



County of Erie

MARK C. POLONCARZ
COMPTROLLER

December 10, 2010

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Re: Legislature Amendments to the 2011 Tentative Budget

Dear Honorable Legislators:

On November 30, 2010, the Erie County Legislature (the "Legislature") adopted a certain resolution, referenced as Communication 17E-1 (2010), which amended and approved County Executive Christopher C. Collins' tentative 2011 budget (the "2011 Amended Budget"). Similar to our office's review dated October 13, 2010 of the County Executive's 2011 tentative budget (the "Report"), our office has reviewed the 2011 Amended Budget.

Based on our review, which was a line-by-line review of the amendments adopted by the Legislature, our office has determined that the Legislature enacted \$8,293,594 of cuts and \$8,180,570 of additions to the County Executive's tentative budget. As such, the 2011 Amended Budget is not only balanced but is in fact smaller than the County Executive's original proposal by \$113,024. Therefore, any statements that the 2011 Amended Budget, as adopted by the Legislature, would result in a tax increase are not based on fact and are nothing more than political hyperbole.

Legislature Reductions to the County Executive's Tentative 2011 Budget

As noted above, the Legislature enacted \$8,293,594 of cuts to the County Executive's tentative 2011 budget. The cuts were comprised of three (3) primary areas: (1) salary and/or position reductions; (2) reductions in non-personnel lines (risk retention, professional service contracts, fringe benefits, etc.) to adjust for proposed overspending in those lines; and (3) adjustments to move certain dispatch employees back to the Sheriff's Department ("Sheriff") from a proposed move to Central Police Services ("CPS").

In regard to the first area of cuts, salary and/or position reductions (and not including the transfer of the positions back to the Sheriff from CPS), the 2011 Amended Budget cut \$307,377 from the County Executive's original proposal. The majority of these cuts were reductions in salaries; only three were actually the deletion of personnel: Assistant Commissioner – Administration in the Department of Social Services, Special Assistant-Commissioner of Health and Director of Real Estate.

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In regards to the second area of cuts, reductions in non-personnel lines, the 2011 Amended Budget cut \$6,730,165 from the County Executive's original proposal. Of that total, \$2,000,000 was reduced from the risk retention account, \$1,470,000 from professional services contracts, \$2,835,165 from fringe benefits, and the remaining \$425,000 from various lines (overtime, rental charges, etc.).

As noted in our Report, based on past history and current year expenditures, we believe that there was significant ability to reduce the risk retention account proposed funding. In fact, it has been the past practice of the County to re-appropriate the current year's fund to the next year. As of September 30, 2010, approximately \$5.75 million was available in the Fund. As of today's date \$5,546,323 is available in the Fund. So we believe the reduction of \$2,000,000 was appropriate.

In regards to the reduction of fringe benefit lines, as noted in our Report, for the past few years the administration has significantly increased fringe benefit lines above actual past year spending. As one example, the 2009 adopted budget proposed spending \$20.4 million for the Jail Management fringe benefit line, though 2007 and 2008 expenses did not show the need for such spending. In fact, actual 2008 expense was \$16,022,841 and final 2009 expense was \$16.3 million, resulting in a \$4,000,000 positive variance.

For 2010 the same result appears to be occurring in not only the Jail Management line but other departments as well – significant over budgeting in fringe benefit accounts. As stated in the Report, "This appears to be a continuing fiscal gimmick of the administration to hide revenues behind non-existent expenses, perhaps to avoid funding other areas or to help create an end of year surplus." As such, our office believes the reductions to the various fringe benefit lines were not only appropriate, but necessary to avoid the waste of tax dollars on phantom spending.

In regards to the final area, the adjustments to move certain dispatch employees back to the Sheriff from a proposed move to CPS in the E-911 Fund, these cuts resulted in a \$1,256,052 reduction from the County Executive's tentative budget. However, this is a bit misleading as the positions associated with that reduction were moved, not deleted, from the budget. In fact, after the positions were moved the salaries were kept the same, \$583,418, but the fringe benefit line was reduced by \$342,000. Based on our office's review, as above, we believe that reduction in the fringe benefit line was appropriate based on past spending and current year projections.

Based on our office's review of Erie County's Charter, past practices, and legal precedent, we opine that these cuts are legal and appropriate and well within the power of the Legislature to enact.

Legislature Additions to the County Executive's Tentative 2011 Budget

As noted above, the Legislature's combined amendment package included \$8,180,570 of additions to the County Executive's proposal. These additions were comprised of five (5) areas: (1) \$4,000,000 for restoration of the library system; (2) \$1,199,086 for restoration of funding for cultural organizations; (3) \$490,000 in restoration of funding for Vive la Casa and the "Operation Primetime" programs; (4) \$1,577,432 in restoration for personnel and other related departmental costs; and (5) \$914,052 to effectuate the transfer of the E-911 Fund dispatcher positions back to the Sheriff's control.

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It should be noted that in some departments where positions were restored to the budget, a corresponding increase might not have been made to the fringe benefit lines of those departments. However, based on our review of the County Executive's original proposal for those departments, it appears that the fringe benefit lines for those departments were initially inflated and the Legislature was correct in not increasing those lines. To do so would have compounded the administration's original error of over budgeting fringe benefit lines throughout the County.

It appears that the Legislature appropriately funded the additions to the library system by properly identifying and funding the interfund revenue subsidy lines for both the County and the Library System. As such, we believe the Legislature's additions were properly identified, and as such, funded.

In conclusion, our office can confirm that the 2011 Amended Budget is in fact \$113,024 less than the County Executive's original proposal, that the cuts and adoptions were enacted appropriately by the Legislature, within its full power, and no tax increase should occur as a result of the Legislature's actions. Considering the size of the County's budget, this amendment package is a total change of only .007% – not even one percent (1.0%) – of the County's General Fund budget. These amendments do not increase total spending above the County Executive's proposed 2011 Budget and are budget-neutral, contrary to the County Executive's recent statements this week.

Based on my office's review of the 2011 Amended Budget, I can assure the Legislature and the citizens of Erie County that the County Executive's statements are wrong and the Legislature's modest budget amendments are reasonable.

As always, if you have any questions on this matter please contact the undersigned at your earliest convenience.

Sincerely yours,



Mark C. Poloncarz
Erie County Comptroller

MCP/nr

Cc: Hon. Christopher C. Collins, Erie County Executive
Gregory G. Gach, Dir. Of Budget and Management
Erie County Fiscal Stability Authority