

APPROVED

**Budget and Capital Committee
December 22, 2008
3:30 p.m.
Scott Heyman Conference Room**

Present: M. Hattery, J. Dennis, N. Shinagawa
Excused: P. Mackesey, K. Luz Herrera
Legislators: M. Robertson, C. Chock
Staff: J. Mareane, N. Jayne, M. Lynch, County Administration; J. Lecese, E. Marx, Planning Department; M. Pottorff, Legislature Office
Guests: B. Zapp, K. Graham, Alternatives Federal Credit Union; K. Schlather, Human Services Coalition

Call to Order

Mr. Shinagawa called the meeting to order at 3:35 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of December 8, 2008

It was MOVED by Mr. Hattery, seconded by Mr. Dennis, and unanimously adopted by voice vote by members present, to approve the minutes of December 8, 2008 as submitted. MINUTES APPROVED.

Comments from the Public

No member of the public wished to speak.

Chair's Report

Mr. Shinagawa briefly reviewed progress on the 2008 Committee goals. Comments are in italics.

2008 Committee Goals

Goal 1-Develop an annual Budget that supports community needs while improving the fiscal health of the County. (Work will continue into 2009). Mr. Dennis commented that as the State budget gets put together it will be a primary goal throughout the upcoming year of this Committee.

1. Assemble a work team to include the County Administrator, 2 Legislators, and up to 4 Department Heads to develop an effective process for routinely exploring revenue options and cost saving strategies for promoting long-range fiscal viability. (Will continue, efforts delayed due to change in County Administrator).
2. Convene Budget Community Advisory Panel (CAP) to review implementation of its' recommendations. (*Given time constraints, this did not move forward but will be discussed again in 2009*)

3. Work with the County Administrator to establish financial goals, guidelines, and parameters for the entire County organization in support of annual budget development.
4. Establish regular meetings, at least once a year (when all Committee members can attend), with state and federal elected officials that represent Tompkins County to discuss the burdens of unfunded mandates and suggest how they, as our representatives, can help alleviate them. *(This was done and meetings held were very productive.)*

Goal 2-Initiate the development of a 3-year financial scenario that includes both fiscal parameters and spending priorities, and that addresses the desire to look at medium range problems.

1. Review Capital Plan. (This was done)
2. Prepare a proposal in consultation with the Strategic Tourism Planning Board, to consider changing the local law on room occupancy tax. (A proposal will be considered in late January, 2009)

Goal 3 - Ensure efficiency of current resource allocation and management systems.

1. Review the fiscal policy, specifically the policy as it pertains to mid-year requests by County departments and non-County departments. *(Fiscal Policy was reviewed)*
2. Address the target fund balance - is this sufficient. *(There was discussion by the full Legislature)*
3. Articulate the necessity of Standing Committee review of programs mid year. (This was discussed; no changes were made)
4. Assessing the role of standing committees in the budget process.

Report from the County Administrator

Mr. Mareane spoke briefly to how much of the County's sales tax is derived from clothing sales. He stated there is no way to determine distinguish the amount of sales tax received from purchase of clothing and shoes at \$110 or below. Mr. Mareane said believes the estimate of a loss in income from an exemption on sales tax on clothing and shoes would be in near \$1 million. He also noted the State now has an exemption on sales tax on clothing and shoes; however, the Governor's proposed budget calls for an elimination of that exemption.

Public Information Officer's Report

Ms. Lynch had no report.

Community Housing Affordability Program and Community Housing Trust Company

Ms. Lecese spoke about the Housing Affordability Fund and the Housing Trust Fund and said all Legislators should have received detailed information on the proposed Tompkins County Housing Affordability Program and the Tompkins County Housing Trust Program.

The **Community Housing Affordability Program** is a locally funded and administered fund that assists with the pre-development costs associated with residential and mixed-use real estate development projects. Eligible uses of the fund include the cost of options or purchase of land (with option for permanent ownership by the Community Housing Trust); environmental assessment; site design; building design; approvals; permits; financing; legal costs and other necessary and reasonable pre-development expenses. Funds will be provided as a 0% interest loan that will be repaid from construction or permanent financing for the project. Loans will be forgiven if the project is found to be infeasible using the criteria

established by the Program Oversight Committee. Eligible borrowers include both for-profit and non-profit developers. Funds may be available for preliminary feasibility and advanced feasibility. The level of information available for applications under preliminary feasibility would be expected to be less than advanced feasibility.

The **Community Housing Trust Program** is designed to ensure that newly constructed housing units or rehabilitated housing units remain affordable to future generations of buyers. Permanent affordability is retained by separating the ownership of the land from the ownership of the housing unit, whereby only the housing unit is purchased by the homebuyer, and by restricting the amount of equity that a homeowner can take from the housing unit upon sale. Eligible uses of the fund include the cost of land provided that the housing unit remains permanently affordable through the Community Housing Trust or another acceptable mechanism. Those applying to the Community Housing Trust Fund are highly encouraged to partner with Ithaca Neighborhood Housing Services (INHS) as the preferred agency that serves as a housing trust. Eligible applicants include both for-profit and non-profit developers.

Tompkins County, Cornell University and the City of Ithaca have appropriated \$400,000 to be used for the Housing Fund awards to be made in 2009/2010.

There are no County tax dollars going into these programs. Funds will come from grants received through HUD for the First Time Homebuyer Program. Ms. Lecese said the programs leverage a large pot of money through the City and Cornell. The County will contribute \$600,000 during a six year term; the City will also contribute \$600,000 during the six-year term; Cornell will contribute \$1.2 million during the six-year term.

Mr. Marx said the County has the \$600,000 in-hand through the CDBG program. Program funds for the Homeownership Program continue to flow in and they also will continue to apply for additional funding for that program.

Mr. Hattery questioned staffing costs for the CDBG program. Mr. Marx explained the transition of the Economic Development Loan Program to TCAD has allowed for more of an emphasis to be placed on housing by the Planning Department and administrative support would be provided to the Oversight Committee. He also said the Collaborative largely reflects the Housing Strategy and it is an evolution of the thinking and collaboration of the things contained in the Strategy.

Ms. Robertson said two of the four strategies very clearly targeted initiatives that would get at the major barriers to creating affordable housing in the community.

Mr. Hattery questioned INHS's role in the Community Housing Collaborative and the statement contained in the documentation that some other organization would be formed to assume those duties. Mr. Marx said that is the intention as it has happened in other communities but doesn't have to happen. Mr. Hattery also asked what influence would the County have in the buying and selling of those leases once they are owned by a not-for-profit. Mr. Marx responded none.

RESOLUTION NO. - AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE CITY OF ITHACA AND CORNELL UNIVERSITY TO DEVELOP AND ADMINISTER THE HOUSING AFFORDABILITY PROGRAM AND THE HOUSING TRUST PROGRAM

MOVED by Mr. Dennis, seconded by Mr. Hattery.

Mr. Hattery said he did not support the Housing Strategy and has questions about some of the aspects of this proposal. Mr. Dennis said he, too, has some questions that he would like to have answered.

It was MOVED by Mr. Dennis, seconded by Mr. Hattery, and unanimously adopted by voice vote by members present, to Table this item to the next meeting. MOTION TO TABLE CARRIED.

Ms. Robertson said oversight is going to be done by the Program Oversight Committee of which the County had one-third membership. Every expenditure of the funds needs to be approved by the owner of those funds. If there is an applicant for funds, they need to identify which funding they are looking at and then the funder has a veto power over whether the application is approved.

Ms. Chock suggested asking someone from INHS and Better Housing of Tompkins County to come and talk about this.

Volunteer Tax Assistance Program

Mr. Graham distributed information on the Alternatives Community Tax Program. He said AFCU will be requesting County funding in the amount of \$10,000 for this program as grant funding has fallen through. He noted they will be seeking funding from a number of sources.

Mr. Graham highlighted the following aspects of the program.

- Many of the tax clinic clients have barriers of education, language, even literacy, which can mean that for many, without the help of this program they do not get their full income tax refund, let alone receive the Earned Income Tax Credit (EITC), child care credit, and education tax credits. Others can do the basic form but have no idea how to fill out the form to maximize their refunds;
- In 2007 returns, only 18% of the returns eligible for the EITC in the 14850 zip code actually received it; The program has grown from 550 to 1,292 families served over the past five years;
- The program leveraged over \$2.1 million to Tompkins County last year;
- The refund express loan saved an estimated \$205,400 in tax preparation and exorbitant loan fees last year;
- The program is expanding this year to the Town of Dryden, Brooktondale Food Pantry, and Cornell University
- The total cost of the program for the first seven months of 2008 (when the majority of work is done) was \$57,000;
- AFCU will be working with the Human Services Coalition for future funding requests. The request is being made outside of the County's budget process at this time because they had not anticipated making this request;
- The program covers Tompkins County and the six contiguous counties, although the service area at this point is Tompkins County.

A resolution will be presented at the next meeting of this Committee proposing funding be appropriated from the Contingent Fund.

Overview of the Impact of the Proposed 1009-2010 NYS Budget on Counties

Mr. Mareane began what will be a series of updates on the State Budget. Governor Paterson has said the first priority is to close the gap that exists this year (\$1.7 billion) by February 1st and to close the \$17.3 billion State budget gap by March 1st. Mr. Mareane said NYSAC has been very involved, this is a baseline and stressed it is the beginning of the process and will continue to keep Legislature informed in what will be a very long process. He reviewed the following document with the Committee (comments are in italics).

Overview: Impact of Proposed 2009-10 NYS Budget on Counties

State Budget Challenge:

2008-09 Budget Gap: \$ 1.7 billion

2009-10 Budget Gap: \$13.7 billion

Major Positives:

- Does not reduce the State's share of mandated entitlement programs (welfare, preschool special education, Medicaid).
- Does not alter the Medicaid cap
- Restructures preschool special education funding, reducing the county share of costs to 38% (from 41.5%). The savings results from assessing 15% (\$750,000 shift to School Districts) of the cost to school districts (with the State receiving the majority of the benefit) **(2009 Tompkins County Budget Cost: \$5,015,330)**. *It has been proposed for years to have school districts have some sense of cost in these programs which may lead to a change in decisions in terms of service allocation).*
 - Also, a means-tested parent co-payment for Early Intervention (\$15/month for family between 161% and 222% of poverty; up to \$150/month for family at 401% of poverty)
 - More aggressive efforts to secure private health insurance reimbursement of EI services

Major Negatives:

- Eliminates support of the Local Administration Fund, the vehicle for reimbursing counties for the State's share of the cost to administer the food stamp and public assistance programs **(2009 Tompkins County Budget: \$814,195)**
 - Instead, administrative support is shifted to the federally funded Flexible Fund for Family Services block grant *entitled the Flexible Funds for Families Services Program. The Block grant would be expanded to include some of the administrative costs; however, increases would not be enough to cover increased costs.*
 - This transfer of funding source has two major consequences:
 - federal funds cannot be used for non-federal programs (Safety Net and food stamp administration)
 - not enough block grant money to pay for the expanded range of services supported by the grant
- Eliminates Community Optional Preventive Services (COPS) programs, effective October 1, 2008.
 - Approximately \$1 million of preventive programs in Tompkins County are supported through the COPS program **(2009 Tompkins County Budget \$988,134)**. *This is the largest single program impact.* Forces counties to charge more of their child welfare costs to the FFFS block grant, thereby reducing the amount available to pay administrative costs shifted to the grant

- Replaces \$118 million in youth services (25% overall) funding with a \$90 million block grant that covers a wide range of youth-related services including youth detention. **(2009 Tompkins County Budget: \$ 257,927)**
- Eliminates funding for the Managed Addition Treatment Services (MATS) initiative. **(2009 Tompkins County Budget: \$151,012)**
- Cuts FTE (operating) aid to community colleges by 10%, from \$2,675 to \$2,405 per student
- Cuts CHIPS (highway) funding by 30% **(2009 Tompkins County Budget: \$1,684,617)**
- Eliminates reimbursement to county jails for housing “state readies” and parole violators.
 - State must provide a bed for state readies within 10 days, or pay \$100/day **(2009 Tompkins County Budget: \$120,000)**
 - Expands video conferencing for arraignments and certain court appearances (*does not provide any funding to support this*)
- 6% cut in Probation aid, some of which would be offset by 1-time supervision fee of \$25 **(2009 Tompkins County Budget: \$456,987)**
- 18% cut in Library aid (\$37,000)

Other noteworthy actions that would impact the County

- 10% per year (3-years) increase in welfare grant, beginning in 2010
- Proposes a new Tier 5 Pension category for newly hired employees
 - Minimum retirement age is 62
 - Restores 3% contribution throughout employment
 - Vesting after 10 years
 - Excludes overtime in calculation of pensions
- Expands sales tax base and reinstates the sales tax on clothing and shoes
- Increases several DMV charges and fees including a 25% increase on vehicle registrations and license fees (counties receive 12.7%)
- Reduces funding for future Shared Municipal Services initiatives by 50%. *Current grant funding is not in jeopardy.*
- Changes to Empire Zone program includes requirement that every \$1 of Empire Zone tax credit generate \$15 of investment. All existing Zone businesses would have to be recertified after the changes are enacted
 - Eliminates local Zone boards, thereby removing local government from the certification process

It was noted the amounts in bold are amount subject to cuts and that much more refinement of the figures needs to be done.

Mr. Mareane said he has sent a request to County department heads asking they assess impacts of the proposed cuts and will be working with departments on that over the next few weeks. The goal is to have a good assessment of impacts in hand and then to present the assessment to the County’s delegation of State representatives with what the impact would be of these cuts.

Ms. Robertson suggested Mr. Mareane check the Fiscal Policy Institute website for additional information, including its analysis of the State Budget.

A suggestion was made by Ms. Robertson to explore ways of taxing luxury items. Mr. Mareane said the State budget does contain a tax on some luxury items, such as boats, but will look into this further. Ms. Robertson said other states have additional taxes on second homes.

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Next Agenda

A request was made that the Strategic Tourism Planning Board be contacted when the Room Occupancy Tax usage issue is placed on the agenda.

Adjournment

The meeting adjourned at 4:57 p.m.

Respectfully submitted by Michelle Pottorff, TC Legislature Office