



**COUNTY OF ERIE**  
**STEFAN I. MYCHAJLIW**  
**COMPTROLLER**

November 21<sup>st</sup>, 2013

Honorable Betty Jean Grant  
Erie County Legislature Chairwoman  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

**Re: Kicking the can on pension payments**

Dear Chairwoman Grant:

The Office of Erie County Comptroller reiterates our position of agreeing with the Poloncarz administration that kicking the can on pension payments "is a bad decision...with no benefit." That being said, if this Honorable Body chooses to oppose the official position taken by the Poloncarz administration, it is our recommendation to pay the entire bill as soon as possible and most definitely not stretch it out over a ten-year period.

If Erie County does not pay the balance in full by February 1<sup>st</sup>, 2015, interest will start accruing. This is unacceptable and unnecessary.

We remind this honorable body once more that the official position from the Poloncarz administration is that the county's participation in the pension amortization plan is a "bad decision...with no benefit."

*"One thing I'm really proud about our budget this year (2012) is we really did not rely on one-shots. There are for example, when you pay the retirement bill there is an option to amortize the bill. There is a one-time savings but it's a long-term cost with high interest rates. It's not a good decision...The alternatives were bad decisions like the retirement amortization is a bad decision. Short term it's great – you get more money now but you're paying a lot more for it in the future. There is no benefit."*

Source: Erie County Executive Mark C. Poloncarz's Director of Budget and Management Robert W. Keating, Erie County Fiscal Stability Authority Finance Committee Meeting, 10/19/12

We encourage you to strongly consider the warnings from the County Executive's own Budget Director concerning participation in "kicking the can" on obligations that are due now. If your honorable body rejects the warnings from the Poloncarz administration, we would strongly recommend paying off the pension bill as soon as possible, and not waste \$2.4 million in unnecessary interest payments.

It is possible, possible, that multiple positive variances in future fiscal years could bring additional revenue to the county coffers. Those include, but are not limited to:

- Better than projected sales tax revenue
- Casino revenue of more than \$4 million
- Potential multi-million dollar Medicaid savings due to Obamacare

Taxpayers in 2024 should not be forced to pay a bill the county should be paying right now. The lack of strong leadership in making tough decisions to balance the budget is disappointing. The families we serve deserve better.

Sincerely,

Stefan I. Mychajliw  
Erie County Comptroller

Cc: Honorable Mark C. Poloncarz, Erie County Executive  
Erie County Fiscal Stability Authority