



Office of the Comptroller

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STATEMENT OF ALBANY
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The proposed budget is imprudent and fiscally unbalanced.

The 2008 budget proposal would nearly wipe out the city's fund balance, or reserve. This action is fiscally irresponsible. Reserves are essential for cash flow and are best used for extra ordinary one-time expenses. Use of these reserves to fund current operating expenses will only worsen our fiscal problems next year.

For several years I have urged the Mayor work with me as well as the Common Council, representatives from labor and citizen's organizations to develop a budget and a long term fiscal plan that are structurally balanced and sustainable. We must learn from the experiences of other municipalities and from the private sector.

The Mayor worked tirelessly to bring new revenue from the state to our city. Recently new State revenue has not been forthcoming. The citizens of Albany need him to bring that same vigor to controlling expenses and restructuring services.

The current year's budget uses \$3.35 million in reserves. Spending in excess of budget and lower than anticipated revenue will use an additional \$4 million in 2007. The proposed 2008 budget uses an additional \$8 million in reserves. Overspending will increase that deficit further.

Spending our reserves in the absence of significant financial reform invites financial disaster.

We must take decisive action to control spending. We must restructure the way we deliver services to do so more efficiently and less expensively. We need to restructure employee/retiree health costs, which are among the highest in the state. Health insurance costs will total \$25 million. That is an increase of \$3 million.

Our employees and retirees must have high quality health care. But it must be at a price that will not bankrupt the city and burden our taxpayers. Like other local governments, and private companies, the city can reduce costs while ensuring access to quality health care. Many cities have restructured the way they deliver services to maintain quality while reducing cost. We must do the same.

While politically difficult, these decisions are critical to our city's long-term well-being.

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