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County Faces Deficit Of \$166 Million For 2011

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Faced with a projected county government deficit of at least \$166 million next year – and about double that by 2013 – County Executive Robert P. Astorino has outlined short- and long-term steps to deal with it.



The measures to close the shortfall include possible layoffs of hundreds of employees.

Since taking office Jan. 1, Astorino has been meeting with his department heads and budget experts to deal with the looming deficits. The March 9 announcement and presentation was the outcome of that effort and includes \$16 million in short-term operational savings that can be implemented this year without immediate layoffs. He also detailed the options under consideration to reduce spending next year and beyond. Read the [Budget Fact Sheet](#).

Astorino briefed the district attorney and the county clerk, as well as members of the Board of Legislators whose approval will be needed for many of the long-term measures. Later he met with employees. You can watch a [video of this meeting](#).

"We have no choice; we must act now or things will only get worse," Astorino said. "We have to dramatically cut the costs of our government. If changes are not made, our deficit for next year will be at least \$166 million and could be \$266 million by 2012 and \$355 million by 2013."

He added, "I know cuts are painful, but I will not close this hole by asking our overburdened taxpayers to come up with more money. The measures I am calling for protect essential services and provide for a zero percent increase in the county's property tax levy. "



Every \$5.6 million in net spending amounts to about a one percent increase in the property tax levy. A \$166 million hole in the budget would require a county property tax increase of about 30 percent. County government taxes account for about 16-20 percent of a property owner's full tax bill.

For 2011, Astorino's administration projects that if no cuts are made spending will automatically increase by about \$116 million compared to 2010. This includes increases in personnel costs (salaries, pensions, health care), social services and overall operations.

On the revenue side for 2011, the administration projects a decrease of about \$50 million, including drops in federal aid and a drastically reduced fund balance from previous years to draw upon.

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Sales tax revenue is expected to remain substantially down from its peak of approximately \$363 million in both 2007 and 2008. Projections for 2010 are \$339.6 million and just \$18 million more in 2011. However actual sales tax receipts are running behind projections for the first two months of the year. Even if the sales tax eventually rebounds as the nation and Westchester recover from the recession, this cannot offset the loss of other revenues and increased expenditures, Astorino said.

For 2012 and 2013, the projections are for continued pressures on both the expenditure and revenue sides.

Bennett Kielson, the county's long-time auditor, has reviewed the county's assumptions and methodology for 2011 expenditures and revenues and has found them to be reasonable.

SHORT-TERM STEPS

Astorino, whose own office is operating with \$1.2 million less than was spent in 2009, said he has already acted to realize some savings and will act to implement \$16 million in savings in 2010 based on recommendations by his department heads.

These include:

- Social Services: \$5.8 million from the Department of Social Services, including \$3.3 million in reduced costs of foster care due to better case management.
- Finance: \$2.1 million in savings from the refinancing of bonds.
- Information Technology: \$2.7 million in savings by temporarily not filling vacant positions, cutting overtime, and deferring some maintenance and hardware purchases.
- Public Safety: \$905,000 by temporarily not filling vacant positions, reducing overtime through redeployment and eliminating the mounted unit.
- Transportation: \$1.37 million in savings by temporarily not filling vacant positions and eliminating the express bus route (Bx M4C) to New York City. The ridership on this bus route is down, other alternatives, such as Metro-North, are available and the loss of service will not unduly impact low-income commuters.
- Parks: \$1.6 million in savings by temporarily delaying the filling of 20 vacant positions, closing the Croton Park Pool and opening Playland one hour later each day.

"I thank my commissioners and department heads for their efforts to find savings in their current budgets," said Astorino. "They have assured me that the cuts they have recommended, and which I will be acting on, do not affect their core services."

LONG-TERM STEPS

Astorino stressed that these short-term measures, while very important, can only go so far. The solution for the future requires significant reduction in the county's personnel costs. For 2010, salaries and fringe benefits (including health care and pension) account for \$601 million. For next year, they are projected to be \$655 million.

The county executive said there are various ways that savings can be accomplished and that he expects to have discussions with the county's unions to determine the best path. Most of these changes would have to be approved by the Board of Legislators as well.

Some of the possibilities and their financial ramifications include the following:

- Layoffs: The average cost of a Westchester County employee with fringe benefits is \$100,000. For every 100 full-time positions eliminated, the savings would be \$10 million. Eliminating 1,600 positions would save \$160 million.
- Pay freeze: \$20.5 million can be saved in salary and fringe benefits if the county's major unions would agree to forego raises next year.
- Pay decreases: An additional \$23.8 million can be saved with a 5 percent decrease in pay and \$47.6 million with a 10 percent decrease.
- Health care contributions: \$22.3 million can be saved if the unions agreed to a 15 percent contribution to the cost of their county health plan. Savings grow as contributions are increased.
- Furloughs: \$5.1 million can be saved by a 5-day countywide employee furlough.
- Separation incentive: An estimated \$7 million in savings in personnel costs can be realized in 2011 if employees are given an incentive to voluntarily leave employment with the county.

“Fixing our budget deficit will require changing the way we think about county government and the way we operate county government,” Astorino said in conclusion. “These changes will hurt, but not as much as denial that they are needed. The time for acting responsibly has come.”