

Economic State of the County Part II:

Understanding &
Addressing Schoharie
County's Role in
Changing Economic
Realities

Schoharie County's Economy Is A Basic Needs Economy

Taxable Sales Comparison -- All Small Upstate Counties (2020 vs 2019 Q1-Q3)

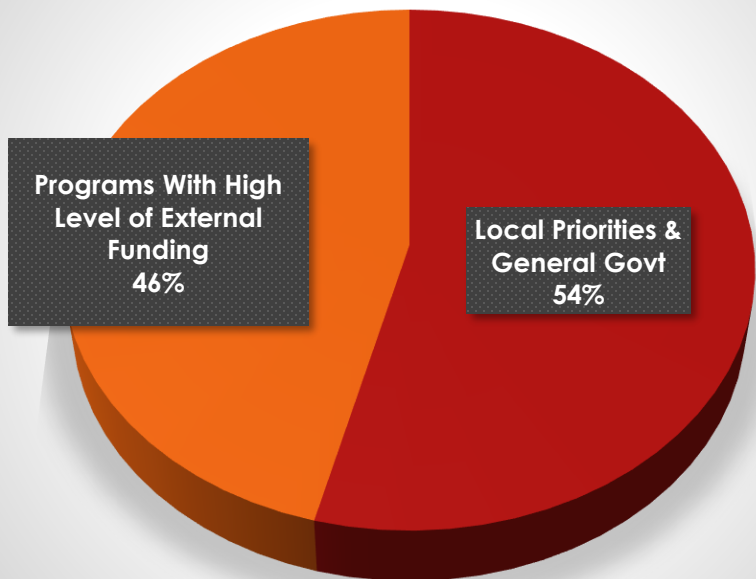
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Rank % Change</u>	<u>2020 Rank</u> <u>Taxable Sales</u>	<u>2019 Rank</u> <u>Taxable Sales</u>	<u>ST % Change</u>
Allegany	\$391,808,107	\$380,179,327	\$11,628,780	3.1%	10	11	11	4.3%
Chenango	\$510,098,316	\$505,982,154	\$4,116,162	0.8%	12	7	6	-3.2%
Cortland	\$594,458,903	\$596,812,616	-\$2,353,713	-0.4%	13	5	4	-4.6%
Delaware	\$488,549,953	\$459,504,007	\$29,045,946	6.3%	2	8	9	5.8%
Essex	\$610,866,800	\$625,034,973	-\$14,168,173	-2.3%	14	4	3	-5.2%
Franklin	\$518,498,190	\$501,425,893	\$17,072,297	3.4%	9	6	7	2.9%
Fulton	\$611,586,696	\$585,653,491	\$25,933,205	4.4%	4	3	5	1.6%
Greene	\$691,969,456	\$667,262,830	\$24,706,626	3.7%	7	1	1	1.8%
Lewis	\$267,915,185	\$254,183,580	\$13,731,605	5.4%	3	15	15	-0.6%
Montgome	\$666,294,987	\$638,296,298	\$27,998,689	4.4%	5	2	2	3.5%
Orleans	\$370,281,206	\$341,225,484	\$29,055,722	8.5%	1	12	12	7.1%
Schuyler	\$224,699,963	\$244,827,097	-\$20,127,134	-8.2%	16	16	16	-8.0%
Tioga	\$466,959,443	\$485,797,452	-\$18,838,009	-3.9%	15	9	8	-9.5%
Wyoming	\$395,130,359	\$380,912,990	\$14,217,369	3.7%	6	10	10	0.3%
Yates	\$285,710,674	\$275,832,120	\$9,878,554	3.6%	8	14	14	3.1%
Schoharie	\$328,605,704	\$320,825,581	\$7,780,123	2.4%	11	13	13	1.8%

- ▶ County economy provides little more than basic services for residents.
- ▶ Comparing us to “Small Upstate Counties,” we rank:
 - ▶ 13th lowest of 16 in taxable sales (only 3 counties lower than us)
 - ▶ 11th lowest of 16 in sales growth (only 5 counties has slower growth than us)
 - ▶ 8th of 16 in sales tax growth during this time period
 - ▶ In all NYS counties with positive sales tax growth, Schoharie ranked 11th worst of 16 during this time period

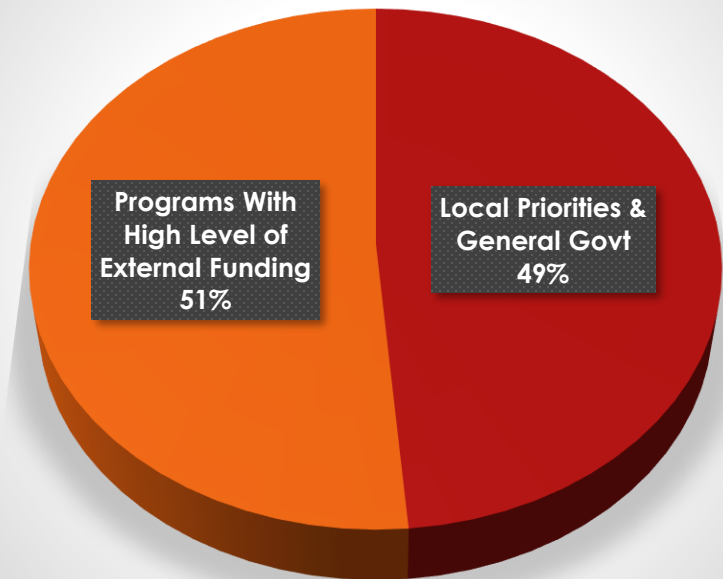
Shaded counties are the ones with lower taxable sales than Schoharie

Because the County Economy Is So Small & Basic, We have Tried To Shift Our Spending To Programs With Higher Levels of External Funding

Avg County Spending (2010-2014)



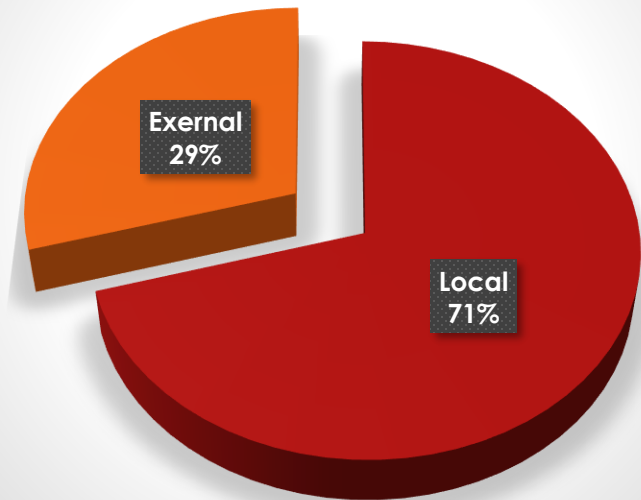
Avg County Spending (2015-2019)



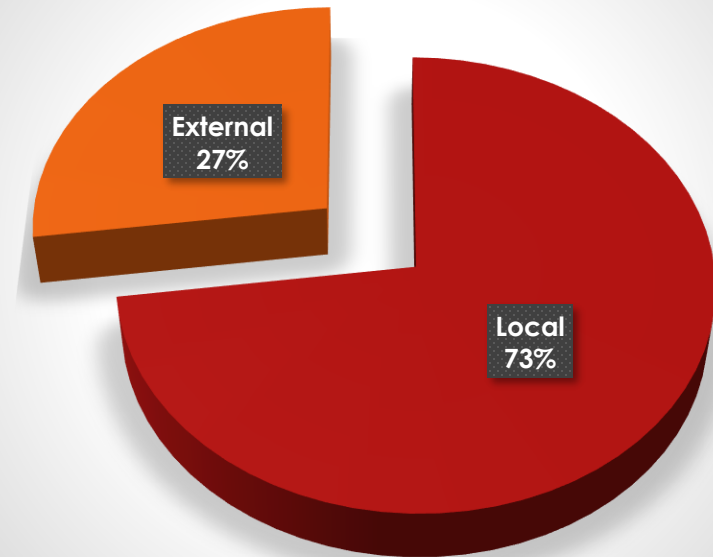
This 5% Shift in Spending Translates To \$4M Less Spending on Local Priorities & General Government Operations

However, External Funding Has NOT Kept Pace With The Shift

County Revenues by Type (2010-2014 Avg)

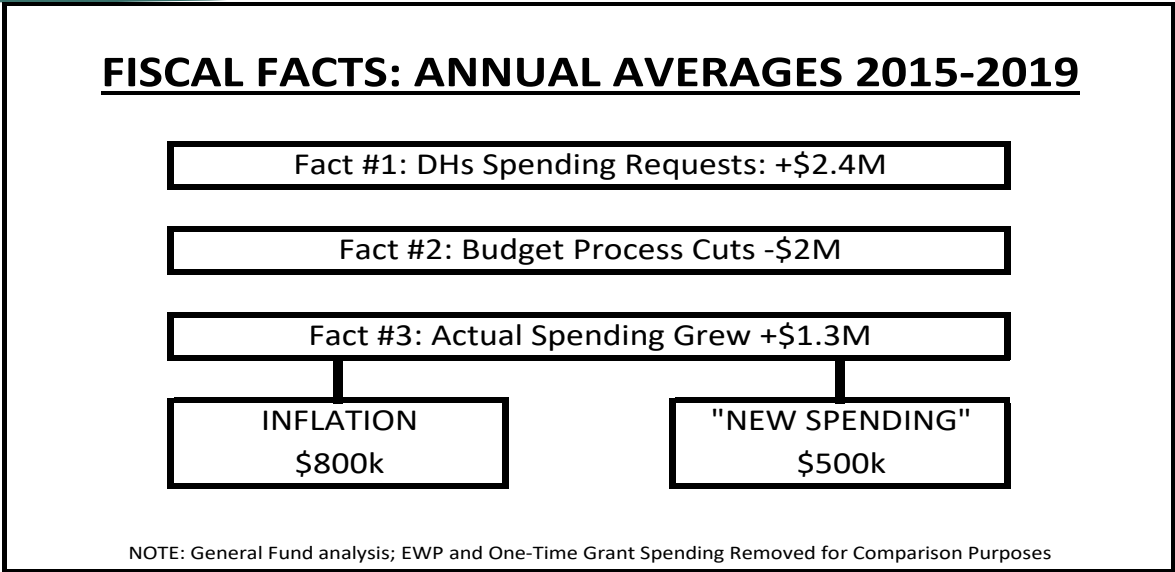
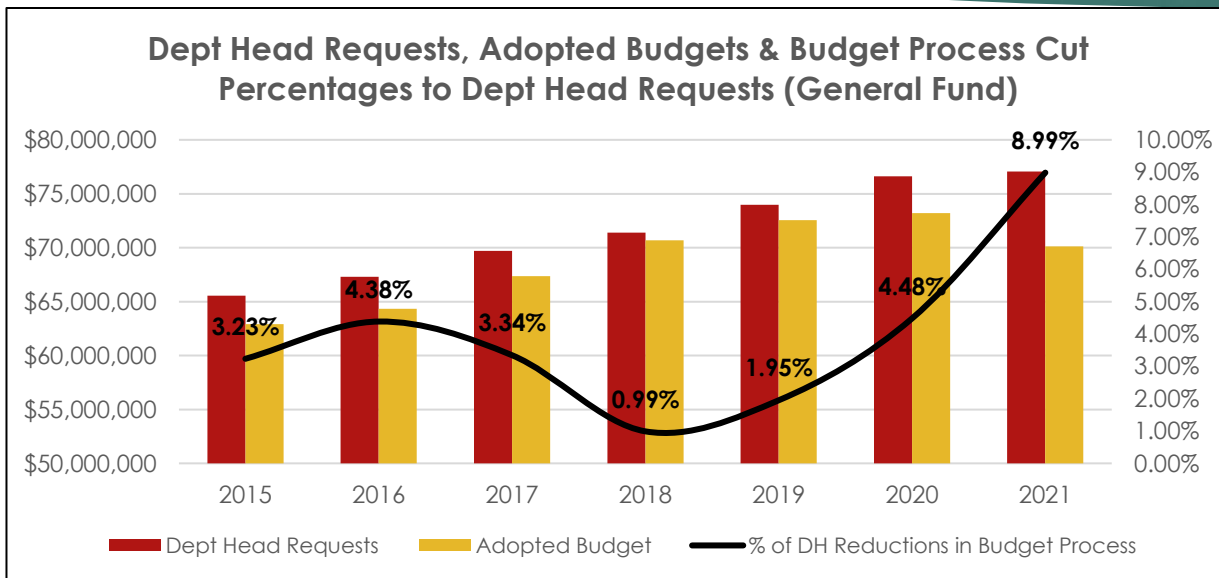


County Revenues by Type (2015-2019 Avg)



The 2% Difference in External Funding Translates To A Loss of \$1.6M in External Revenues on an \$80M budget

Even Though The Budget Process Cuts Millions, Overall County Costs Go Up \$1.3M Every Year On Average (2015-2019)



- ▶ Dept. Heads request \$2.4M more **than they asked for the previous year**
- ▶ Budget process cuts \$2M from all spending requests
- ▶ Actual spending grew \$1.3M more the previous year; Much of that due to inflation, but the analysis shows that **we spend \$500k more annually on unidentified "new" spending**

Most (89.5%) Cost Increases Are Funded With Local Dollars – PT Alone Funds Half

<u>Average Annual Increases In Revenues by Category</u>				
	<u>% of Total Revenue</u>	<u>\$ Increase (Avg)</u>	<u>% of Total \$ Increase</u>	<u>Total % Increase</u>
State/Federal Revenue	26%	\$136,563	10.5%	10.5%
Insurance Revenue	2%	\$26,864	2.1%	} 89.5%
Other Local Revenue	13%	\$280,878	21.6%	
Sales Tax	24%	\$208,495	16.1%	
Property Tax	33%	\$645,864	49.7%	

Many expenditures added to county operations were thought to be mostly funded by state or federal sources, but an analysis of revenues shows this external funding did not materialize and were covered with local funds.

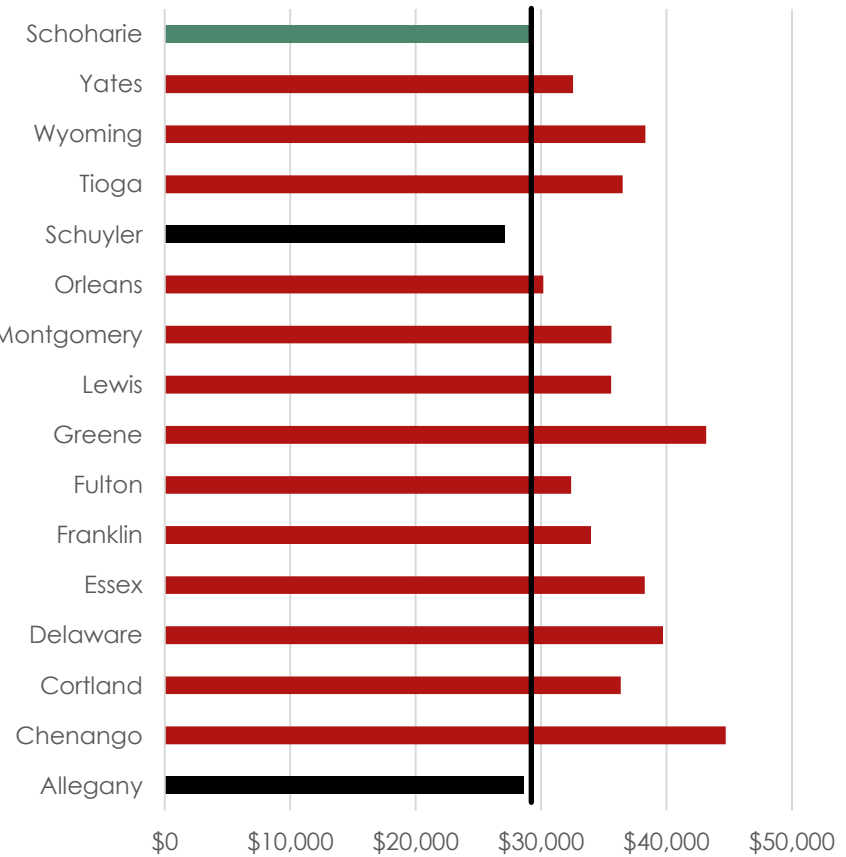
Recent Board Decisions Have Tried To Address These Structural Challenges

- ▶ From 2015-2019, Board reduced spending increases by 25% on average
- ▶ The Board has addressed significant new state mandates (Raise the Age, Changes to legal discovery & representation, Bail Reform) large increases to overall county spending
- ▶ The Board has concentrated on economic growth in the past two budgets and delivered levy increases of 2.5% in 2020 and 0% in 2021. Previous average levy increase was 2.8%
- ▶ For FY 2021, the Board requires capital planning before allocating resources to projects and plans to utilize fund balance – instead of the property tax – to fund such projects
- ▶ For FY 2020 & 2021, the Board requires detailed quarterly spending planning and variance analysis to better control current year budgets and more accurately estimate the next budget

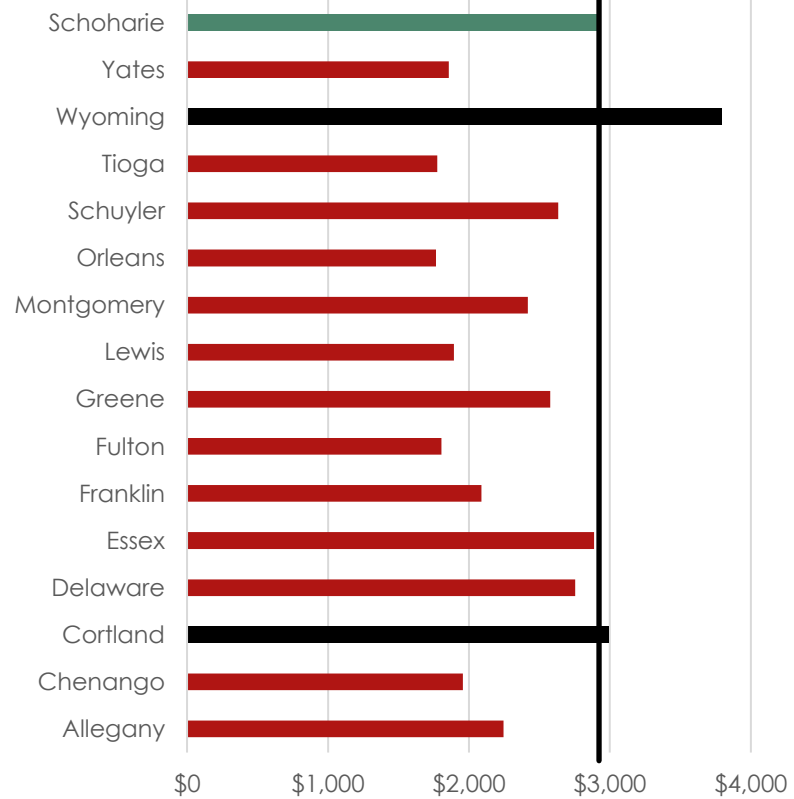
How Do We Compare to Similar NYS Counties?

Most Comparable Counties Have Stronger Economies & Lower Spending

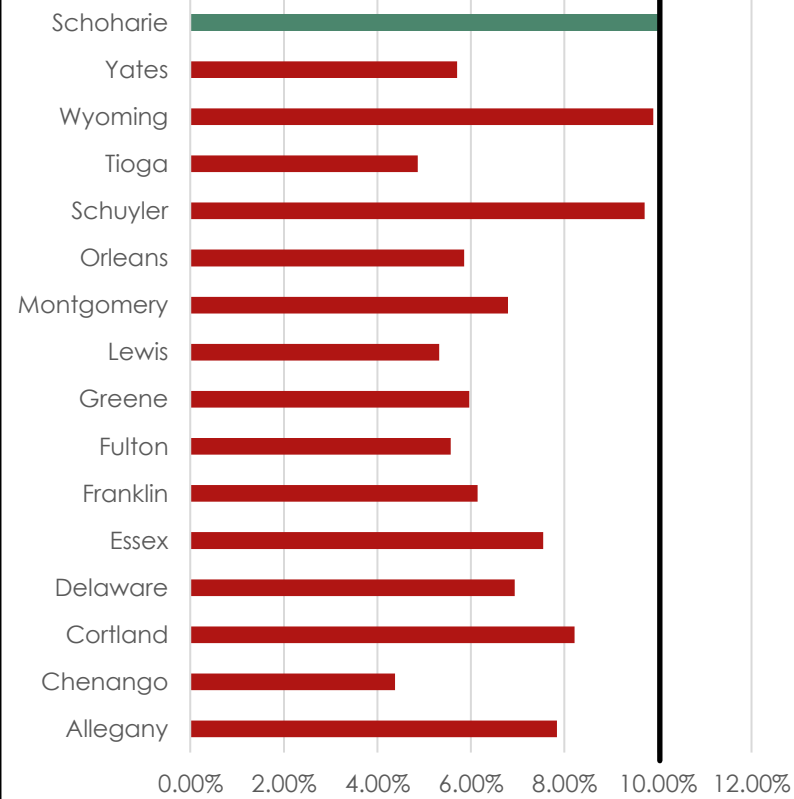
County GDP Per Capita



Cost of County Government Per Capita



Ratio of Government Costs to GDP Per Capita



What Can We Learn From “Small Upstate Counties” About Efficient Government?

	<u>2020 Appropriations</u> <u>Per Capita</u>	<u>PT Levy Per</u> <u>Capita</u>	<u>Mil Rate</u>
Allegany	\$2,246	\$630.97	\$14.68
Chenango	\$1,957	\$555.50	\$14.42
Cortland	\$2,987	\$762.33	\$15.85
Delaware	\$2,754	\$735.41	NA
Essex	\$2,887	\$686.55	\$3.32
Franklin	\$2,088	\$346.57	\$5.02
Fulton	\$1,804	\$567.15	\$11.02
Greene	\$2,576	\$577.04	\$5.90
Lewis	\$1,893	\$644.07	\$7.56
Montgomery	\$2,418	\$621.40	NA
Orleans	\$1,766	\$443.46	\$9.98
Schuyler	\$2,634	\$631.87	NA
Tioga	\$1,775	\$507.70	NA
Wyoming	\$3,793	\$599.98	\$9.71
Yates	\$1,856	\$665.02	NA
Schoharie	\$2,932	\$726.95	\$14.39
AVERAGE	\$2,362	\$598.33	\$9.75

Highlighted counties are closest to the population of Schoharie County.

If we examine other “Small Upstate Counties,” we can see that these governments have developed:

- ▶ Government structures & efficiencies that allow them to spend less per resident
- ▶ Cost structures that allows them to tax each resident less
- ▶ Economies that burden their residents less
- ▶ Property values that better support the level of taxation necessary to pay for services

Other Counties Have More Efficient Work-Flows That Allow Them To Deliver Services At Lower Costs

Two-Pronged Strategy To Address Our Fiscal Structural Challenges

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▶ CONTINUE WHAT WORKS FOR US

- ▶ Stringent Budget Development Process
- ▶ Tough monthly financial decisions that drive lower spending & budgetary surpluses
- ▶ Quarterly spending plans & rigorous variance analysis for greater accountability

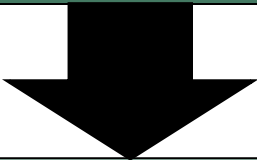
▶ LEARN FROM OTHER COUNTIES

- ▶ Find our efficiencies so that county government can deliver services for less

Learning from Other Counties: Finding Our Efficiencies Through Better Work-Flows

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STEP 1: Change across-the-board workflows to develop efficiencies.



STEP 2: Help departments streamline program-specific processes, especially ones that involve other departments.



STEP 3: Establish, track & make public departmental measures of output.

Workflows to Review:

- ▶ Procurement
- ▶ Contracts
- ▶ Hiring, Firing & Promoting
 - ▶ Reimbursement
- ▶ Technology Development & Deployment
- ▶ Managing Capital Projects

How Can We Find Efficiencies That Make Sense for County Government?

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Establish a committee to determine the ways we can lower the cost of county government without sacrificing service delivery. Such a committee should consist of:

- ▶ Select Supervisors
- ▶ Department Heads
- ▶ Knowledgeable Experts from the Community

Appendices

Appendix A: An Opportunity For A First Step

A First Step: Establish the “Office of Human Resources & Budget” As A Cost Saving Opportunity Right Away

The retirement announcement of the current Personnel Officer gives the county an opportunity to modernize its approach to Human Resources

▶ **Proposal:**

Create a new department (Office of Human Resources & Budget)

Absorb the current Personnel/Civil Service staff into this new department

Appoint a Director for the new office that will act as Personnel Officer and manage the current tasks of budget development & implementation process

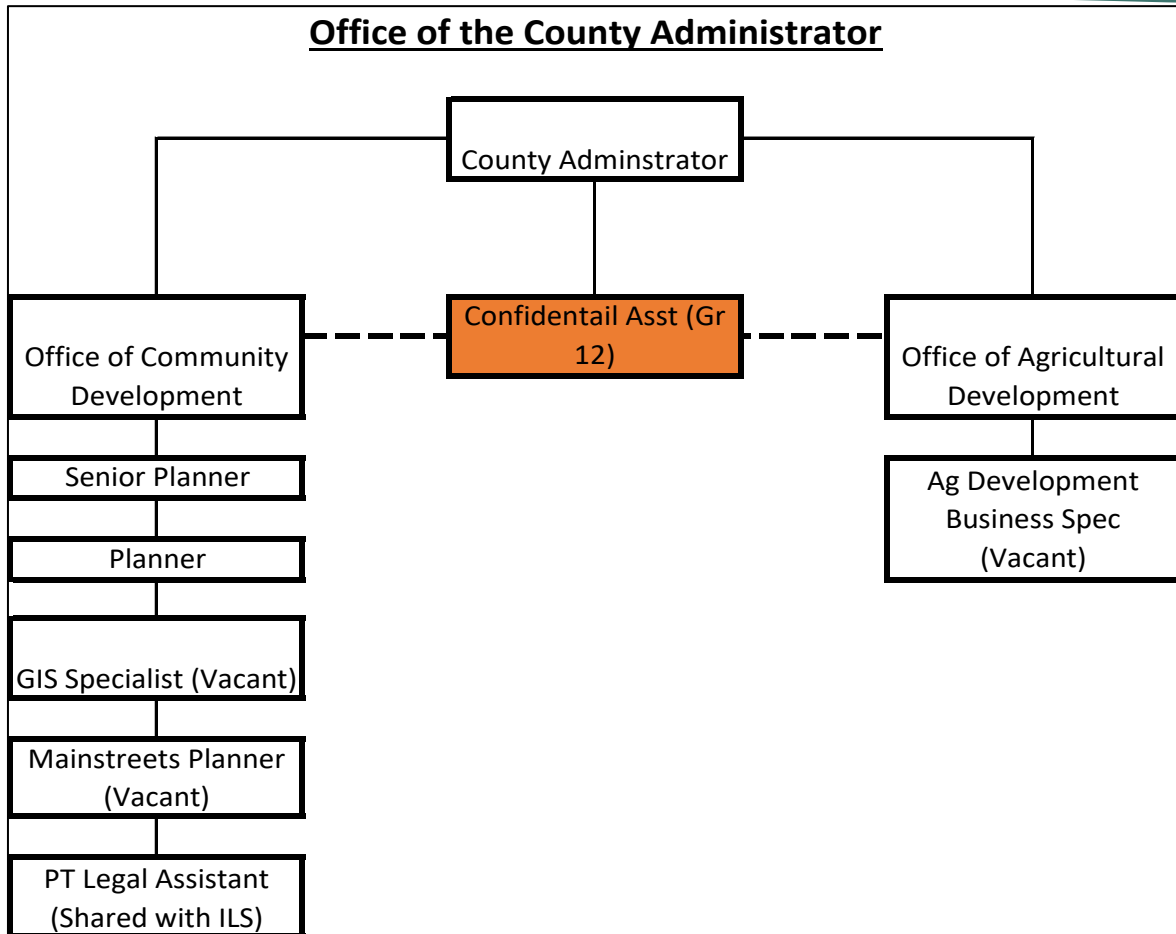
Eliminate the current Personnel Officer position

Reduce the grade for Confidential Assistant from Grade 20 to Grade 12

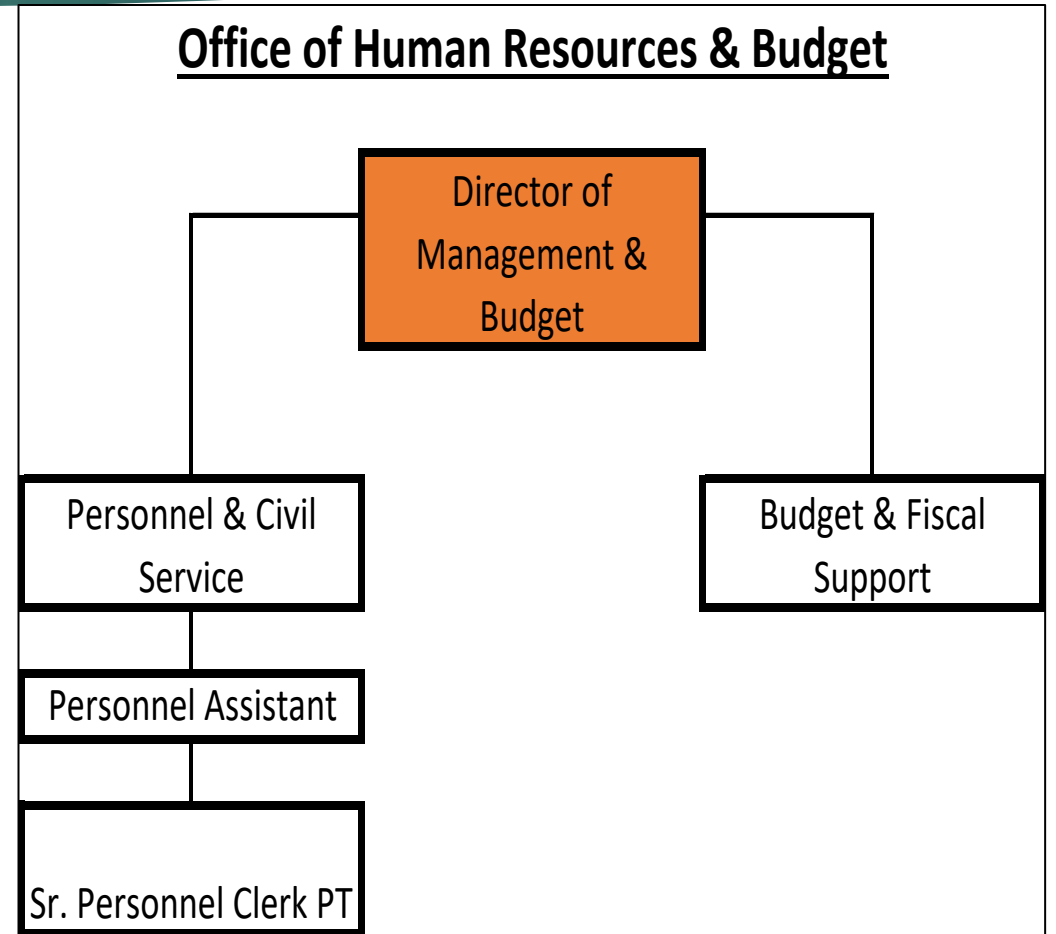
Transfer the costs of the PT Legal Assistant paid ¼ by OCA to ILS on a FT basis (where costs are grant funded rather than locally funded)

Proposed Organizational Structure

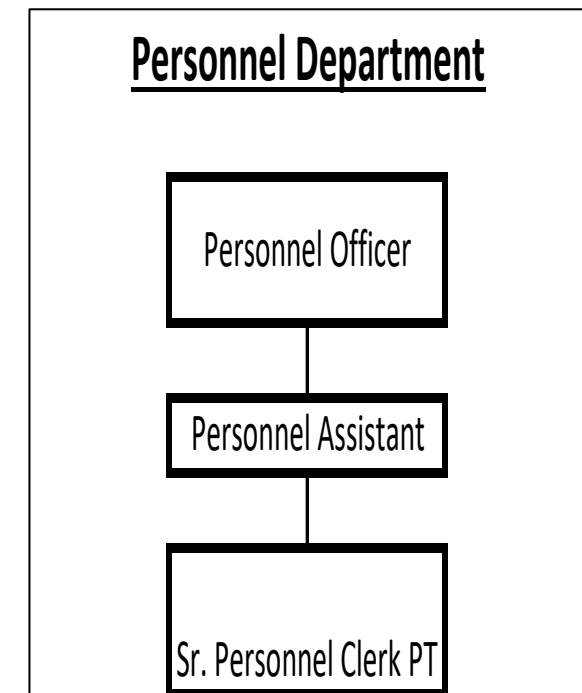
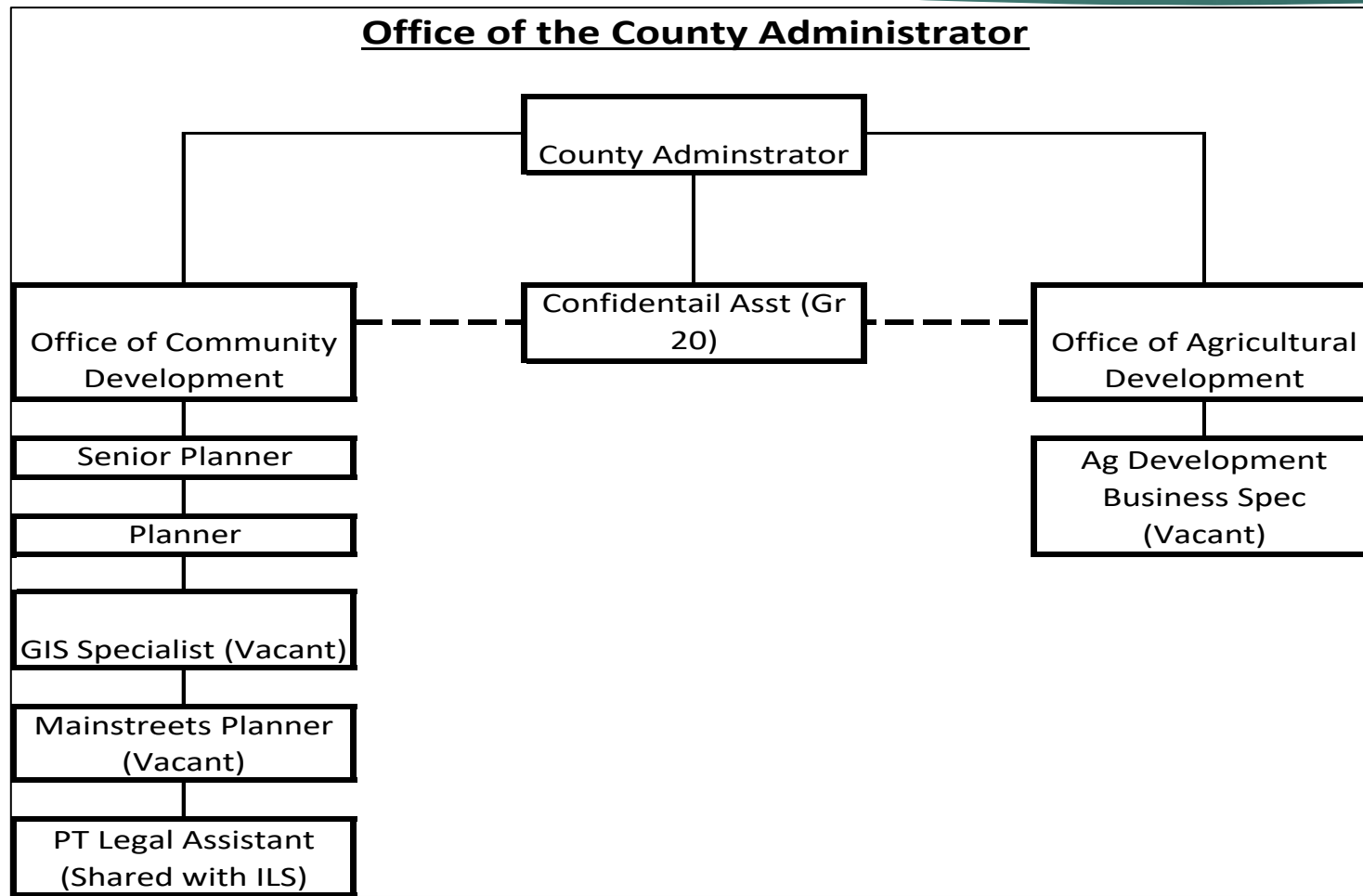
Office of the County Administrator



Office of Human Resources & Budget



Current Organizational Structure



Savings Analysis

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
NEW Director of HR & Budget (G-25)	\$80,135	\$85,988	\$91,839	\$97,890	
NEW Director Longevity	\$0	\$0	\$0	\$0	
CURRENT Personnel Officer Salary	-\$65,475	-\$66,948	-\$68,455	-\$69,995	
CURRENT Personnel Officer Longevity	-\$2,500	-\$2,500	-\$2,500	-\$2,500	
CURRENT Confidential Assistant	-\$71,191	-\$75,676	-\$77,690	-\$79,744	
CURRENT Planning Admin Support	-\$9,910	-\$11,749	-\$13,661	-\$15,649	
NEW Confidential Secretary (G-12)	\$38,477	\$40,862	\$43,327	\$45,875	
<u>TOTAL SAVINGS</u>	<u>-\$30,464</u>	<u>-\$30,023</u>	<u>-\$27,139</u>	<u>-\$24,123</u>	<u>-\$111,749</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
NEW Director of HR & Budget (G-24)	\$75,672	\$81,165	\$86,569	\$92,082	
NEW Director Longevity	\$0	\$0	\$0	\$0	
CURRENT Personnel Officer Salary	-\$65,475	-\$66,948	-\$68,455	-\$69,995	
CURRENT Personnel Officer Longevity	-\$2,500	-\$2,500	-\$2,500	-\$2,500	
CURRENT Confidential Assistant	-\$71,191	-\$75,676	-\$77,690	-\$79,744	
CURRENT Planning Admin Support	-\$9,910	-\$11,749	-\$13,661	-\$15,649	
NEW Confidential Secretary (G-12)	\$38,477	\$40,862	\$43,327	\$45,875	
<u>TOTAL SAVINGS</u>	<u>-\$34,927</u>	<u>-\$34,846</u>	<u>-\$32,408</u>	<u>-\$29,931</u>	<u>-\$132,112</u>

► Note: 2021 savings is listed as a full year of savings; actual savings will be proportional to the implementation date of this proposal should it be approved & any vacation/sick payouts for Personnel Officer.

Appendix B: A New Way to Organize County Operations

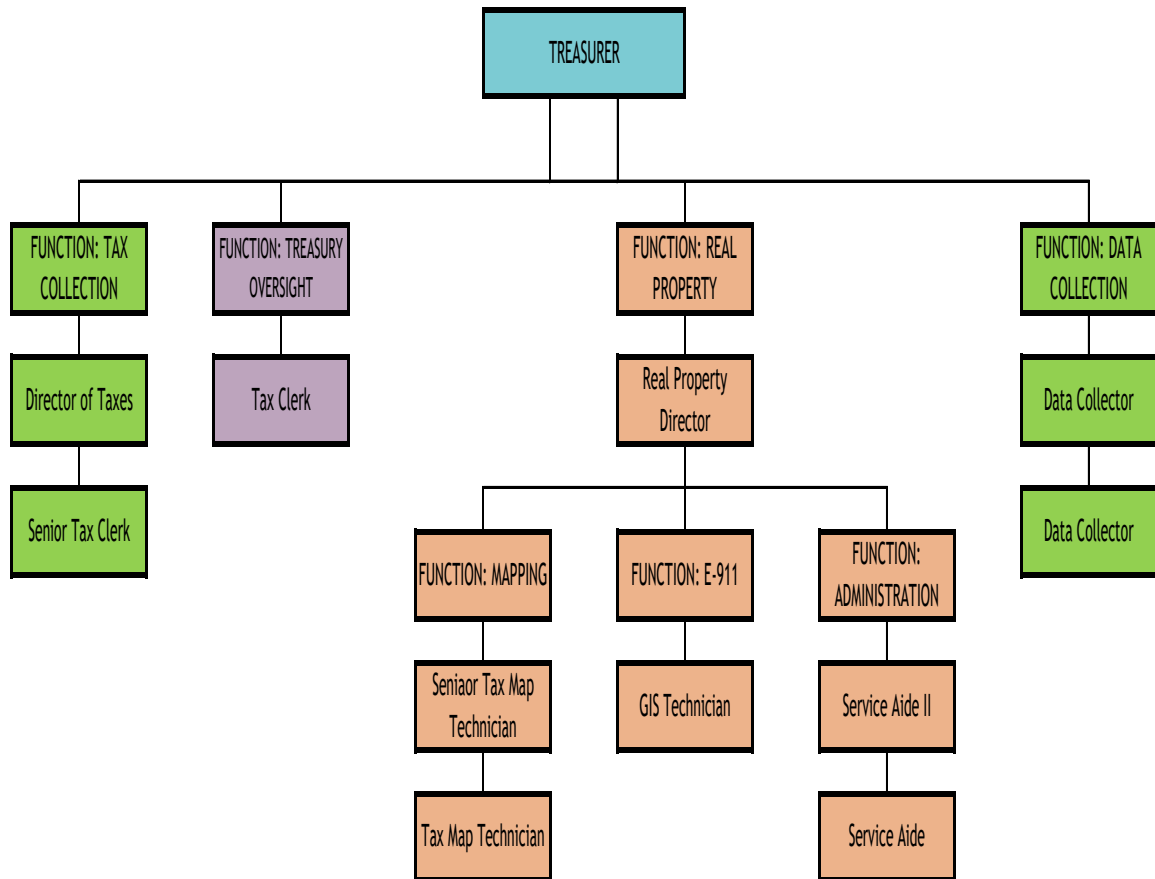
Direct Service Delivery Through Human Services Centralization

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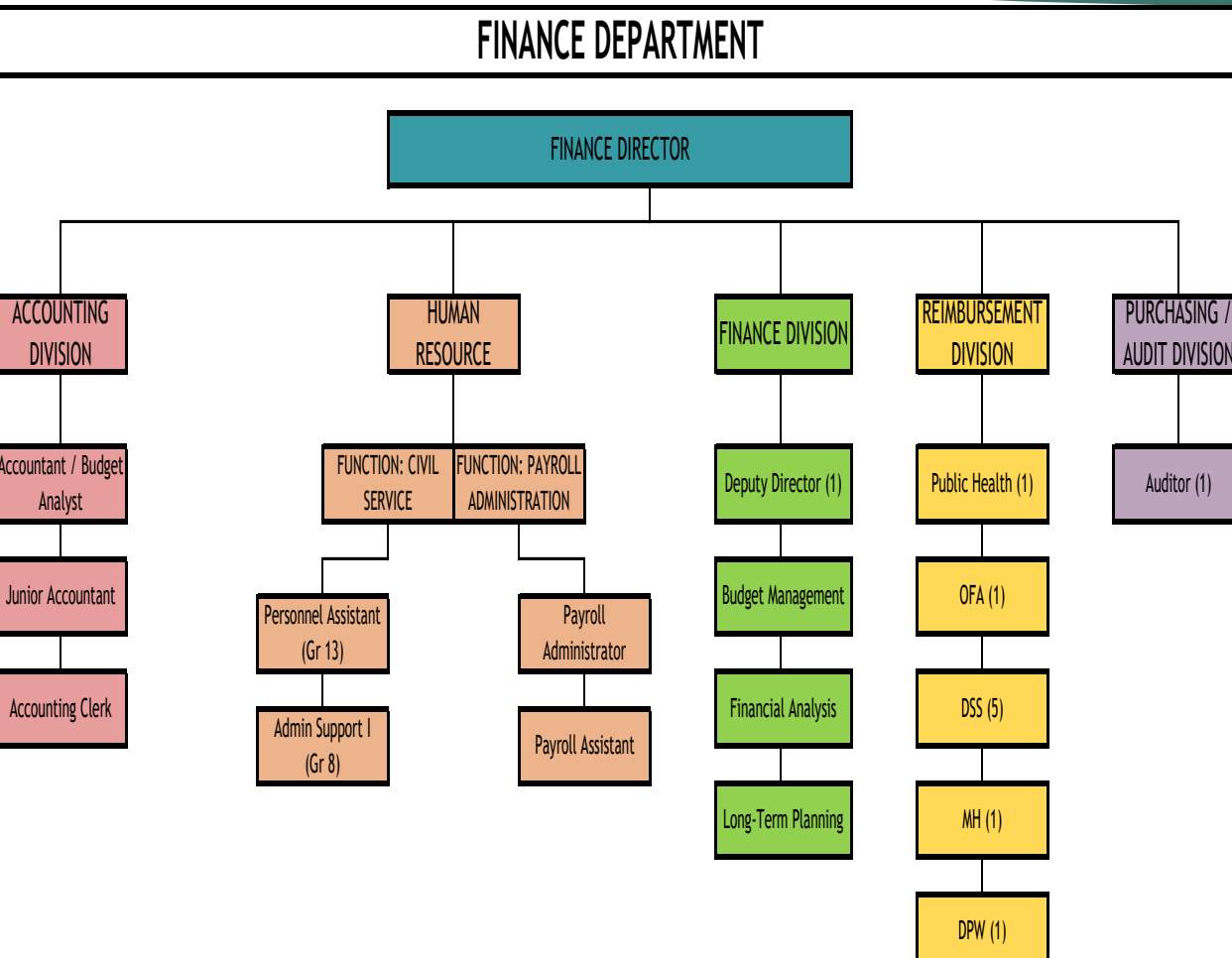
- ▶ Consolidation of human services stand-alone departments into a single department to generate efficiency
- ▶ Single department head responsible for:
 - ▶ Generating savings through a centralized intake system
 - ▶ Developing innovation to deliver “Efficiency = Savings”
 - ▶ Focus on improving the direct service delivery experience to resident
- ▶ **INCENTIVE:** Develop a structure to absorb part of attrition loss while addressing service improvement needs
- ▶ **METRIC:** Develop specific and measurable service delivery statistics to monitor direct services provided by the department
- ▶ **STRUCTURE CHANGE:** Remove finance and administration responsibilities to allow the department to concentrate on services

Improve Tax Collection Rates & Strengthen the Tax Levy System



- ▶ Consolidate Tax Collection Services with Real Property Tax Office to focus on improving tax collection delinquency rates & efficient real property tax services
- ▶ Single department head headed by the Treasurer who is responsible for:
 - ▶ Tax Collections & Treasury Management / Oversight
 - ▶ Support assessment needs of the county and its towns
 - ▶ Support the disposition of county obtained property
 - ▶ Prepare tax rolls & bills, warrants & other legal documents
 - ▶ Oversee new service for parcel data collection
- ▶ **INCENTIVE:** Combine expertise to focus on improving tax collections & improving the collection system
- ▶ **METRIC:** Decline in delinquency rate for tax collections
- ▶ **STRUCTURE CHANGE:** Replace accounting/payroll functions in Treasurer's Office w/ Real Prop Tax Office

Maximize Resources Through Centralized Financial Functions



- ▶ Combine administrative and financial functions in order to maximize reimbursements & provide greater accountability in county government
- ▶ Single department head responsible for:
 - ▶ Financial & budget analysis & Long-term planning
 - ▶ Purchasing & Reimbursement maximization
 - ▶ Human resources (Payroll & Civil Service)
 - ▶ Accounting & reporting functions
- ▶ **INCENTIVE:** Develop finance & admin expertise to maximize revenues & deliver accountability documents
- ▶ **METRIC:** Larger reimbursement totals, financial statements, more efficient budget process, CIP's
- ▶ **STRUCTURE CHANGE:** Consolidate finance/accounting operations in departments into a single unit