



Robert P. Astorino, Westchester County Executive

FACT SHEET ON THE BUDGET March 9, 2010

Q: Is there a deficit for 2010?

A: No, not at this time. By law, the budget adopted by the Board of Legislators last December had to be balanced.

Q: If there is no 2010 deficit, why is County Executive Astorino taking steps currently to cut expenditures?

A: There are three reasons:

- There is no guarantee that all the revenues anticipated in the 2010 budget will materialize. For example, sales tax could come in under budget. Good fiscal policy requires that we be conservative and find savings “just in case.”
- In addition, there are significant deficits on the horizon for 2011 and beyond. Whatever is saved now will help close those future budget gaps.
- We need to bring Westchester County government back to its core mission and still provide for health and safety of its residents, maintain the quality of life and relieve the tax burden on the taxpayers.

Q: What are the projections for the 2011 budget?

A: If spending is not cut, the county could have a shortfall of more than \$166 million next year.

Q: How is that number arrived at?

A: The number is based on increased expenditures and decreased revenues. Specifically, the county projects that expenditures will be up \$116 million from 2010 and revenues down about \$50 million.

Q: What accounts for the projection of increased expenditures?

A: This is mainly a function of personnel costs (including salaries, health insurance and pensions). In 2010, the amount is about \$601 million. In 2011, the amount is projected to be \$655 million. The increased is due mainly to the 4 percent salary increase for most union workers. Other factors are an increase of \$18.8 million in pensions and an increase of \$10.1 million in health care.

Other increases projected for 2011 include \$21 million in social service costs and \$37 million more in other expenses including increases in liability and workers compensation, bus operating assistance and debt service.

Q: What is the size of the county workforce? And has it been growing?

A: According to the county's 2010 budget, there are 4,870. This compares to 4,560 in 2005.

Q: Is that what accounts for soaring personnel costs?

A: No. The number of employees is not the predominant factor in soaring personnel costs. The more significant factors are employee raises, as well as soaring costs of health care for employees and the state-required contributions to the pension system. County employees presently do not contribute to their health care insurance. Employee pension contributions are set by the state.

Q: What is the basis for the projection of decreased revenues?

A: The largest loss is a drop of \$40 million in the county's fund balance from the previous years. A fund balance is net savings from one year to be used in future years – essentially “a rainy day” fund to deal with unanticipated expenses. In 2010, this fund balance was almost \$70 million. For 2011, it will be an estimated \$27 million.

The second largest factor is a projected \$27 million drop in federal aid, from the phase out or discontinuation of FMAP, a special program to help with payments for Medicaid.

Q: There is some talk of FMAP being extended. Won't that help?

A: Yes. But the county cannot rely on this as a permanent revenue source. The original program was for two years. It may be extended for six months or more. This has not been included in the county's forecast, as the extension has not been enacted.

Q: What about sales tax? If the economy comes out of the recession, won't that help the county revenues?

A: Yes, but not enough. For 2010, the county conservatively projected a 3 percent increase (to \$339.6 million) in sales tax revenues from the amount collected in 2009. The county hopes for an additional \$18 million in 2011. There is no guarantee these levels will be reached. Sales tax revenues for January were down 4 percent.

Sales tax revenue was at its peak (approximately \$363 million) in 2007 and 2008. Even if the sales tax eventually rebounds as the nation and Westchester recover from the recession, this cannot offset the loss of other revenues and increased expenditures.

Q: What about the property tax as a way to raise money?

A: It is estimated that the county property tax levy would have to be increased 30 percent to close the projected 2011 budget gap. This is unacceptable to County Executive Astorino, who feels that government cannot ask the property taxpayers to absorb this hit. Westchester County already has the highest property taxes in the United States, according to several impartial analyses. (This includes county government taxes as well as taxes levied by schools, local governments and special districts.)

Q: What is the budget outlook for 2012 and 2013?

A: If spending is not changed, things will only get worse. The gap between spending and revenues that is projected to be \$166 million in 2011 could become \$266 million in 2012 and \$355 million in 2013.

Q: What do the county auditors think of the analysis of the Astorino administration?

A: Bennett Kielson has reviewed the county's assumptions for 2011 expenditures and revenues and has found the methodology and assumptions to be reasonable.

Q: What is County Executive Astorino proposing to do to deal with the budget crisis?

A: There are both short-term and long-term measures that are needed. Many of the short-term measures he can implement administratively. Most of the long-term measures require action by the Board of Legislators and would be part of the budget-making process for 2011.

Q: What are some of the short-term measures?

A: Some of them are the following:

- **Social Services:** \$5.8 million from the Department of Social Services, including \$3.3 million in reduced costs of foster care due to better case management.
- **Finance:** \$2.1 million in savings from the refinancing of bonds.
- **Information Technology:** \$2.7 million in savings by temporarily not filling vacant positions, cutting overtime, and deferring some maintenance and hardware purchases.
- **Public Safety:** \$905,000 by temporarily not filling vacant positions, reducing overtime through redeployment and eliminating the mounted unit.
- **Transportation:** \$1.37 million in savings by temporarily not filling vacant positions and eliminating the express bus route(Bx M4C) to New York City. The ridership on this bus route is down, other alternatives are available, such as Metro-North, and the loss of service will not unduly impact low-income commuters.
- **Parks:** \$1.6 million in savings by temporarily delaying the filling vacant positions, closing the Croton Park Pool and opening Playland one hour later each day.

Q: Will any layoffs result from these short-term measures?

A: No.

Q: What are some of the long-term measures that Astorino wants considered and their financial ramifications:

A: Some of the possibilities and their financial ramifications include the following:

- **Layoffs:** The average cost of a Westchester County employee with fringe benefits is \$100,000. For every 100 full-time positions eliminated, the savings would be \$10 million. Eliminating 1,600 positions would save \$160 million.
- **Pay freeze:** \$20.5 million can be saved in salary and fringe benefits if the county's major unions would agree to forego the 4 percent raise for next year that is in their contract.
- **Pay decreases:** An additional \$23.8 million can be saved with a 5 percent decrease in pay and \$47.6 million with a 10 percent decrease.
- **Health care contributions:** \$22.3 million can be saved if the unions agreed to a 15 percent contribution to the cost of their county health plan. Savings grow as contributions are increased.
- **Furloughs:** \$5.1 million can be saved by a 5-day countywide employee furlough.
- **Separation incentive:** an estimated \$7 million in savings in personnel costs can be realized in 2011 if employees are given an incentive to voluntarily leave employment with the county.

Q: How will decisions be made?

A. Some of these decisions may only be made jointly with the county's unions. Others will be discussed with the Board of Legislators, whose approval is needed.

Q: What happens if the county does not have a balanced budget?

A. By law, the county must adopt a balanced budget each December for the next fiscal year that begins Jan. 1. To do otherwise, imperils the county's three AAA bond ratings. This will not be allowed to happen.