester, towns and villages. The F.A.I.R. Plan cuts the tax rate of every property taxpayer in Monroe County. The F.A.I.R. Plan also preserves important quality of life services for the residents of our community, including neighborhood police protection, road and bridge repair, and public parks, while ensuring a balanced County budget for years to come.

"*Our F.A.I.R. Plan enacts a local solution to a statewide problem by emphasizing four key principles: Fairness; Accountability; Innovation; and Results*," said **Brooks**. "*Our plan offers **Fairness** to taxpayers by cutting the property tax rate. Our plan offers **Accountability** by solving the problem locally. Our plan offers **Innovation** by changing the way we pay for local services. And, our plan offers **Results** – the budget deficit is solved*!"

The County Executive detailed her **F.A.I.R. Plan** by reviewing each of its four principles:

FAIRNESS
The Plan is **fair to taxpayers**, cutting the Monroe County property tax rate by eleven cents per thousand dollars of assessed value, as a way to reduce the property tax burden. At the same time, the Plan protects and maintains the County's revenue sharing with towns, villages and the City of Rochester at existing "Morin-Ryan" levels.

ACCOUNTABILITY
The Plan allows us to solve the budget crisis, locally. By enacting the Medicaid Swap, enormous Medicaid costs are **permanently eliminated** for Monroe County residents.

INNOVATION
The Plan **changes the way we pay for local services** in Monroe County. Specifically, the Plan will charge-back the local cost of Monroe Community College to local taxpayers based on student residency. The Plan will also adjust the County vehicle registration fee by $10 to fund road and bridge repairs throughout our community. Additionally, the Plan will use record increases in state aid to offset a reduction in County sales tax funding to local schools, so that local school districts continue to get at least the same amount of money.

RESULTS
The Plan **solves** Monroe County's structural budget deficit for the long-term future. The County's projected budget shortfall of $102 million over the next two years, most of which is attributed to burdensome Medicaid costs, is completely eliminated.

"*Our F.A.I.R. Plan is a local solution that ends the budget crisis while cutting the property tax rate with NO cuts in quality-of-life services*," said **Brooks**. "*This is the best course for our community to achieve true fiscal stability, and I am proud to lead the way*."

As a comprehensive local solution, the County Executive's F.A.I.R. Plan has several main components, which together solve the long-term structural budget deficit, detailed as follows:

<u>The Medicaid Swap</u>
One of the key elements of the F.A.I.R. Plan is for Monroe County to "opt-in" to the Medicaid Swap. Currently, Medicaid costs account for 35% of the net County Budget and have increased 60% since 2000. In 2005, the State Legislature authorized county governments to end local Medicaid payments through their adoption of New York State's "Medicaid Swap." This state-supported option is designed to benefit counties where the local sales tax growth rate is lower than the local Medicaid growth rate. New York State Comptroller DiNapoli recently reported that Monroe County is one of only three counties in the entire state that would realize a net benefit by opting into the Medicaid Swap.

State law requires that counties must enter into the Medicaid Swap no later than September 30, 2007. County Executive Brooks has requested that the County Legislature convene in a Special Session this evening to adopt legislation enabling Monroe County to formally exercise this option.

"*I believe it would be foolish for our community to pass-up this once-in-a-lifetime opportunity to lift the Medicaid burden from the backs of our taxpayers, once and for all*," said **Brooks**. "*By exercising this option, we are ending our County's structural deficit and preserving our County's quality of life. I am convinced that this is absolutely the right move for our County's long-term viability*."

<u>Protecting Municipal Sharing Partners</u>
Maintaining Monroe County's long tradition of partnership with local municipalities, including towns, villages and the City of Rochester, the F.A.I.R. Plan holds these entities and their taxpayers "harmless" from any impact of the Medicaid Swap.

In 2006, Monroe County shared $120.3 million in sales tax revenue with the City of Rochester, $80.2 million with our towns, $57.9 million with local school districts and $8.6 million with our villages. Monroe County also maintains the most generous sales tax distribution formula in New York, with the County distributing 69% of all sales tax revenue to local governments and school districts.

The County Executive's F.A.I.R Plan will preserve the existing Morin-Ryan funding formula that delivers sales tax revenue to the City of Rochester, as well as Monroe County's towns, villages and local school districts. Opting into the state-approved Medicaid Swap will not change or impact the sharing formula of the Morin-Ryan agreement. The County Executive will be introducing legislation tonight requiring that the revenue received by the City of Rochester and Monroe County's towns and villages will not change due to the County's election of the Medicaid Swap.

While protecting the revenue sharing formula of the Morin-Ryan agreement, the Medicaid Swap will cause sales tax funding for local school districts to be reduced by 50%. This consequence will be more than offset by record increases in state aid, which resulted in local school district revenues increasing by 11% over the past year. This will enable local school districts to continue to get at least the same amount of money, and keep their budgets whole. It will also enable these districts to realize more than $25 million in increased state aid after the Medicaid Swap is implemented. Additionally, Governor Spitzer has publicly committed to continuing these record increases in state aid to local school districts over the next two years.

In an article entitled "It's Time to Stop Sharing Sales Tax with the Schools" that appeared in the June 15, 2007 edition of the *Rochester Business Journal*, Kent Gardner, President and Chief Economist for the Center for Governmental Research, argued that record increases in state aid have made local sales tax sharing with school districts an outdated method of funding education.

Changing the Way We Pay for Local Services

The County Executive's F.A.I.R. Plan recognizes that Monroe County will require additional revenue to protect our municipal sharing partners and their taxpayers. These revenues are achieved through local enactment of the following innovations:

- The County will charge-back the local cost associated with Monroe Community College to local taxpayers based on student residency. This action will begin with the 2008 Monroe County Budget;

- Monroe County will increase the vehicle registration fee by $10 to fund road and bridge repairs throughout our community. This measure will raise $3.5 million for the County, and will become a dedicated revenue source specifically for this purpose. The County Executive will introduce this Resolution to the County Legislature at the Special Session this evening.

County Property Tax Cut

To offset the revenue increases associated with the F.A.I.R. Plan, the County Executive has pledged to cut the property tax rate by eleven cents per thousand dollars of assessed value as a way to reduce the property tax burden.

County Executive Brooks has balanced the budget each year during her tenure in office without increasing the property tax rate. The County Property Tax Rate was $9.10 when Maggie Brooks was sworn-in as County Executive in 2004, and it remains $9.10 today. Each budget proposed by the County Executive and approved by the County Legislature since 2004 has held non-mandated spending below the rate of inflation, with the 2007 budget actually decreasing non-mandated spending by $400,000.

Under the County Executive's F.A.I.R. Plan, Monroe County's property tax rate would be cut by $0.11, to $8.99 beginning in 2008. The property tax relief proposed by County Executive Brooks will be included in her 2008 budget submission, which will be presented to the Monroe County Legislature in November.

"*By pulling together, as a community, we have the ability to solve this budget crisis on our own terms and ensure fiscal stability for years to come*," said **Brooks**. "*I am proud to champion a local solution that eliminates the deficit, protects taxpayers throughout our County, and maintains the excellent quality of life that we enjoy and other communities envy.*"

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