



Comptroller Issues Countywide Budget Report

Erie County Comptroller Stefan I. Mychajliw commends administration for vacancy savings, continues warnings on aggressive sales tax projections that could create a hole in the 2013 budget

(Buffalo) – Erie County Comptroller Stefan I. Mychajliw released a countywide mid-year budget report that gives Legislators updated fiscal information for the first half of the year, as it relates to the 2013 budget. The report precedes mid-year budget hearings that are scheduled to begin on Monday July 15th, 2013.

During mid-year budget hearings, each department in county government updates the Erie County Legislature on their respective budgets for the first five months of the year, which represents the most recent budgetary information available at this time. The countywide mid-year report from Comptroller Mychajliw gives Legislators a “big picture” analysis of the 2013 budget, identifies issues that are cause for concern, and highlights areas that are doing well.

“I call them like I see them. When the County Executive needs to be held accountable, I will do exactly that. When the administration deserves a pat on the back for vacancy savings, I will do that as well. Our office produced this informative countywide budget report to give Legislators a good idea of how we’re doing fiscally so far this year. There are risks and concerns, but also positive issues I want people to know about,” said Comptroller Mychajliw.

In the countywide mid-year budget report, the Office of Erie County Comptroller commends the administration for holding off on filling open positions, thus creating vacancy savings for the first half of the year. In the Comptroller’s Office, eliminating five lower level patronage positions, replacing them with four professional accountants, and doing “more with less” by filling those positions only recently, will save more than \$200,000 in this year’s budget.

The good news: by not filling vacant positions the administration saved \$958,858 in salaries and overtime, and an additional \$1,028,897 in fringe benefits.

“The families we serve are doing more with less. Erie County government should be no different. My own office will save \$200,000 this year on vacancy savings. It was tough, but we did it. Just like our own office, the administration was spot on by not filling positions and saving money in this year’s budget,” added Comptroller Mychajliw.

The bad news: the potential hole in this year’s budget due to the administration’s optimistic and overly aggressive sales tax revenue projections represent a year-to-date negative variance of \$3,243,085. That is significantly below budget.

This is a serious concern and could cause Erie County to end the year in a deficit if it continues. The 2013 budget estimate for sales tax is a 3.73% growth over 2012 actuals.

If the January 2013 - May 2013 actual sales tax revenue growth rate of 1.88% continues for the rest of the year, Erie County would face a deficit of \$7,591,813.

Representatives from the Poloncarz Administration issued repeated public warnings concerning their own sales tax revenue projections throughout the year.

*"(We) hope that sales tax comes in better than we expect, but right now we don't think that is going to be the case. **We think the budget for sales tax this year is overly optimistic. We are not going to make budget on that.**"*

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, March 14th, 2013

"We are worried about some of the trends in sales tax."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"In sales tax, again, if we had to budget it over, I would have budgeted less in sales tax."

Source: Erie County Budget Director Robert Keating, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"The sales tax number is an area of concern."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

Another cause for concern is the large spike in "Safety Net" costs within the Department of Social Services that represents a gross negative variance of \$2,227,868. When former President William Jefferson Clinton initiated public assistance reform at the federal level to "end welfare as we know it" there were provisions that ended federal funding for continued benefits.

"Safety Net" funding continues providing welfare benefits for those Erie County residents but at a big cost to taxpayers. Erie County pays 74% of welfare benefits under "Safety Net" funding and those costs are increasing at an alarming rate this year

"In this challenging economy more and more Erie County residents are relying on public assistance to get through these tough times. That is understandable. There is a great need to help the less fortunate. We are simply pointing out the alarming increase in 'Safety Net' costs and how it negatively impacts the budget," said Comptroller Mychajliw.

Other fiscal factors outlined in the Comptroller's Office countywide mid-year budget report:

Unassigned Fund Balance

The current administration inherited an unassigned fund balance of \$83 million from former Erie County Executive and current Congressman Chris Collins. Erie County's unassigned fund balance is now \$88 million.

Erie County Clerk Christopher Jacobs deserves credit for being responsible for half of the 2012 surplus of \$4.2 million by creating a \$2.1 million surplus in his respective office.

Erie County remains on target to use approximately \$14,295,192 in Fund Balance, per the adopted budget plus year-end amendments.

Road Fund Cuts

Less work is being done on roads maintained by Erie County, as the "Road Fund" was cut by \$463,756.

The full countywide mid-year budget report can be found online at www.erie.gov/comptroller.

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