



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

June 11, 2020

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

Re: 2020 COVID-19 Deficit Remediation Plan

Dear Legislators:

On May 4, 2020, as per the Erie County Charter Section 2511, I notified your Honorable Body of the deficit. On May 8, 2020 by Executive Order the County Executive extended his time to reply to the Declaration from seven days to thirty days. On May 18, 2020, as per the Charter, my office issued a 10-Point Deficit Reduction Plan. Then, on June 4, 2020 the County Executive issued a Deficit Remediation Plan. As per the Charter, my office is required to comment on the plan submitted to your Honorable Body.

As requested by the County Executive for a 13.1% across the board, county-wide budget cut, all departments that fall directly under the jurisdiction of the administration and the offices of the Sheriff, District Attorney, County Clerk and Comptroller provided proposed reductions and are included in the Plan.

Proposed reductions from the above listed entities were provided directly to the Office of Erie County Executive and the Division of Budget and Management.

Prior to offering our written comments on the proposed deficit reduction plan put forth by Erie County Executive Mark C. Poloncarz, the Office of Erie County Comptroller would first like to thank the Executive branch of government for its hard work on producing these proposed steps to eliminate the deficit and balance the budget.

We greatly appreciate the efforts of the Erie County Executive, staff that reports directly to him, Department Heads, the Division of Management and Budget, Office of Erie County Clerk, Office of Erie County Sheriff and the Office of Erie County District Attorney. All departments and independently elected officials worked collaboratively to establish difficult yet necessary reductions to balance the budget, including reductions proposed by the Office of Erie County Comptroller.

The Office of Erie County Comptroller pledges to continue to work collaboratively with all partners in government, especially Erie County Executive Mark C. Poloncarz, to find solutions and work together to find positive resolutions to this fiscal crisis.

We were very pleased to read the County Executive's comments in his deficit reduction plan, echoing sentiments about the importance of putting partisan politics aside to work together for the common good. Our office agrees.

The deficit reduction plan put forth by the administration, after our first review, appears reasonable and would reduce the deficit declared by the Office of Erie County Comptroller and acknowledged by the administration.

While we conclude the deficit reduction plan proposed by the Erie County Executive is quite reasonable, we would be remiss to not mention three issues to address.

The first being, the removal of union positions from Personnel to create an appointed Managerial Confidential Deputy Position.

The second is closing of capital projects. Bonds were sold for these projects because the Legislature felt that the projects were worthy and necessary at the time of borrowing. Certainly, it is appropriate to close a capital project at the time of completion, so as to avoid incurring interest on money that is no longer needed. However, not all of the projects offered by the County Executive fall into that category. In fact, some of the projects have not yet even begun, despite the fact that the bonds were sold years ago.

Before closing such capital projects, the Legislature should carefully determine that infrastructure projects for which the money that was borrowed and interest has been paid are no longer a priority for Erie County. Also, keep in mind that the savings for closing such projects occur in the future as a result of interest avoided. The funds cannot be used to address immediate revenue shortfalls. Regardless, the legislature should not close out projects for which contractual commitments exist. For example, E.16003 has a commitment of \$32,850 due to a contract with Kideney Architects, posted on March 12, 2020. The county should ensure that it is not legally obligated for payment on items that me be closed out due to actions of the Legislature.

Finally, position adjustments included total annual salaries, and not prorated amounts to account for the time of action taken to reduce the deficit. In many cases, this will tend to overestimate the amount of savings from position deletions. Further, there is concern that contractually mandated bumping rights to positions will also discount the amount of savings outlined in the plan.

We must also inform this Honorable Body that the County Executive has, as Governor Andrew Cuomo did, included a provision allowing the Budget Director to make adjustments monthly as he sees fit, as the year progresses.

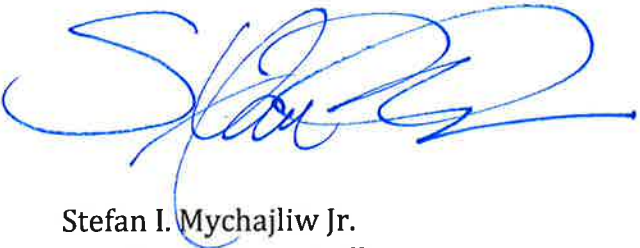
It is wholeheartedly up to the Legislature to make the decision to abdicate its duty to approve changes to the budget.

Regardless, whoever has authority throughout the year to do so, the Office of Erie County Comptroller will work in a bi-partisan manner to continue to work together and offer solutions to the deficit brought on by the Coronavirus crisis.

All other aspects of the Plan contain parts of our May 18 report to the Legislature. Once again, we believe, except for the exceptions noted above, it is a reasonable fiscal document for the County to follow through these unprecedented times.

My Office will continue to monitor and report to you sales tax as it is received, continue to issue quarterly financial reports, and when we deem necessary, alert your Honorable Body on any and all major impacts to the County's fiscal health.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stefan I. Mychajliw Jr.', written in a cursive style.

Stefan I. Mychajliw Jr.
Erie County Comptroller

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Cc: Hon. Mark Poloncarz, Erie County Executive
Mr. Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority

Enclosure