



## **DUTCHESS COUNTY GOVERNMENT**

### **MEMO**

**To:** Will Truitt, Chairman of the Legislature  
All Legislators

**From:** Sue Serino, County Executive  
Jessica White, Budget Director

**Subject:** 2026 Budget Amendments

**Date:** December 4, 2025

When the 2026 Executive Budget was presented, we outlined the many difficult choices required to deliver a fiscally responsible budget plan. Significant use of our fund balance, holding positions vacant and restoring a recurring revenue source were all necessary steps to ensure the County could continue to deliver essential services and meet core obligations, while also ensuring fiscal stability in the face of rising mandates, declining federal support, and economic uncertainty.

As discussed at our monthly Legislature Leadership meeting this week, we are concerned that the amendments adopted by the Budget, Finance & Personnel Committee, and those that may be under consideration prior to adoption next week, risk our fiscal stability. Using millions of dollars from the fund balance in lieu of a recurring revenue source is unsustainable and deepens the County's reliance on the fund balance, jeopardizing our long-term fiscal health. A declining fund balance carries cascading consequences – including the potential loss of the County's longstanding AA+ bond rating, which would increase borrowing costs, and weaken our economic resiliency.

As you are aware, the County is obligated to negotiate new employee contracts, including the CSEA agreement, which is expected to be before the Legislature as early as January 2026. As County Government competes with the significant wage growth in the private sector, this contract is crucial in recruiting and retaining the employees we depend on to deliver vital programs and services. Once adopted, this contract is projected to cost between \$11 and 13 million, which will come from fund balance.

Every fund balance dollar used to balance the 2026 budget leaves a gap that must be closed in the 2027 budget. We cannot predict how much of the fund balance, if any, will be replenished through savings nor can we anticipate any unexpected costs that may require us to rely on it further. The total \$18.7 million increase in fund balance we saw this past year was driven primarily by over \$27 million in American Rescue Plan (ARP) funding that will not reoccur in 2026. Without the ARP revenue, the County would have experienced a decrease in fund balance. Additionally, a significant vacancy factor has been included in the 2026 budget; therefore, we do not expect excess vacancy savings to roll back into fund balance as has been the case over the past few years.

We all share a collective responsibility as stewards of public funds to consider not only the 2026 budget, but also the sustainability of our decisions for 2027, 2028, 2029, 2030, and beyond. Please reflect on the choices you are making this year - additional spending, using millions more from fund balance, and eliminating recurring revenue – and understand these actions will force even harder decisions next year that could result in significant property tax increases or the elimination of programs and services and the accompanying positions – essentially layoffs.

We have much to accomplish together in the years ahead. It is essential that we preserve our strong financial foundation so that we can continue providing the services our residents need and deserve while limiting the burden on our taxpayers. Please keep this in mind as you contemplate additional amendments on Monday.