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SUFFOLK COUNTY COMMISSION TO EXAMINE SCHOOL DISTRICT EXPENSES
AND EFFICIENCIES

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Date Held: September 26, 2006

Held in Riverhead, New York

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APPEARANCES

CHAIR: Louis D'Amaro

CO-CHAIR: Daniel P. Losquadro

BOARD MEMBERS: Jim Kaden

Seth Forman

John Clahame

Dr. Joseph A. Laria

Michael Deering

Neil Lederer

Lisa Tyson

Robert Lipp

Alice Willett

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TYPIST: Stephanie O'Keefe

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Daniel P. Losquadro, John Clahame, Dr. Joseph A. Laria, Mr. Louis D'Amaro, Mr. Jim Kaden, Mr. Seth Forman, Michael Deering, Neil Lederer, Ms. Lisa Tyson, Robert Lipp, Daniel P. Losquadro, Ms. Alice Willett, the witnesses herein, having been first duly sworn by Richard K. Baker, A Notary Public in and of the State of New York testified as follows:

MR. LOU D'AMARO: I believe the best way to start is to state the overall goal or mandate of this Commission:

That is "to find real, practical cost saving and efficiency measures for our school districts that do not diminish the quality of education for our children".

16 Let's start off by agreeing that our schools,
17 for the most part, do a very good job of educating
18 our children, and let's never question the
19 dedication or commitment of our school districts'
20 educators, school board members, and
administrators.

21 That's not what this Commission is about.

22 Instead, we're here to help those dedicated
23 educators, school board members and administrators
24 to find ways to be more efficient, or to cut costs,
25 or both. Put simply, if we all put our heads

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2 together, maybe we can find creative solutions to
3 rising school costs that were otherwise overlooked.

4 But before we look for solutions, do we need to
5 further define the problem? Not really. I believe
6 this Commission should not spend much time defining
7 the problem, or placing blame for the problem. That

8 has all been done over and over again, and would
9 serve no legitimate function here.

10 We all know that the cost of living on Long
11 Island is too high. We all know that the middle
12 class in Suffolk County is being squeezed
13 financially. We all know that school property taxes
14 are one of the reasons for the high cost of living
15 in Suffolk.

16 And we certainly all know that County taxpayers
17 and residents are frustrated with the level of
18 taxation in Suffolk.

19 For example, Property taxes on Long Island are
20 two and a half times the national average, with
21 66.5% of property taxes going toward funding local
22 school district expenses. In addition, since 1970,
23 the average homeowner's tax bill in Suffolk County
24 for all taxing jurisdictions (which includes
25 schools) has trended up at a compounded rate of

2 5.61% per year, which is more than the rate of
3 inflation. If property taxes continue to increase
4 at this rate, they will increase from an average of
5 \$7,237 in 2006 to over \$8,000 by 2008, over \$9,000
6 by 2010, and over \$10,000 by 2012. That's about as
7 much time as I would like to spend on defining the
8 problem because we all know it so well already.

9 Instead, let's try to get past the frustration
10 and begin the process of finding solutions to the
11 high cost of funding our school district

operations.

12 Let's do it rationally and methodically, without
13 finger pointing, through collective thinking and
14 problem solving. One of the most important things
15 we must all remember in this process, as I've said
16 time and time again, is that no one benefits if we
17 engage in finger pointing or heated name-calling.
18 Simply put, let's "fix the problem, not blame" when
19 it comes to school district expenses.

20 This Commission is here to help teachers,
21 school boards and administrators in their daily
22 struggle to provide quality education while
23 controlling spending.

24 That's why we need everyone's input and we

25 should not be afraid to put all ideas on the table

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for discussion purposes. I do not know, of course,

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sitting here today, which recommendations we will

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ultimately adopt, but we should not retreat from at

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least discussing all areas of cost cutting,

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including capital costs, administrative costs,

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employee costs, and operating costs.

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Now, I am not saying that these costs should

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automatically be cut. After all, there may be ways

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for districts to become more efficient without

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cutting an expense. That's why I truly emphasize

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that we must always keep in mind that a more

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efficient school district system could result in

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substantial savings without draconian cuts that

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impact class size or the quality of our children's

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education.

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As we examine expenses, we should be asking -

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is there a cheaper or more efficient way to build

19 something, or to administer our school districts, or
20 to provide services? Is there waste and
21 inefficiency in our school districts? Indeed, these
22 are tough questions and there are no easy answers.

23 So let's get started. In sum, all I ask as
24 Chairman of this Commission is that we keep an open
25 mind, explore all ideas, avoid placing blame, and

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2 diligently work toward solutions. I am confident
3 that we all agree that taxpayers and our children
4 deserve nothing less.

5 The following letter was sent to Newsday on
6 September 1, 2006:

7 Dear Editor:

8 We on Long Island are fortunate to have one of
9 the best public school systems anywhere in the
10 world. A disproportionately high number of Intel
11 Scholarship Competition winners nationwide hail from

12 our local schools. To remain a vibrant and
13 competitive economy we must maintain the standard of
14 excellence. Simultaneously, we must explore ways in
15 which we can control our relatively high tax rate.
16 It is our belief that we can save taxpayer dollars
17 through efficiencies, without sacrificing the high
18 level of education we expect and deserve.

19 Suffolk County has been able to cut its general
20 fund property tax levy over the last two years, but
21 the County comprises less than 10% of one's overall
22 bill. Consequently, the focus has been on the
23 two-thirds of the bill that comes from the schools
24 and how we can bring these costs within the rate of
25 inflation. This is exceedingly difficult to do

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2 given the fact that health care costs, pensions and
3 mandates continue to rise at rates that exceed
4 inflation by two or three fold. Personal costs and

5 benefits, which are the largest component of any
6 budget, are discretionary in that the locally
7 elected school board sets the rate, but once
8 contracted to, they cannot be unilaterally reserved.

9 Some have suggested that we re-evaluate the
10 method by which school taxes are paid. The property
11 tax they claim, which is a most regressive tax,
12 should be replaced by a system based upon one's
13 ability to pay. Others will appropriately harp on
14 the fact that while Long Island has approximately
15 seventeen percent of the State's population, we
16 receive back only about twelve percent of the state
17 aid that flows through Albany. Certainly
18 adjustments should be made for our regions' high
19 cost of living.

20 To further this goal, we recently arranged for
21 a series of meetings with the leaders of the Suffolk
22 County superintendents association and established a
23 legislative commission to solicit opinions to
24 enhance innovation. We saw within the
25 superintendent a keen desire to work collectively

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2 with other entities, including the County, to find
3 ways that we can enhance services for our children
4 while simultaneously lowering costs.

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Given the public's voracious appetite for local control and home rule, it is highly unlikely that we will see a mass consolidation of school districts in an attempt to cut down on administration and various redundancies. Nevertheless, with functional consolidation through BOCES and other levels of government, there are things that can be done to pool resources in carrying out various specific functions common to all districts.

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1) Combining borrowing power

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Almost all of our school districts borrow a great deal of money up front to maintain a proper cash flow for their school operations. These borrowings have high associated legal, printing and processing fees which possibly could be lowered if many of our districts borrow in a collective fashion. Similarly, if the schools pooled their

22 cash they may receive higher interest rates on
23 investments.

24 2) Building and grounds maintenance

25 Several districts can pool their resources to

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2 provide shared buildings and ground maintenance.
3 For example, instead of having to buy a new piece of
4 equipment to clean third story windows, such
5 equipment could be borrowed from the neighboring
6 district. Administrative costs may also be able to
7 be trimmed under such a scenario.

8 3) Pooling security

9 Security patrol is not academically based and
10 can possibly be provided with greater efficiency
11 through a consortium of various districts.

12 4) Health care packages for employees

13 Suffolk County saved a great deal of money by
14 leaving the Empire Plan and becoming self-insured.

15 Perhaps an equivalent type of savings could be
16 effectuated by our school districts if they could
17 lower premiums through either self insurance or a
18 collective insurer.

19 5) Technology

20 Many schools are looking to expand their
21 hi-tech communication capabilities. Since Suffolk
22 County already has a county wide communications
23 system in place, there may be the ability to allow
24 school districts to feed into the present system
25 and/or tap into Suffolk's potential wireless

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2 network.

3 6) Purchasing

4 While many districts have the ability presently
5 to purchase through the BODES consortium or
6 state-wide lists, there may be other ways that
7 economies of scale can be effectuated through

8 purchasing with the County.

9 We were impressed by how serious and committed
10 these schools superintendents were in looking at
11 these potential savings. While nothing is
12 definitive at this point, there have been follow up
13 meetings to scope out these proposals and develop a
14 road map by which we may be able to find innovative
15 techniques to provide an outstanding education to
16 our children while saving tax dollars for our
17 residents.

18 .

19 Sincerely, .

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21 Steve Levy

Lou D'Amaro.

22 Suffolk County Executive

Suffolk County

23 Legislator

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25 MR. DANIEL P. LOS: There are some differences,

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periodically on some of the issues (inaudible) where

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certain (inaudible) but that's not to say that any

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one district doesn't share (inaudible) with another

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district, they absolutely do, and that's why it's so

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important to get together a forum like this and get

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out these concerns, get things on the table, even if

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it has been discussed before ten, twenty years ago,

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we'll take a fresh look at it. That's why we're

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here today.

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Having worked in the business world (inaudible)

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prior to coming into government, I saw that many of

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the efficiencies that business was able to implement

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had to do with efficiency (inaudible) technology,

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and I think that there are many areas that a school

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district has been very progressive in this regard,

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but I think there are many more opportunities that

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they still could avail themselves of, and I hope

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that that's something that this Commission would

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take a long hard look at because having gone through

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several quarterly alignments for the largest auto

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insurer in the country over that ten year period, I

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can assure you business always takes a hard look at

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how they're operating, or working on ways that they

25 can cut they're cost and (inaudible).

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2 There are many things that we're going to
3 discuss that are in (inaudible) power health care
4 operating (inaudible) and I think we are really on
5 the right track. Legislator D'Amaro said, not
6 pointing figures, focusing on the problem at hand,
7 focusing on the reality of the fact that we face a
8 very high tax burden, and yet at the same time, the
9 value that we (inaudible) in our homes is
10 (inaudible) linked to the quality of the schools
11 that our children attend. So I would, again, like
12 to thank the members of this Commission for letting
13 me serve as Legislative (inaudible). Thank you.

14 LEGISLATOR D'AMARO: Thank you, Legislator
15 Losquadro. (Inaudible).

16 MALE SPEAKER: Thank you, Mr. Chairman, and the
17 members of the Commission (inaudible). It is my

18 pleasure (inaudible) County Executive (inaudible)
19 and also (inaudible).

20 County Executive Levy strongly enforces and
21 supports (inaudible) several months ago County
22 Executive (inaudible) coordinator (inaudible) series
23 of meetings (inaudible) to explore functional
24 (inaudible).

25 During the past several months the County

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2 Executive and the school Superintendents have been
3 meeting to discuss ways to consolidate (inaudible)
4 in order to save tax payer dollars. Suffolk
5 County's goal in this initiative was to serve the
6 public and bring school districts together to
7 encourage communication and cooperation and connect
8 them to appropriate (inaudible). The overall intent
9 of the County Executive (inaudible) was to make
10 school districts more affordable (inaudible).

11 As a result of (inaudible) meetings, which were
12 exploratory in nature, the County Executive
13 scheduled a very high powered comprehensive meeting
14 on August 1 at his office. Tending that meeting
15 were all members of his administration, including
16 Paul Sabtino, (inaudible) staff, all other members
17 of various departments (inaudible) and representing
18 the schools, surrounding school superintendents, PTA
19 School Board representatives. (Inaudible).

20 The County Executive and the superintendents in
21 education (inaudible) focused in on the following
22 areas of functional consolidation, combining
23 borrowing power, buildings and grounds, maintenance,
24 (inaudible) security, health care packages for
25 employees, technology, purchasing, energy

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conservation, workers compensation, printing,

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transportation, and lobbying at the state level to

4 achieve (inaudible) funding from the schools.

5 With that as a background the County Executive
6 asked me this afternoon (inaudible) and is
7 continuing to support his initiative (inaudible).

8 Thank you.

9 MR. LOUIS D'AMARO: Okay, (inaudible), I
10 appreciate your opening remarks. Is there any
11 other Commission member would like to (inaudible)?

12 (Inaudible) next is (inaudible) communications
13 that we have scheduled for this evening. First
14 (inaudible) this evening (inaudible) Mr. Roger
15 Pierce, (phonetic), who is a (inaudible).

16 MR. ROGER PIERCE: Thank you, Legislator
17 Losquadro, Legislator D'Amaro.

18 First of all let me say that I think that this
19 Commission has known about for a while now, it's
20 very important (inaudible) and I wish, I wish other
21 jurisdictions were doing the same, because we're, we
22 don't have to reinvent the wheel, but I think
23 (inaudible) here will be a leader for other
24 jurisdictions in the state as well. I don't know of
25 any other that are doing this.

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Second, it is a real honor for me to be representing Nassau and Suffolk as the (inaudible) for the State of New York. As such, I've been able to meet with many of you, but also visit a tremendous amount of schools on the Island and around the state, frankly, and I think that the work that you're doing is important in many ways, in different ways to different districts.

Unfortunately, as many of you know a district like Roslyn, which has had tremendous amount of difficulty in their finances didn't hurt the kids Roslyn it hurt the taxpayers of Roslyn a tremendous amount. The kids in Roslyn got a great education, and they're continuing to get the great education.

In Hempstead, where there has been other financial impropriety, when you got visit the school there, it would bring tears to your eyes, because every student there is suffering because of the (inaudible) financial improprieties, and the lack of public trust, and public integrity with some of

22 those people.

23 So, so you have a difference, even the same
24 event that occurred two different districts and two
25 different groups might take the brunt of the, of the

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2 (inaudible), that's because Long Island is unique in
3 the state, we have twelve school districts in the
4 State of New York that are considered to be failing
5 school district, districts that don't stand up to
6 state standards at all.

7 The largest six of the state are The City,
8 obviously being a difficult problem, they have
9 difficulty in funding (inaudible), I'm not sure it
10 will (inaudible).

11 But four out of the other districts in the
12 state are right here on Long Island, in the middle
13 of, and contiguous to the best, the best school

14 district in the state.

15 It's an unacceptable situation that we have on
16 Long Island, one that This Committee is not going to
17 cure, and I'm not gonna cure, but one that we really
18 need to put our minds to, because there are
19 differences as to how these financial
problems of

*(note *** Line numbering changes due to change in court reporters at hearing)*

3 schools effect people. These kids are
4 having their lives stolen from them,
5 because of some of the very things
6 that we're talking about here. I'll
7 go back into what I said about the
8 CFE, because CFE is not going to be
9 a panacea that I believe everybody
10 thinks it might be. For those of
11 you who don't know, that's the
12 lawsuit against the state by the
13 City of New York. It is not really
14 against the state. It is calling
15 for funding for the City of New
16 York. Who gets to make that funding
17 is still a question. I believe that
18 is being worked out. I think there

19 will be a solution for that.

20 However, from every vantage
21 point that I have seen, almost every
22 high need school district that I
23 visited, if you go around to the
24 schools in fourth grade, fifth
25 grade, and you say, who wants to go

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2 to college, almost every hand will
3 be raised. I went to Central Islip
4 recently, and did that. Every hand
5 in the classroom was raised. If you
6 move onto the 9th grade, and you ask
7 the kids at the end of their history
8 class how many of you want to go to
9 college, you might get 10 to 20
10 percent of the kids. Something
11 happens to those kids between fourth
12 and ninth grades, and what happens
13 because I talked to them, to some
14 seniors and juniors in the school.
15 I usually take time to have just a

16 quiet discussion with them. The
17 combination of the facts that kids
18 in high need school district, which
19 are a tremendous amount, and the
20 state, including four or five on
21 Long Island, do not get the kind of
22 home values, as you would all know,
23 but more importantly they don't have
24 anyone that they know went to
25 college. There are no role models

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2 for them. There is no mentoring.
3 In many of the school districts they
4 don't get to see a counselor until
5 senior year, and when they get to
6 ninth grade the only influences they
7 have are negative from gangs,
8 especially. So, when they get
9 there, unless the school has
10 something, and this is my point,
11 something that draws them to the
12 school, that keeps them interested

13 in coming to school, such as art,
14 music, the football team, whatever,
15 an interested teacher, these kids
16 don't want to be in school. They
17 don't show up in school. The
18 attendance rate in schools is very
19 low, and, therefore, the graduation
20 rates are very low. Until that
21 problem is fixed, and, by the way,
22 in Central Islip I also visited with
23 the 11th grade choir, and asked them
24 at the end of that how many of you
25 are going to college? Every hand

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2 was raised, which I think proves the
3 point, that it is not necessarily
4 pouring money into schools. That is
5 going to make them better. A more
6 efficient use of money might be to
7 make sure that kids want to come to
8 school and have a reason to come to
9 school, and I think we have to
10 create that. I think that is an

11 important factor. It could be as
12 just a simple thing as mentoring, or
13 maybe a county program that will
14 allow mentoring, is one for middle
15 school kids will have a great
16 effect. I think, on how kids learn
17 and how that teaching goes on in the
18 high school. Then we see the
19 reports from the district attorney
20 yesterday, and that's one that I
21 have been particularly concerned
22 about for some time as a regent, and
23 that is, as you remember Adelphi
24 University, was, the board was
25 removed and the president was

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removed by the regents, some ten
years ago or more, well before I got
there. And because there were
things that were going on they were
not illegal, they were not things
that the district attorney would

8 pick up on, but there was created at
9 Adelphi a culture of entitlement, a
10 culture where the board and the
11 president felt that because they
12 were there on the board that the
13 fact that they were getting
14 contracts, giving contracts out,
15 even with recusals, was okay, and
16 the fact that there was self serving
17 or nepotism was going on was okay.
18 These are not illegal things.
19 Nevertheless, the regents could take
20 action, because we can remove
21 trustees from misconduct, neglect of
22 duty, which was the term used to
23 remove the board at Adelphi. We
24 cannot do that with public school
25 boards. And, yet, I do believe

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there is a need for someone to be
made an example of and not to make
an example of someone, but more

5 importantly for all the other school
6 districts in this state.

7 I was chair of Long Island
8 University when Adelphi went through
9 their problems, and I can tell you
10 that every other university in the
11 state, including ours, made sure all
12 their practices were right, made
13 sure there was no self dealing, made
14 sure there was arm's length
15 transactions. Unless we have some
16 kind of enforcement, which I think
17 all that is necessary is to go after
18 one school district, not necessarily
19 all of them, I think 90 percent of
20 the school districts are being hurt,
21 because of the ten percent that have
22 this culture of entitlement, and the
23 taxpayers in those districts are
24 refusing to pass budgets. The kids
25 in the district are being hurt

2 depending on what I said before, if
3 they're high need or low need
4 districts. That's an area that I
5 would love to see the Suffolk County
6 Committee Commission call upon the
7 state to do even more than the
8 district attorney called for in his
9 report yesterday, which I have not
10 read. I just read the outline of
11 it. He is looking to investigate or
12 calling for inspector general for
13 education to investigate corruption
14 and criminal conduct. I would say
15 that we need to go further, and
16 investigate and have someone there
17 to at least investigate upon
18 complaint the kind of self-serving,
19 self dealing, nepotism that goes on
20 in some districts. But,
21 unfortunately, there are districts
22 that Newsday reports upon. So,
23 people think it is much more endemic
24 than it really is. It does not
25 matter. People wash with a broad

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2 brush on that idea. I think the
3 state department of education, which
4 had been decimated under this
5 administration, we have lost a
6 thousand out of our 3000 employees
7 in Albany who used to do some of
8 this stuff, used to be able to do
9 some of the monitoring of school
10 districts, needs to have the kind of
11 resources to do the investigations,
12 to be a monitor and to at least
13 respond to public complaints which
14 we cannot do right now. "We"
15 meaning the state department of
16 education as the regents controls
17 the commissioner, not the state
18 department. I think that aspect of
19 getting control, is so important and
20 should be one of your first
21 priorities. Working with the
22 district attorney's office to maybe
23 modify some of things that he was

24 talking about I think it will be
25 very important for you to do that.

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2 Some of the cost cutting measures
3 that were mentioned I think were
4 great. I think I have heard some of
5 this before, not all of them. I
6 think some districts are beginning
7 to do that cooperative kind of work
8 now. Perhaps in even some other
9 areas transportation could be used.
10 It would be, in my opinion, it would
11 be great to have some consolidation
12 of school districts.

13 I do know as a former member of
14 the Michigan State Board of
15 Education, 30 years ago, when we
16 tried to consolidate school
17 districts I had my head handed to
18 me. I'm not going to recommend that
19 to anybody in elected office. With
20 that, I really would love to look at

21 the results of what this commission
22 is doing. I commend you for your
23 work. Thank you.

24 HONORABLE CHAIRMAN D'AMARO:

25 Regis Phillips (phonetic

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spelling) thank you very much for
3 your comments. We appreciate that
4 you took the time to address us.

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What I would like to do now, is

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the State Comptroller's Office,

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before you come up because we have

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some cards here of people who would

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like to be heard, really your

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presentation is also for the benefit

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as much for the commission as for

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the public, I think what I would

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like to do, because we had a delay

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in getting started is go to the

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public comment and save your

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presentation for the end, unless you

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have a deadline or scheduling

18 conflict; is that okay?

19 MS. YRUEGAS: All right.

20 HONORABLE CHAIRMAN D'AMARO: I
21 very much appreciate that. With
22 that said, I'd like to then move
23 onto what we call the public portion
24 of our public hearing, and go right
25 to all the individuals who have been

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kind enough to full out a card.

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I'll start with the first one. Once

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again, please be reminded, just in

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the interest of time, we ask that

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you gather your thoughts, think

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about what it is you want to say.

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You will be limited to five minutes.

9

The first individual will be Borris

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F. Griff (phonetic spelling).

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Mr. Griff, good evening.

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MR. GRIFF: Good evening.

13

Chairman D'Amaro, Legislature

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Losquadro, members of the committee.

15

I prepared a letter. It is a

16 little longer than five minutes.
17 I'll scan through it rapidly. I
18 have some information that I'd like
19 all the members to have, a copy of
20 the letter, copy of the Center
21 Moriches Teachers' Contract, a copy
22 of the budget presentation for
23 Center Moriches School District, a
24 copy of New York State Property Tax
25 Report Cards, and some interesting

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information, as well as a letter I
3 presented before a commission to
4 evaluate school district funding.

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HONORABLE CHAIRMAN D'AMARO: Sir,

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if you could just start, in order

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for us to hear you, you have to put

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your mouth right up to the mic. You

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have to lean right into it.

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MR. GRIFF: Is this a volume

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adjustment or -- all right.

12

My name is Borris Griff,

13 appearing today as an individual
14 homeowner and tax paying resident of
15 Center Moriches. I'm also the
16 Vice-president of -- just briefly I
17 got involved with the school
18 taxation and financing issues a
19 number of years ago when Center
20 Moriches was inflicted with a 38
21 percent tax increase. I filed an
22 appeal for review of the
23 commissioner of education in the
24 State of New York. The school
25 district had violated the property

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2 tax report cards. My appeal was
3 dismissed on the basis it was
4 untimely. The school district,
5 basically, got away with violating
6 state laws, and this issue was not
7 addressed by responsible government
8 officials. All right.

9

Prior to filing my appeal I

10 joined the Center Moriches School
11 District Budget Advisory Committee,
12 which sadly appeared for more of a
13 public relations maneuver than a
14 true form to review expenses. The
15 following year I ran for the school
16 board. Interestingly, the five
17 individuals running that year, two
18 of the individuals had support and
19 backing of Center Moriches Teacher's
20 Association. The representative
21 teacher's union won. The past
22 year's school board election three
23 individuals ran, two being community
24 involved although relatively
25 independent candidates, and one

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being supported publicly with local
press letters by two members of the
current school board. The latter
candidate won the election. It is
very, very difficult to get truly

7 independent individuals on the local
8 school board. And typical within
9 our local individual school boards,
10 five individuals not necessarily
11 having business management or
12 financial accounting training, have
13 the capacity to set budgets, put
14 those budgets up for vote, within a
15 framework -- any proposition -- the
16 most precious aspect of many
17 people's lives, the children. These
18 budget votes conducted during
19 special election dates in May and
20 upon the school board's discretion
21 having a second budget vote at a
22 latter date. The first budget
23 presented passed. The five
24 individuals serving on the school
25 board after subtracting state aid --

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4

can effectively leave the balance
within taxes on a community
taxpayer's residence. These taxes

5 representing a single larger get
6 percentage of the property tax bills
7 and appear having a severely small
8 disproportionate amount of effective
9 government oversight. There is no
10 question that tax paying residents
11 and businesses, the people who pay
12 in the school districts deserve far
13 more respect than they are now given
14 by many school boards across Long
15 Island and certainly with Suffolk
16 County. Various scandals,
17 continuous tax increases, wasteful
18 overspending, outright contempt for
19 tax paying residents in local school
20 systems. These situations must be
21 addressed. I applaud the Suffolk
22 County Legislative Commission for
23 taking steps to look deeply into
24 these serious matters confronting
25 our residents.

2 In regard to the current
3 commission's mission I would like to
4 make the following comments and
5 suggestions. I believe these
6 numbers from the 2005, 2006 Center
7 Moriches School District are fairly
8 representative of the other local
9 smaller similar school districts.
10 I'd, also, like to mention one
11 school district for comparison
12 within Suffolk County. The Commack
13 School District. Although being
14 larger by almost five and half fold
15 it's education performance number is
16 shown within a recent Newsday
17 article, the state education
18 department -- surpassed Center
19 Moriches at a total average cost of
20 the students, 18 percent less than
21 Center Moriches or \$16,260 per
22 student during the same timeframe.
23 Very interesting. Right there
24 they're getting better education
25 performance at 18 percent less.

1

2

Somebody should talk to somebody at

3

Commack. There is certainly room

4

within our school district finances

5

to reduce expenses without hurting

6

education. Right now, in Center

7

Moriches, the budget for 2005, 2006

8

numbers, the budget is \$28,367.00.

9

There were 1421 students enrolled.

10

The average total cost per student

11

\$19,892. Think about that.

12

CO-CHAIR LOSQUADRO: I don't mean

13

to interrupt, but I have to ask you

14

to wrap it up. I know five minutes

15

goes a lot faster when you're

16

speaking.

17

MR. GRIFF: May I wrap up with

18

three very rapid points, or just a

19

few quick synopsis from my

20

paragraphs. Please review the

21

current student loan class size and

22

teacher utilization. Right now in

23 the union contract the maximum
24 students the teacher teaches is 150
25 students a day. Under the union

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2

contract 29 students right now

3

they're certainly not teaching 150

4

students per day. The class size is

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typically 20.

6

HONORABLE CHAIRMAN D'AMARO: Mr.

7

Griff, I'm going to have to ask you

8

to complete your presentation at

9

this time. We have your written

10

comments, and I appreciate that you

11

put this all down into writing. But

12

in the interest of time I'm going to

13

have to move on.

14

MR. GRIFF: If I may, I applaud

15

the commission. Please address

16

these issues. They're effecting our

17

retirees, our young. They're

18

serious issues. They're not easy to

19

address. They're going to take a

20 tiger to take care of it.

21 Thank you.

22 HONORABLE CHAIRMAN D'AMARO: Have
23 a good evening. Thank you.

24 The next person is Robert E.
25 Perso (phonetic spelling).

36

1

2 Good evening, and welcome.

3 Thank you.

4 MR. PERSO: Thank you for
5 allowing me to speak before this
6 commission. I am a Connetquot
7 resident, a residential taxpayer in
8 Connetquot. I just want to make a
9 couple of points about Connetquot
10 before I get to my position. You
11 will know why.

12 Recently the statistics in
13 Newsday stated that 45 percent of
14 our eighth grade students who took
15 the state English ART exam failed.
16 They're all 9th graders now. Also,
17 that's a tough one. You can swallow

18 that one.

19 Anyway, in May 2006 before the
20 Connetquot School District budget
21 vote our superintendent and
22 administrators informed the voters,
23 publically, that if we did not pass
24 the budget they would cut sports,
25 music, and they would cut full day

37

1
2 kindergarten to half days. That is
3 a very interesting tactic. It is
4 total black male on the voters. The
5 budget passed. If you were ever
6 driving in Suffolk County you will
7 notice when you drive three to five
8 miles in any direction you cross
9 into another school district. There
10 are 70 of them in Suffolk. 70
11 superintendents, a lot of
12 administrators, directors, and
13 assistants. They're all doing the
14 same thing, five miles a part. A

15 little redundant, right? It cost a
16 lot of money. I tried to figure out
17 how much all of their salaries and
18 benefits and perks and everything
19 else they're getting, car
20 allowances, it came out to like two
21 billion dollars a year; okay.

22 Now, here is my point. If it is
23 costing us all that money with these
24 70 school districts, and there are
25 all kinds of problems in all of

38

1
2 these school districts, why don't we
3 consolidate the 70 districts in
4 Suffolk County into one school
5 district? You have one union
6 contract. You don't have that many
7 contracts for transportation.
8 Custodial work. Everything else is
9 one unit. What is the first thing
10 that happens if you ever
11 consolidate? The taxpayers and the

12 businesses would have almost two
13 billion dollars to spend. Suffolk
14 County would be rich in it's
15 economy. Everyone would want to
16 move here, what does it do? There
17 are a couple of other things it
18 does.

19 It lowers the taxes for everyone
20 in the entire county. The economy
21 gets better, because there is more
22 money being spent by the residents
23 and business.

24 BOCES is right there. They can
25 help and do anything that is needed.

39

1

2 The children and all the students
3 are getting a unified education,
4 whether they live in Riverhead,
5 Wyandanch or wherever, all the
6 places. The gentlemen said where
7 there is tough times they all get
8 the same education, and everybody

9 gets the same pay who is employed.

10 CO-CHAIR LOSQUADRO: One minute.

11 MR. PERSON: Okay. If you don't
12 address the problem -- I said BOCES
13 was already in place. If you don't
14 address this problem, and I mean,
15 you, the committee, every resident
16 and every business in Suffolk County
17 will soon go directly to the
18 financial gas chambers.

19 HONORABLE CHAIRMAN D'AMARO:

20 Thank you, appreciate your comments.

21 The next person is Lou Marchosea
22 (phonetic spelling).

23 MR. MARCHOSEA: Good evening. My
24 name is Lou Marchosea. I'm the
25 Chairman of the Brookhaven Citizen

40

1

2 Against Higher Taxes. In 2004 we
3 stopped Brookhaven Town from
4 implementing the two percent real
5 estate tax that every homeowner, if
6 you sold your home, would be

7 charged. We thought that was a bad
8 tax policy. In 2005 we stopped
9 Brookhaven from taking over eight
10 properties in the Port Jefferson
11 Station Terryville area through the
12 process of eminent domain.

13 I'm really going to focus on
14 activity. There are really no
15 complaints here. There are four
16 things we need to do.

17 One, we need to redo the formula
18 in New York State where there is
19 equal distribution of our dollars.

20 Two, we need to replace our
21 property tax system with an income
22 tax system for a variety of reasons.
23 One, it's a fairer way of taxing
24 people. Everyone, if you have a
25 condo, if you're a renter, if you

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work here you receive the benefits,

3

you go to school, you're paying your

4 fair share, and by doing that that
5 will decrease the amount of property
6 taxes that's required. There are
7 several, at the end of this process,
8 not today, I'll present a document,
9 a white paper that actually
10 articulates the income tax verses
11 property taxes where they have been
12 implemented up to 25, 30 percent.

13 Three, we need to consolidate,
14 you're absolutely right, Dr. Laria,
15 business functions.

16 Just a little bit of my
17 background, so I have some
18 credibility when I talk about
19 consolidation functions. I own a
20 computer consulting firm for 10
21 years. I have worked for some of
22 the largest companies. I worked for
23 International Paper. I also worked
24 in the government. I was director
25 of computer processing for New York

1

2

Transit Authority. In that

3

environment in the late '80's, early

4

'90's, I took over the department

5

because I was hired, specifically,

6

to do this task. I took a disparege

7

inventory system throughout New York

8

City, 80 warehouses where they had

9

multiple systems that were not

10

integrated that an inventory system

11

up to \$500,000 because they were not

12

centralized, and they did not enable

13

computer technology. At the end of

14

that two-and-a-half year process

15

that cost them \$8,000,000. We were

16

able to take inventory levels down

17

to \$200,000 because of knowing

18

exactly where your inventory is.

19

I really want to focus on the

20

consolidation of business functions.

21

I think the consolidation of school

22

districts probably are not going to

23

work in the short run. If it does

24

have a long run I'm just going to be

25 really dead, under. I also worked

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1

2

three years as a management

3

consultant for the New York City

4

Board of Education. I know that

5

system quite well. I've been a

6

part-time instructor at the

7

university. You can take the

8

purchasing system, and I want to

9

focus on that system, and

10

consolidate that at the county level

11

and there are two benefits that you

12

derive from that.

13

One, it is the same business

14

function throughout the county and

15

you see benefits by decreasing of

16

staff, and you do receive the

17

economy upscale when you do that.

18

Two, is the purchasing power.

19

You will be able to buy pencils, a

20

thousand pencils, a lot cheaper than

21

you can buy 500 pencils. There is

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no doubt. I certainly do know if I

23 was given the responsibility, which
24 I'm certainly not seeking, I
25 certainly offer the commission my

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1
2 services for free, no charge,
3 because I do care about my
4 community. In January a decision
5 was made to convert the entire
6 purchasing system throughout Suffolk
7 County, enable it with technology,
8 and implement that in one year.
9 There is absolutely no doubt about
10 that. That is a multi-year,
11 multimillion dollar savings by
12 consolidating functions. What other
13 functions that get caught up in that
14 is the accounts payable, accounts
15 receivable.

16 CO-CHAIR LOSQUADRO: One minute.

17 MR. MARCOSEA: The reason that I
18 certainly would not push for
19 consolidation of school districts,

20 even though I'm for that, it is not
21 realistic to happen in the short
22 run, and we would be waiting too
23 long. I think consolidation of the
24 functions and reducing the head
25 count and using the purchasing power

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makes a lot of sense, and that could

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be done in January, and that could

4

be done in one year with direct

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return to the public. I want to

6

thank you for the opportunity. I

7

know I spoke fast. I didn't want to

8

go beyond my five minutes.

9

HONORABLE CHAIRMAN D'AMARO: You

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said you have four recommendations.

11

I only caught three.

12

MR. MARCOSEA: Yes, the last one

13

this has to do with the emotional

14

aspect, thank you for asking that,

15

is that we should only vote on the

16

school budget once. I think people

17 get turned off morally. Their
18 energy is drained when they say,
19 look at what they're doing here.
20 The two school budgets, we don't
21 have a chance to vote for any other
22 candidate. You get two shots at it.
23 I'm sure that Baroca (phonetic
24 spelling) from Islip would certainly
25 like to run next week.

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2 Unfortunately, you get to run one
3 time.

4 I think the school budget vote,
5 by really putting that out there,
6 will create such a symbol that we
7 are seriously reformed. That you
8 get one shot at the apple, and
9 whoever wins that battle, wins that
10 battle. Thank you. I appreciate
11 that.

12 HONORABLE CHAIRMAN D'AMARO: All
13 right sir, thank you very much. We

14 have other public hearings. I'll
15 invite you, and everyone else, to
16 come down and if you want to
17 continue your dialogue we'll be in
18 Hauppauge next week.

19 MR. MARCOSEA: Yes, I intend to
20 do that.

21 HONORABLE CHAIRMAN D'AMARO: The
22 next person we have is Pam Farino
23 (phonetic spelling).

24 MS. FARINO: Thank you very much
25 for allowing me to speak to the

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2 committee.

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I am a parent of two school
children, a sixth grader and a third
grader in the Smithtown Central
School District. I have been one of
the lone parents for the last four
years attending school business
district meetings, which is really
sad, pathetic, however, you want to
put it, when we are a school

12 district of 10,900 students. Yet, I
13 am one of five to ten people in the
14 audience every two weeks. I have to
15 leave here to go to the next
16 meeting.

17 I would like to thank you for
18 taking the first step in trying to
19 have a meeting of the minds to
20 consolidate. I have had the
21 opportunity -- my daughter is a
22 figure skater, I get up at 5:00. I
23 did have the opportunity to print
24 out the grand jury report. I urge
25 all of you to read it. The bulk --

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2 it is 348 pages. The bulk is really
3 said in just over two. There is so
4 much in there that you can learn
5 from, that we can take notes from.
6 I'm trying to figure out if my
7 school district is 62 or 64. I'm
8 pretty sure it is one of them. I

9 would like to give a couple of
10 suggestions that you might want look
11 into.

12 Accounting. I know so many
13 things we are coming to you with are
14 out of your control. However, you
15 are the county, and you can go to
16 the state for us, the residents.
17 One of the other things I've been
18 thinking of is vocational
19 opportunities for special ed
20 students. They're not declassified
21 until the age of 21. They need to
22 have some type of program to be
23 trained for. I think too often
24 small school districts, even mine,
25 which does not have such a great

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special ed department do not try to
step out and help these children.
They need to have that safety net at
21, 31, 41.

6 Another thing that was also
7 brought up in the grand jury report,
8 a lot of the funding that is being
9 done and the allocations that are
10 being made for grants is being
11 wasted. It is not being spent on
12 the program. Maybe the county wants
13 to save steps. Maybe the county
14 wants to be the one to decide on
15 which program gets those grants.
16 The only other comment I would like
17 to make is I have noted that our
18 school district complains that they
19 never get very many bids in. Part
20 of the reason is that they don't put
21 it out in any of the trade
22 publications. They only put it in
23 the local papers.

24 Therefore, if there is more
25 companies looking they're not going

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2

to find since most of them are

3 probably looking in the local
4 papers.

5 I thank you, and I support you.

6 HONORABLE CHAIRMAN D'AMARO:

7 Thank you very much. I appreciate
8 your comments. The next person is
9 Louis Perlmutter (phonetic
10 spelling). Good evening.

11 MR. PERLMUTTER: Good evening.

12 My name is Lou Perlmutter. I'm
13 retired and getting very
14 uncomfortable with the school
15 situation. I've always believed in
16 quality education. Our kids deserve
17 it. I'm a new resident of South
18 Country, an old resident of Sachem.
19 After my boys graduated I left
20 Sachem District. The reason is
21 evident. When I read today's
22 Newsday I said to myself, God Bless
23 the Suffolk County Grand Jury. God
24 Bless Mr. Spotta, Mr. Hevesi, and
25 God Bless Steve Levy in his

1
2 commission. I think it is so good
3 that finally people are looking for
4 solutions for the problem that
5 exists in our area. I just hope
6 that I'm alive to see some of the
7 fruits of your labor, because these
8 things have a way of getting lost,
9 and I think one of our biggest
10 problems, based on my recent
11 experience with some of our
12 representatives in state government,
13 is that we have a tremendous problem
14 in Albany to get funding back to New
15 York. If you read your literature,
16 now that elections are here
17 everybody is getting more money for
18 Long Island than ever before.
19 Everybody is fighting for more
20 dollars, but what is really
21 happening is we're still struggling,
22 and the tax payer is being asked to
23 foot the bill. My talk tonight is
24 focused on cost control.

25

Dr. Laria, I really commend the

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functional consolidation. It is a

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great beginning. I think Steve Levy

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is right on with that. But I, too,

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favor looking at the possibility of

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consolidating school districts in

7

Suffolk County, and, maybe, some day

8

we'll be ready to say Nassau and

9

Suffolk should combine to do the

10

same. The duplication and the cost

11

of the school districts is

12

tremendous, and compared to New York

13

City, I'm not doing it on a quality

14

basis, comparing to their

15

organization to what we have here,

16

70 districts. Do 70 districts need

17

70 superintendents and assistants?

18

The cost with benefits is just -- it

19

is really burdening us.

20

I, also, believe that school

21

budgets should never exceed the cost

22 of living, or 3.4 percent, whichever
23 is lower. The issue that always
24 gets argued about that is school
25 districts can't live with the caps.

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2 Well, putting aside oil and electric
3 costs the number one items that
4 keeps get written up in the paper
5 are the costs of living, increase to
6 the teachers' pensions. There are
7 so many issues there that I could go
8 on and on. That one always seems to
9 be written about, but nothing is
10 done about it.

11 I really believe it is going to
12 take some movers and shakers. I
13 think the legislatures here on Long
14 Island, along with the assembly
15 people and the state senators,
16 really ought to unite to stand up
17 against the unions, because I think
18 the union thinks the taxpayer's

19 pocket is endless. I would like to
20 see renters, as well as homeowners,
21 share the cost of education. That
22 is why, again, I believe that the
23 income tax is probably going to be
24 our answer. Provided, I'm saying
25 this again later, provided it

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2 completely wipes out the school tax
3 budget. The school tax bill, on our
4 bills, I keep seeing quoted in the
5 paper that our school taxes account
6 for, in the neighborhood of 60
7 percent. I received mine recently,
8 and my tax bill is if 84.5 percent
9 of my tax bill. It's kind of high.
10 It's much higher than the national
11 average. It is kind of
12 unreasonable. And economy, I think
13 is running our schools. I think we
14 ought to eliminate late buses, as a
15 way of saving money. It is a minor
16 point. But every little bit helps.

17 The next five points I want to
18 make, always people call me Man of
19 LaMancha, but I would like to see
20 the employee contracts be
21 renegotiated to achieve the
22 following: Strike out the cost of
23 living increases, pensions. Limit
24 pay raises to the rate of inflation.
25 The average worker only received 1.6

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1
2 percent from 2002 to 2005. Increase
3 the amount contributed by employees.
4 When you look at the consolidation
5 of benefits the national average
6 people contribute is roughly eight
7 percent toward their benefits. I
8 believe it is almost nil in Suffolk
9 County. Switch to a 401K pension
10 plan for all teachers without
11 tenure, and all new hires. At least
12 our kids will see the benefit of
13 that.

14 One of the points written up in
15 today's Newsday was teachers
16 collecting pensions and also being
17 consultants to evaluate new
18 teachers. When I went to school the
19 principal and the assistant
20 principal used to do that. I, also,
21 want to ask the following question
22 to consider. Could a one percent
23 sales tax increase be used
24 exclusively to fund schools and
25 reduce the tax burden, as a

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2 temporary measure? John Corzine, of
3 New Jersey, is trying that this
4 year, and, also the New York State
5 Lottery money be returned to it's
6 original intent in funding
7 education, instead of a general
8 fund. I would also like you to look
9 at Mr. Harvey Levinson's (phonetic
10 spelling) recommendation made at one

11 of our meetings. He has written up
12 an excellent proposal concerning the
13 income tax possibility. But, again,
14 please be careful. We don't want to
15 see school taxes and income taxes at
16 the same time. Thank you for your
17 time.

18 HONORABLE CHAIRMAN D'AMARO:

19 Thank you.

20 Next is Mr. Victor Emanuel
21 (phonetic spellong).

22 MR. EMANUAL: Thank you Chairman
23 D'Amaro. I would like to thank the
24 commission for allowing me the
25 opportunity to speak. My name is

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Victor Emanuel. I'm the President

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of the Suffolk County Association

4

for School Business Officials. I

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would like the commission to know

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that our association would be

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willing and able to assist you in

8 any way in helping with the various
9 charges of the commission. I am on,
10 also, the committee with Dr. Laria
11 and Executive Levy to come up with
12 some ideas to consolidate costs and
13 expenses and consolidate any
14 functions throughout the county.
15 Again, we would like to participate
16 in this process as much as possible.
17 We do have expertise in this area.
18 We certainly would like the
19 opportunity to share that expertise
20 with the commission, and the county
21 to help in solving any expenditures.
22 That is certainly our goal as an
23 association to help in that area,
24 and reduce expenditures. Some of
25 the ideas I heard this evening,

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1
2 through the committee, are excellent
3 ideas. Some of them certainly will
4 work. Some of them need to go
5 beyond this commission, and possibly

6 change the regulations and laws that
7 we currently have to abide by, which
8 I don't think is impossible. Take,
9 for example, the Wicks Law with
10 capital projects. I know that is an
11 area that certainly stifles us. In
12 many cases it would save districts a
13 tremendous amount of money with
14 capital projects, and some of the
15 other ideas that we heard today are
16 certainly excellent ones, and worth
17 review.

18 Again, our association is here
19 to assist. Thank you.

20 HONORABLE CHAIRMAN D'AMARO:

21 Thank you very much. We will be in
22 touch with you. Also, we would like
23 to draw on that expertise as the
24 commission moves forward and starts
25 doing some business. Thank you for

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coming down this evening. I really

3 appreciate it.

4 MR. EMANUAL: You're welcome.

5 HONORABLE CHAIRMAN D'AMARO: The
6 next individual requesting to
7 address the commission is Steven
8 Badala. Mr. Badala, good evening.

9 MR. BADALA: Good evening, and
10 thank you for allowing me to speak.
11 And thank you for forming this
12 committee.

13 I'm going to speak on the other
14 side. I don't know if there are any
15 school board members that
16 volunteered to sit on this
17 commission. I don't see any.

18 MR. KADEN: I am. I'm also on
19 South Huntington School Board.

20 MR. BADALA: Any other local
21 school board members volunteered?
22 That's a question. Did any of the
23 local school board members volunteer
24 besides Mr. Kaden?

25 HONORABLE CHAIRMAN D'AMARO: We

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2

had so many requests for volunteers

3

we had to actually turn people away.

4

Many of those were school board

5

members.

6

MR. BADALA: I sit on Connetquot

7

School Board as a trustee. I just

8

got elected. It's like being thrown

9

in the deep end of the pool. All

10

the ideas that everybody has brought

11

up are valuable points. But not

12

have I heard a proactive school

13

board.

14

What I mean by proactive school

15

board is school board members coming

16

to these meetings. I've attended

17

quite a few legislative breakfasts.

18

This is my first of this meeting.

19

I'll be attending a couple more. I,

20

also, volunteered to work with

21

Constant Israel on a project on

22

making schools for fuel efficient,

23

energy efficient, as far as buses,

24 hybrid buses, cost of fuel. We have
25 looked at the cost of energy in our

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2 school district. That committee
3 should be taking off next month.
4 But we have already instructed our
5 superintendent to look at ways to
6 cut; one, overtime; two, to
7 reorganize the work force to make it
8 run more efficiently; three, we
9 instituted new software for buses.
10 I know busing is a sore subject for
11 a lot of taxpayers, that buses
12 should be outsourced. This year we
13 implemented a new software system
14 that saved us a total cost of
15 \$450,000 to our transportation. We,
16 also, have instructed our
17 transportation department to look
18 into, and we are going to do this
19 program of buying, it might be a
20 little heavy, but it could save us
21 some money down the road, as far as

22 buying retread tires for the rear of
23 our buses, which saves \$400 a side.
24 The fronts can't use them. The DOT
25 said retreds can't go in the front.

62

1
2 Over a hundred buses at \$400 a clip
3 is a lot of money.
4 Just to address the gentleman
5 who was up, first, about running for
6 the school board. This year I ran
7 against a woman who had a lot of
8 money. The teachers association
9 backed me along with the rest of
10 unions, and it is possible to beat
11 somebody with all that support. I
12 am a taxpayer. I am retired from
13 the New York City Police Department,
14 living on a fixed income. I still
15 have two children in the district.
16 There are ways to cut out without
17 cutting the quality of education
18 that our children need. We are

19 working towards that, and one way is
20 a proactive school board. And I
21 know in the past, just listening to
22 people in my own school district,
23 people get elected to school boards.
24 They think they just sit in the
25 chair, raise their hand and say yes,

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2 yes, yes, no, no, no, and sometimes
3 the power goes to their head. You
4 have to look at all the issues,
5 everything that surrounds
6 everythign. The insurance costs.
7 We're looking into reducing our
8 Workers' Comp costs. We are
9 probably one of the last districts
10 in Suffolk County that still, our
11 teachers still don't pay any health
12 or medical benefits into the system.
13 Our teachers have been out two years
14 without a contract. It is very
15 difficult to get them to the table

16 to see that, you know what? There
17 is not a barrel full of money that
18 we're going to put out there for you
19 to take. Money does not grow on
20 trees. So, it is time for them to
21 kick in health benefits, and we're
22 working towards that.

23 It has to be a cooperative work
24 between the school board, the people
25 in the community, and the

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administration, along with you
people up here, the state, and as
long as we keep lobbying I think we
can get the money deserved
throughout our districts. We are
getting short changed.

HONORABLE CHAIRMAN D'AMARO:

Thank you, sir.

Next is Greg Gorman. Good
evening.

MR. GORMAN: Good evening.

13 Dr. Laria, I agree with
14 everything that Steve said. I also
15 think we can go a little bit
16 further. There are a couple of
17 things we ought to look at. We
18 should start destroying some myths.
19 One myth is seniors that are
20 leaving, because it is not. It is
21 the economic strength of Long Island
22 that is going somewhere else, and
23 they're going somewhere else because
24 they can get a house for \$300,000
25 with \$3,000 tax, and our communities

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2 are now being formed, because those
3 people want their children living
4 down the block. We can't do it
5 anymore in Long Island and pay what
6 we're paying now. It is the taxes.
7 Listen to the Rousch (phonetic
8 spelling) Report. It is the taxes.
9 So, I agree. All your suggestions
10 make a lot of sense. We ought to

11 start looking at some of the myths.

12 Let's take class size, for
13 example. I know that you're a
14 superintendant of schools. I know
15 that when I tell you that there is
16 not a class size study anywhere in
17 this United States of America,
18 that's accepted by the State of New
19 York, that states reducing class
20 sizes from 35 to 25 produces better
21 academic result. As a matter of
22 fact, they state the exact opposite.
23 They state the way to get a better
24 result is to reduce the class to
25 below 16, which is where we have our

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2 special ed. We know there is some
3 improvement between 16 and 20 in the
4 first three grades of education. I
5 don't care if we're talking about
6 the Tennessee Report, the California
7 Glass and Smith, whatever. They are

8 all saying the same thing. I think
9 you know that. If we can eliminate
10 that myth we can start saving some
11 money right away. If anybody can
12 come up with a study that says
13 anything different from what I'm
14 saying right now I'd appreciate it.
15 I have a school district where the
16 average class size is supposed to be
17 28, and 75 percent of the periods
18 are below 25 students in the high
19 school. Actually, mostly they're
20 between 18 and 23. We're doing a
21 lot better. That is one myth we've
22 got to look at. There are a lot of
23 other myths about education that has
24 to be reexamined.

25 Can we put together a better

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school district with perhaps larger
class size up from the third grade
up, lower class sizes up to the

5 third grade, put the education
6 strengths where we need it? I think
7 so. I think if you, gentlemen up
8 there, particularly you educators
9 let these other gentlemen know that.
10 Gentlemen, I would be more than glad
11 to share any studies that you want
12 to see that state exactly what I'm
13 stating. That's one way of saving
14 some money, locally. Another myth.
15 Income tax is going to help us.
16 How? You put a statewide income tax
17 together and our money is going to
18 go to New York, and we're going to
19 pay more money. It does not work.
20 Get rid of Sheldon Silver, break the
21 democratic hold on the assembly, and
22 then maybe we can talk about it.
23 Everyone who is a politician up here
24 knows exactly what I'm talking
25 about. Explain that to the

2 educators. Let's get real. What
3 are we going to do? How are we
4 going to keep the families here? I
5 am happy to have my mother live a
6 block and a half away. My daughter
7 lives on my block. I have another
8 daughter in the same school district
9 as me. All my kids live around me.
10 Am I going to be the last Long
11 Islander that is going to be able to
12 brag that? Is it really more
13 important to spend \$20,000 per
14 student than it is to have the
15 children who graduate be able to
16 live in our community? That's all
17 we're really addressing here. Those
18 are the real serious issues. How
19 are we going to maintain the quality
20 of life and continue to pay the
21 municipal employees what we pay
22 them, which is a shame. I'm going
23 to suggest a new tear. You can't
24 change what you have already offered
25 people.

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CO-CHAIR LOSQUADRO: One minute
left.

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MR. GORMAN: I'll be done in less
than that.

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You can put in a new tear and
you can make it more realistic like
the other gentleman suggested. We
don't have to have 20 steps up, 20
steps across, which is a big part of
the problem. You need a middle
number, that you're always going to
be able to retain. Senior techers
leaving, new teachers coming in with
a straight number. I would like to
see that number around 65,000. I
would rather pay more in the
beginning and less at the end as a
suggestion. Thank you.

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HONORABLE CHAIRMAN D'AMARO:

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Thank you for your comments.

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Next on the list is John Hall.

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Thank you.

24 MR. HILL: Thank you very much.

25 Actually it is John Hill, I

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2 apologize. It's my bad handwriting.

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I'm a resident of Farmingville,
graduate of Sachem School District,
class of 1982, currently have two
sons in the same school district
right now. I know there is another
committee, the Homeowners Tax Reform
Commission, that focuses primarily on
the revenue side of the equation,
and, again, not to say that is not
an important aspect of it. At the
end the day, to some degree, we are
kind on squeezing the balloon.
Obviously there are certain amounts
of dollars to be collected. Where
they come from, not a more palatable
and equitable way of doing it. But,
obviously, this commission, I guess
is focusd on the cost aspect.

21 Newspaper had been raising, and
22 rightly so, the issue of taxes and
23 other high costs on the island,
24 maybe irresponsibly so in terms of
25 focussing on the mass exodus on the

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2 island. Not to say people are not
3 moving away because of some of the
4 tax issues, and that is going to
5 happen. At the same time, too
6 economics would dictate, I guess, if
7 everybody was leaving, and nobody
8 was coming here the prices of houses
9 would be dropping and they're not.
10 Suffolk County in the last quarter
11 prices went up by one percent. So,
12 the people are coming to the island,
13 and people are leaving for various
14 reasons. Obviously taxes are an
15 issue. People have jobs, move off,
16 retire, move to other locations.
17 Taxes are a major issue that people

18 have to deal with.

19 One of the things that in
20 looking at the committee, again, I
21 don't have any magical answers and
22 such, I guess that is the drive of
23 this commission to try to tackle
24 that area, but one of the things I
25 have never seen in terms of any

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2 studies or any discussions about are
3 the people that are leaving to move
4 to other states for various reasons
5 often focus on the issue of taxes.
6 They are moving to states that have
7 not only lower property taxes, but
8 in some states have no state tax.
9 States such as Florida, Texas, and I
10 guess just more of the overall
11 question, again, which I don't have
12 an answer to. How are these states,
13 who again at the end of the day have
14 certain amount of revenue to pay for
15 all their services. Including

16 schools. How are they doing that?
17 How is it possible that we have such
18 a high property tax, a high state
19 tax, and other states have lower
20 ones. Is there something that we're
21 doing wrong, that they're doing
22 right? People moving in, just a
23 matter of time before teacher's
24 salary's change, costs go up, and
25 we're ahead of that curve.

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2 Again, I'd love to see a study
3 based upon that aspect of again how
4 are other states doing it, and,
5 obviously, if Albany had the ability
6 to give us the revenue, I guess all
7 studies say we're not collecting
8 rightly. So, this would fix
9 everything, but that's assuming it's
10 not the case. Again, it is
11 something I really wanted to focus
12 on. The states that are currently,

13 most of the people say they're
14 moving to because of lower taxes,
15 how exactly are they doing it, and
16 what, if anything, are we doing
17 wrong?

18 Thank you very much.

19 HONORABLE CHAIRMAN D'AMARO:

20 Thank you.

21 The next person is Charles M.
22 Richardson.

23 MR. RICHARDSON: Good evening,
24 thank you very much for the
25 opportunity to speak. Thank you for

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2 creating this commission to study
3 vital issues for all of us.

4 I have been in education for most
5 of the past 35 years. I'm an
6 engineer turned educator with MS in
7 Secondary Education, teacher's
8 certificates in elementary ed,
9 special ed, and secondary math,

10 physics and general science, all
11 obtained after 25 years in systems
12 engineering. For 15 years my wife
13 and I operated a learning center
14 offering individualized prescriptive
15 teaching in English, math and
16 reading on all levels on an
17 individual basis. During that time
18 I tested and managed programs for
19 more than 2,700 students. I wrote
20 2700 of what today I call individual
21 education plans, IEP's, and I
22 carried them out. I, also, served a
23 term as adjunct professor in special
24 education in reading at CW Post. As
25 a lawyer's stock and trade is

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advice, an engineer's stock and
trade is information. None of what
follows is intended to demean the
work of dedicated local educators,
but to examine the flaws in the

7 system which render their efforts
8 than they otherwise be. One comment
9 on the commission's makeup, is
10 reflecting your desire to include
11 taxpayer advocacy organizations.
12 Ms. Tyson a bright and caring lady
13 but the Long Island -- Coalition
14 supports the campaign of fiscal
15 equity lawsuit which I view only as
16 a campaign against New York
17 taxpayers, but also a refudiation of
18 30 years of scientific research by
19 Eric Candoshack (phonetic spelling),
20 and others, showing that
21 expenditures per pupil bear no
22 relation to pupil achievement.

23 That research goes for some that
24 my colleagues have done on Long
25 Island, too, and one of them will be

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presenting at the next hearing.

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Page two of today's New York Sun,

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which is enclosure M in your

5 enclosure packet, is an article
6 about -- in the New York Sun that
7 talked about a rally today on Long
8 Island for the commission campaign
9 for fiscal equity supporters, and it
10 quoted Ms. Tyson as saying that
11 students of color are not getting an
12 equal education.

13 HONORABLE CHAIRMAN D'AMARO: Mr.
14 Richardson, one of the comments I
15 made in my opening remarks was I
16 would really like to stay on topic.

17 MR. RICHARDSON: I'm on topic.

18 HONORABLE CHAIRMAN D'AMARO:
19 What we are trying to do here is get
20 real, practical suggestions --

21 MR. RICHARDSON: You gotta hear
22 the rest of this.

23 HONORABLE CHAIRMAN D'AMARO: I'm
24 not interested in attacking anyone,
25 a commission member.

2 MR. RICHARDSON: I'm attacking an
3 issue, not a member.

4 HONORABLE CHAIRMAN D'AMARO: I'm
5 requesting you to get to the point.

6 MR. RICHARDSON: I am. The point
7 is that I will be presenting the
8 curriculum science which shows there
9 are schools where children of color
10 do get a good education at less cost
11 of what we're paying here. It does
12 not have to be the other way.

13 The term "fiscal equity" says it
14 all. It is just about money. My
15 organization, the literacy counsel,
16 I founded in 1992 as a consumer
17 advocacy organization in the domain
18 of educational quality gathering
19 research based information to help
20 families and business deal with
21 educational issues. Though there
22 are several issues that need to be
23 discussed, today's testimony will
24 focus only on two topics, learning
25 disability tests and reading

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curriculum. My rule number 1 is

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treat causes, not symptoms. Rising

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school taxes are a symptom. The

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cost in the chain of causes end with

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there being too many children

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referred into special education, the

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largest cohort of which the learning

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disabled "LD" classification.

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Annual cost per student can exceed

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\$80,000 if they are transported.

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Working down the causal chain, two

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factors drive the numbers in special

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ed. First, by the way, the biggest

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cohort of the special education is

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the learning disabled.

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CO-CHAIR LOSQUADRO: One minute.

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MR. RICHARDSON: Okay, I'll go as

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fast as I can.

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The largest cohort of special

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education learning disabled, and

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learning disabled during "LD" tests

23 have never been scientificallly
24 validated for such purposes, a
25 condition ignored since 1978. This

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is all in your written testimony, so

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I'll skip further down.

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In 1991, then Commissioner of

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Education, Thomas Sobel (phonetic

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spelling), told a breakfast at Crest

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Hollow Country Club there is no

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question but that improving

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maintstream reading programs would

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mean fewer students in special

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education. There go the problems

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are not all in the students.

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Now, in your handout of

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enclosures, there's a hadnout that

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I'll be talking more about, item E,

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the cost of ignorance, and there are

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some figures in that, which I'll

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summarize in my next statement.

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Also, the chief cause of "LD"

20 referral is failure to learn to
21 read. You have an enclosure in your
22 packet, enclosure B, which talks
23 about a condition of acquired
24 dyslexia which is quite rapid, and
25 it is related to some of the reading

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methods that are being explored by
3 researches, and I see much evidence
4 of it here that it is not recognized
5 by our school system. More of that
6 in detailed descriptions in future
7 testimony.

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HONORABLE CHAIRMAN D'AMARO:

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Thank you very much.

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The next person on the list is

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Shirley Anderson.

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MS. ANDERSON: My name is Shirley

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Anderson, and 40 years ago I was a

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founder, one of the founders and

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first president of the Suffolk

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Branch of the International Dyslexia

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Society. 65 years ago I was in

18 public school in Hempstead, and we
19 didn't need remedial reading
20 teachers or special ed or that kind
21 of thing. What Charlie is talking
22 about, and what most of you don't
23 understand, that one of our major
24 problems in education today is our
25 lack of teaching the structure of

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2 English language. Now, at a hundred
3 we can say to my mother-in-law, how
4 do you spell, and she never went
5 past sixth grade. I spoke with one
6 of the heads of the English
7 Department at one of our local
8 colleges, recently, and I said, what
9 are you doing about spelling, and he
10 said, kids don't have to spell these
11 days, they have spell check. I
12 wanted to die. The gray hairs for
13 that just does not wash. I
14 recommend to you, if you have never

15 read Rudolph Fresher's (phonetic
16 spelling) book, "Why Johnnie Can't
17 Read", do it. It is about that
18 thick. We recommend it to the
19 parents who have to teach their kids
20 to read themselves. Learning signs
21 say a whole language does not teach
22 the structure of language. If I
23 were to say to you, right now, how
24 many types of syllables are in the
25 English language, you should be able

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2 to come up. But you're not
3 teachers. If I ask it of a teacher
4 they don't know either. If I'm
5 speaking with somebody with a
6 doctorate in English I will say to
7 them, you don't know the alphabet.
8 I can prove to them in 30 seconds
9 they don't know the alphabet. So,
10 your children are taught the
11 alphabet incorrectly, and then

12 they're blamed because they use it
13 incorrectly.

14 We know that 95 percent of the
15 young men in prison today, and 80
16 percent of the young people cannot
17 read, write or spell adequately to
18 function in life. I have spent time
19 in maximum security prisons where
20 these great big guys giving me cups
21 of tea, and we do, also, know that
22 in the black race they have a rhythm
23 to them that they need the phonics,
24 and if any don't get it early on
25 that part of their brain never

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2 develops.

3 So, we will build more prisons,
4 but we're not adressing the real
5 problem of kindergarten, first and
6 second grade, which is you have to
7 do it right. What Charlie is trying
8 to say, we could prevent a lot of

9 the need for money. The
10 International Reading Society was
11 formed a year after Rudolph Freser
12 wrote, "Why Johnnie Can't Read",
13 because they wanted to fight this
14 whole system. I'm old. I'm gray,
15 but I have spent 40 years at this,
16 and I know what I am talking about,
17 and I wish, yes, we need to save
18 money, but we need to educate
19 children, and if we would educate
20 them correctly we will prevent the
21 need for so much money that we spend
22 in all these special programs, and
23 we will save a lot of children from
24 a lot of problems. Thank you.

25 HONORABLE CHAIRMAN D'AMARO:

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Thank you. Next on the list is
3 Mr. Carl Fraser (phonetic
4 spelling).

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MR. FRASER: Good evening. My

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name is Carl Fraser, and I'm also a

7 business administrator. I work in
8 the Town of Islip. I want to first
9 of all, commend the commission's
10 panel for the task they have taken
11 on to improve efficiency, and look
12 at cost cutting in our schools. I
13 would, also, like to echo some of
14 the words of my colleague in terms of
15 involvement, school business
16 officials' involvement with your
17 planning and with the ideas that can
18 come out of such a panel by having
19 us participate.

20 But one of the things I would
21 like to say, let me just say, also,
22 I am on the Board of Directors for
23 the New York State Association of
24 School District Officials. We meet
25 once-a-month in Albany or somewhere

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upstate. We represent the 700 or so
school districts statewide, in terms

4 of planning, in terms of programs
5 that we have prepared to help our
6 colleagues be better administrators
7 of thier jobs. I know there has
8 been a lot of negative press about
9 school administrators, and certainly
10 some of it is deserved. But I would
11 say, for the most part, we are
12 honest, and law abiding citizens.
13 One of the things in terms of cost
14 cutting and efficiencies, as the
15 panel looks at ideas and trying to
16 find ways to help schools reduce
17 taxes, you should also, bear in
18 mind, I'm sure you know this
19 already, that we are faced, school
20 districts are faced with a number of
21 unfunded mandates. So, while we are
22 looking for ways ourselves, even
23 without the panel, to cut costs and
24 find ways of becoming more efficient
25 we are faced with mandates, unfunded

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mandates, from the state. Examples

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of that are the academic

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intervention program where we have

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to hire teachers to help students

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that are failing or not doing so

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well in school to bring them up,

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because tests are being given, and

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we are being measured by our

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performance in terms of our

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students' performance, and compare.

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So, that a point I want to make

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is that we have to find additional

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help for costwise. Also, we have in

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terms of our own operations, because

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of the five-point plan from the

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comptroller we have to hire, we have

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to hire new contractors, and

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internal auditing services, claims

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auditing, et cetera. These are

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additional costs that we have to

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bear. On top of that we are dealing

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with high energy costs that we have

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to meet. We have to heat our

25 buildings, keep our students safe.

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There are a number of costs that we have to deal with, additionally that we are not getting funding for. So, while on one hand we're trying to cut costs and become more efficient, we are faced on the other side with additional costs that we need assistance for.

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I should say, one of my final comments is that in terms of looking for ways to consolidate, one of the things, I don't know if you have considered yet, are partnership opportunities with colleges and universities. We should explore that more to help our teachers in terms of staff development, expose students at an earlier age in the high school to college level courses. I mean, I'm just throwing things out. Certainly, as I said

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23 earlier, we, as school business
24 officials, can be of assistance to
25 you as you plan and make our schools

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2 more efficient and effective. Thank
3 you.

4 HONORABLE CHAIRMAN D'AMARO: Sir,
5 thank you.

6 The final speaker on the cards
7 that I have here is William
8 Kirchner.

9 MR. KIRCHNER: Thank you. My
10 name is Bill Kirchner. I live here
11 in Wading River, and what everyone
12 has said has much merit. In fact,
13 I'll probably push the same items as
14 some already said, and that is
15 consolidation of school districts.
16 We do have a 124 school districts in
17 Nassau and Suffolk, and there is
18 much, much duplication, and number
19 one, we have to remember there is

20 no -- the taxpayer is practically
21 borke as far as paying taxes is
22 concerned. We do have to cut
23 expenses. How and where do you cut
24 them? Getting rid of a late bus, a
25 music program, but that is not the

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2 major thing. The major thing is
3 consolidation, as was mentioned
4 before. I was pleased to hear that.
5 It has to be continued and looked
6 into deeply.

7 The other thing is school boards.
8 Decades ago when they were formed it
9 was a valuable tool. Are they, now,
10 equipped to deal with the
11 professionals, with the union
12 leaders, and so on, in negotiating
13 benefits and salaries of the various
14 teachers, administrators and
15 whatever? I don't know if they are.
16 Perhaps we need a professional

17 negotiating team to act in the
18 general public's interest.

19 MR. KADEN: In general, I think
20 you're implying very few districts
21 of the school boards negotiate --

22 MR. KIRCHNER: All right, fine,
23 however, we do need somebody other
24 than the school board itself. When
25 I say consolidate districts it

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doesn't mean to get rid of the
school board. Keep the school
boards in there. Let them take care
of the local issues. Let somebody
professional take care of the other
issues, the greater issues.

This is a multifaceted beast,
this education, and it has many legs
to it.

We're just attacking a few here.
There are many more to attack. I
don't want to prolong the issues

14 that have been spoken about, so I'll
15 conclude with that. Thank you.

16 HONORABLE CHAIRMAN D'AMARO: Is
17 there anyone else who would like to
18 address the commission, other than
19 the State Comptroller's Office, who
20 is waiting very patiently? Okay,
21 come on up.

22 This evening we have, all the way
23 from Albany, I think, Liz Davis who
24 will present property taxes report
25 issued by the State Comptroller's

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2 Office, and Yvonne Yruegas, who will
3 talk about municipal cooperation.
4 Again, Ladies, thank you for
5 waiting, and, please, go ahead
6 whenever you're ready.

7 While we're waiting, the
8 commission members, after we're
9 finished with this presentation I
10 would ask that you would wait a few
11 minutes so we can talk about

12 scheduling, maybe a couple of work
13 sessions. Of course, they're open
14 to the public as well, where we can
15 start to talk about some of the
16 things that we have heard and carry
17 out in the process.

18 DR. LARIA: Mr. Chairman, while
19 we're waiting, recently this month
20 the county executive, along with
21 Legislature D'Amaro, co-authored an
22 op-ed piece in Newsday entitled,
23 "While We May Not Consolidate
24 Schools, We Can Consolidate School
25 Functions". I believe a copy of

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2 that op ed piece to the editor of
3 Newsday is available for the
4 public, today. If anyone is
5 interested in obtaining that they
6 may do so.

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The op ed piece says exactly what
the County Executive has been

9 striving for in our schools
10 superintendent - statement that
11 dovetails with the charge of this
12 commission. Thank you, Mr.
13 Chairman.

14 HONORABLE CHAIRMAN D'AMARO:
15 Thank you. All set? Please go
16 ahead.

17 MS. YRUEGAS: Ladies and
18 gentlemen, my name is Yvonne
19 Yruegas, and this is my colleague,
20 Liz Davis. Thank you for giving us
21 the opportunity to come and speak to
22 you this evening. And I have to
23 apologize, we understood that we had
24 a bit longer than 20 minutes, so
25 we'll try to get to the point as

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2 quickly as possible.

3 Who are we? We work for the
4 State Comptroller's Office. As you
5 know, the State Comptroller is New

6 York's Chief Fiscal Officer, and as
7 such operate the state's accounting
8 system, formed audits and contract,
9 oversees fiscal affairs of the local
10 governments and the state pension
11 system. Now, Liz and I actually
12 work in the Division of Local
13 Government Services and Economic
14 Development. The mission of our
15 division is to improve the local
16 government and the communities that
17 we serve. We have oversight and
18 support for over 4200 local
19 government units. This is just a
20 quick overview of what our division
21 looks like. Normally you think of
22 the auditing side and auditors, but
23 there is the administration and
24 training side as well.

25 This is just a quick list of some

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2

of our research unit functions. We

3 were created about three-and-a-half
4 years ago to provide additional
5 analytical support to the
6 Comptroller's leadership role in the
7 local government policy and reform.
8 Our division, a lot of local
9 financial data, and it is our job to
10 take that data and see what the
11 story is, identify trends, both
12 existing and emerging. Hopefully
13 the work we do helps to inform the
14 policy makers, as well as the public
15 debate.

16 This is just a quick list of some
17 of the actual publications that we
18 use to get the word out. We have
19 annual reports -- government finance
20 as well as research topics that you
21 might find of interest. All of
22 these are available on our website,
23 and we encourage you to visit that
24 website.

25 Why are we here? We've been

1

2

invited to discuss two reports in

3

particular that are of interest to

4

the commission of the Property Tax

5

Report, which Liz is the head

6

analyst on. That was published

7

earlier this year and the

8

Intermunicipal Cooperation and

9

Consolidation Report, which I was

10

the lead analyst on and that was

11

published in 2003.

12

So, Liz will take over and

13

address the property tax report and

14

I will be back after that.

15

MS. DAVIS: Thank you, Ms.

16

Yruegas. I'm going to talk a little

17

bit about property taxes. I'm sorry

18

we had understood we were here to

19

frame the debate. I will try and

20

speed a little bit through my

21

section. You're probably most

22

interested in what Yvonne will talk

23

about. I apologize both if I talk

24

too long and if I speed too much,

25 please feel free to ask questions.

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First of all, I'm going to talk

3

about, basically walk through the

4

property tax report a little bit.

5

But the basic topic that we're going

6

to touch upon, first of all as you

7

all know, property taxes are high.

8

They've been growing very fast, and

9

they're very visible -- that the tax

10

bill everybody sees that. The

11

perception is people believe the

12

taxes are higher on Long Island.

13

We'll talk a little bit about how

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they compare with the rest of the

15

state, and, finally, we'll talk

16

about school taxes which are two

17

thirds of maybe more of your tax

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bill, and we'll discuss school

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property taxes and property tax

20

relief a little bit.

21

First of all, the picture, and

22 you see New York's total taxes are
23 very high. Most of this is due to
24 the fact that our local taxes are
25 high, and, of course, property taxes

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2 are also quite high. As you can see
3 total taxes are 49 percent above the
4 average, property taxes -- the local
5 total tax almost doubled, total
6 local taxes almost doubled the
7 national average.

8

9 Property taxes is the largest
10 source of local revenue. 43 percent
11 of all local revenue, another
12 quarter is state aid, and non
13 property -- property taxes generated
14 \$38,000,000 for local governments in
2004.

15

16

17

18

Just a brief overview of why rely
on the property tax. Maybe we
should have a personal income tax
instead. One reason is it is fairly

19 easy to administer it. It is -- for
20 personal income tax. It is also
21 very much under local control. As
22 you know, probably your sales tax,
23 or personal income tax, also driven
24 by economic cycles sets that rate.
25 But the economy takes over whereas

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2 the property tax rates are set after
3 revenue expenditures are estimated.
4 Although, you can certainly make
5 changes to your budget through --
6 you take the total amount of the
7 levy that you need to collect,
8 divide it by the assessed value in
9 your district and you have an
10 assessed value tax rate. This helps
11 intergrate local governments with
12 schools, particulary from economic
13 downturns and -- but it also has
14 some after effects that we'll talk
15 about in a minute, as to how it
16 impacts tax payers.

17 Another thing, I did not
18 mention, it can hold budget makers
19 accountable. Because to get that
20 bill you have an idea of how fast
21 that is growing and you tend to want
22 to hold people -- because of that.

23 Why not rely on that
24 exclusively? I think a lot of
25 people know that it is already very

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1
2 large. It varies across the state.
3 Some are a little bit more up to
4 date and keep property assessments
5 more even. Other places assessments
6 can be less even, and that increases
7 tax payers' dissatisfaction when
8 they see their neighbor who has a
9 similar type of house, more or less
10 paying less than they're paying.

11 It is, also, not paid by non
12 residents, visitors. For example,
13 the sales tax may be paid by people

14 who come in or visit for vacation,
15 et cetera. These are reasons for
16 that, not to depend entirely on the
17 property tax.

18 Another thing is that property
19 tax is recently the fastest growing
20 tax, the fastest growing source of
21 revenue for local government. But
22 real property taxes are growing a
23 lot faster than sales taxes or state
24 aid. This is not always the case.
25 This is where you kind of come to

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1

2 the nub.

3 As you can see the property
4 taxes have grown by 11 billion
5 dollars or 60 percent in the past
6 decade, 1995 to 2005, that we looked
7 at in our report. That is twice as
8 fast as inflation. Most of that
9 growth was in 2002 to 2005 when the
10 property tax was 42 percent, or

11 almost three times as fast as
12 inflation. Why was that?

13 Well, inflation remained about
14 the same. It wasn't the cost of the
15 services, generally, or market of
16 goods generally. Instead, from '95
17 to 2000 the stock market was
18 booming, the economy was booming,
19 other revenues were booming, sales
20 tax, in particular mortgage,
21 recording tax, things like that,
22 temporary reprieve from
23 contributions to pension
24 contributions, relatively low growth
25 in health care costs before or since

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that period. But in 2000 to 2005 a

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lot of those things reversed

4

themselves. This kind of leads to a

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major point, to a bone of contention

6

for tax payers, and that is that the

7

property taxes tend to grow fastest

8 in tough economic times. It's an
9 insulator, a shock absorber for
10 local governments and school
11 districts, in particular. But it
12 has the most negative impact when
13 taxpayers are feeling themselves
14 least able to absorb an increase.

15 Now, we get a little bit into
16 the regional distribution of
17 property tax. This chart shows that
18 property tax per household are
19 highest on Long Island, considerably
20 higher. In fact, Suffolk taxpayers,
21 along with those in Nassau, Putnam,
22 Rockland and Westchester, pay more
23 than two times the statewide average
24 per household as Lou D'Amaro
25 mentioned at the beginning of this.

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A map just reinforces there are
very strong regional patterns to how
much tax, state per household, how
much is an anomalie. Of course, New

6 York City has a more complex revenue
7 system, so they show up kind of
8 oddly low. Like everybody else they
9 have a personal income tax. They're
10 actually large enough to --

11 Let's look at it from a
12 different prospective. We talked
13 about the assessed value tax rate.
14 This is adjusted for differences in
15 the way that districts assess. In
16 New York State all districts don't
17 have to assess at 100 percent of
18 full market value. To make a
19 comparison we just changed it,
20 actually the State Office of
21 Property Assessment can equalize the
22 assessment value to the full market
23 value estimation. If you look at
24 this you've probably heard Suffolk
25 County tax rates are very low, and

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sure they look low. But how can

3 that be? Right? The key is
4 property value. The value of
5 property in Suffolk and Long Island,
6 in general, is much higher than the
7 statewide average, and since that is
8 one way to measure the ability to
9 pay the value of your home is part
10 of your overall wealth, that is
11 definitely one of the ways we
12 measure tax burden. For example, if
13 everyone's incomes and wealth was
14 much higher in an area you would
15 expect that their ability to pay
16 taxes would be greater. What is
17 behind this number?

18 For one thing, there has been a
19 very recent trend. I'm going --
20 higher in downstate than upstate.
21 In recent years the value of
22 property in Long Island, which is,
23 Long Island, Westchester, Putnam
24 area, is part of what we call
25 downstate, property values have

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risen very fast. 10 and a half percent, or so compared to upstate values two and a half percent. Where as levies, although they have risen faster downstate than upstate, it's not as much disparity in growth rates. And this has lead to an odd situation where not only do they appear to have lower tax rates to begin with, but they have gotten lower relative to everyone else. And for those of you who are less familiar with that, I'm going to run through an example very quickly.

 If you had two houses, one downstate and one upstate, and they both cost a hundred thousand dollars in 1995, they both had a property tax bill of \$2,500 in 1995, that means they were taxed at \$25 per thousand in 1995. Given the rate of growth in property values and

24 property taxes we calculate that
25 downstate house by 2005 would have

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2 been more than doubled, \$217,000,
3 where the upstate house only went up
4 to \$123,000. The property taxes on
5 the downstate house would have risen
6 to \$4,200 or so. The property
7 upstate only to about 3,500. So the
8 rate, although the downstate
9 householder is now paying more than
10 the upstate householder, his rate is
11 lower, has gone down than the
12 upstate householder has gone up.
13 But property value, as we all know,
14 is only one measure of ability to
15 pay.

16 Another measure is income. We've
17 had people talking about why
18 personal income tax would be fairer
19 because you would be taxed on income
20 rather than on property wealth,
21 which is you have to sell your

22 property in order to realize. This
23 map shows just a distribution of
24 levy \$2,000 personal income. As you
25 can see Suffolk falls somewhere in

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2 the middle. It is actually above
3 average. It is about 27 percent
4 above average. However, you can see
5 with good company all those
6 counties, within that same color
7 band, are either just about at
8 average or somewhere between that
9 and about 30 percent above average.

10 Finally, I may just talk a
11 little bit about school districts.
12 As we talked about it it is the
13 largest part of your property tax
14 bill, and they're growing fastest.
15 This, of course, is the largest
16 part, because they consume more
17 resources from their other local
18 governments. Although their local

19 governments have -- state
20 population -- on the education and
21 demand on public education has been
22 escalating to -- no child left
23 behind. All the state regulations,
24 et cetera.

25 The other part of that story is

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2 that school districts rely more
3 heavily on the property taxes for
4 revenues. That may be something
5 that your commission is dealing
6 with. This shows that just over
7 half of school district revenue
8 comes from property taxes, but it is
9 probably no state aid make up the
10 majority of the remainder of that.
11 That is tremendously variable from
12 district to district. In terms of
13 local and controlable revenue
14 property taxes make up almost all of
15 those.

16 So, because of the magnitude of
17 school taxes have been the subject
18 of most property tax relief measures
19 over the past decade. STAR, the
20 most obvious one is a 2.5 billion
21 dollars state funded property tax
22 exemption program. It stems the
23 first \$30,000 of a homeowner's
24 property value on the primary
25 residence. More if you're a low

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2 income senior, and actually more for
3 a certain high cost of living
4 counties such as Suffolk, I believe.

5 So, because of the high cost of
6 living adjustments and because of so
7 much of Suffolk County, because
8 there is a high proportion of
9 residents compared to numbers of
10 household, all together opposed to
11 renters in Suffolk, you're among one
12 of those counties that gets the most

13 STAR per household. That is per
14 total number of household, not just
15 the households that receive STAR.

16 Finally, a quick note on how STAR
17 impacted taxpayers. Just one word,
18 STAR is not actually a tax cut. It
19 is a benefit for those who receive
20 it. It actually transfers the tax
21 burden from homeowners and local
22 school property taxes to taxpayers
23 statewide. Actually, you're paying
24 income taxes, sales taxes and other
25 taxes as well.

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With that being said, for those
of you who receive it, STAR absorbs
some of the increase in costs during
the years that it was being phased
in. As budgets went up STAR
recipients did not see the full
impact of those increases.

However, in more recent years
after it was phased in, those

11 impacts began to be felt in their
12 entirety, that is to say the
13 increase of the prior year, and that
14 lead to tax payers' satisfaction,
15 and finally to the current rebate
16 program on the state level.

17 With that I will hand it over to
18 Yvonne who will talk a little bit
19 about consolidation and cooperation
20 to defray some of the costs.

21 Thank you very much.

22 MS. YRUEGAS: Thank you.

23 So, as I said, I'm here to
24 speak, specifically, on the
25 integration of Consolidation and

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Cooperation Report that was

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published in 2003. So, obviously

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fiscal changes are bound for all

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local governments. We're seeing

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expenditures arising twice the rate

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of inflation. Of course, they're in

8 resources -- and there are a few
9 options for achieving long term
10 fiscal -- stress is what spurs
11 renewed interest in cooperation and
12 consolidation. In 2003, again, I
13 was the lead analyst on this
14 project. I can say that one of the
15 primary reasons that we took this
16 project on was because there was a
17 discernable spike in interest.
18 There were many discussions going on
19 around the state. There were many
20 articles being written, many phone
21 calls. People were at a point, and
22 still are, where something has to be
23 done.

24 So, we had several concerns. We
25 wanted to present something that was

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pretty basic, straight forward, user
friendly tools from the prospective
of a local government official. We

5 present a general discussion, we
6 look at some of the current
7 research, cooperation levels that
8 are already in the state offices,
9 and strategies a list of resources
10 and legal attendance.

11 In addition, we also released a
12 new piece in our local government
13 management guide, which is even in
14 more in depth, step by step guidance
15 for you as you pursue your
16 cooperation and or consolidation
17 opportunities.

18 So, what is cooperation?
19 Listening to some of the speakers
20 already you guys already have a
21 handle on what we're talking about.
22 A cooperation tool or more local
23 governments working together to
24 provide the work and the benefits,
25 of all the municipalities. There

2 are two types of cooperation
3 agreements. You have service
4 agreements, for example, might be
5 Town A providing snow removal
6 services for Town B. You have joint
7 agreements, which would perhaps
8 involve a county or village coming
9 together to operate a sewage
10 treatment facility, or school
11 district working together on some
12 type of transportation service
13 project. One thing I'll say, a good
14 cooperation plan would definitely
15 help communities capture their daily
16 use of technology or equipment that
17 you are operating on your own right
18 now. You might not be able to
19 afford. Hopefully it will eliminate
20 duplication of effort, and in the
21 result in cooperation.

22 You can cooperate any combination
23 of municipal corporation and
24 district. What functions can be
25 performed cooperatively? Article

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5G, General Municipal Law is a legal

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authority and any function that you

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can perform on your own you can

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perform cooperatively, although each

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participant must have statutory

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authority, aside from 5G to perform

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the function.

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What are the barriers to

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cooperation? While most would agree

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that it is a worthwhile pursuit, we

12

don't see as much as we would like

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to see going on. These types of

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issues come into play and can really

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stop a plan in its tracks. Lack of

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trust between potential partners

17

could stand in the way and give the

18

perception that the plan is not

19

going to result in a win-win outcome

20

for each of the parties involved.

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That is if one of the parties is

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feeling they're getting taken

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advantage of. That's obviously an

24 issue. Personalities and disputes
25 in the past can hamper efforts.

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2 Regardless of whether it's a
3 small issue or a big issue it is
4 really important not to
5 underestimate. Again, the
6 personality conflict that comes into
7 play. Because what happens, if you
8 have those issues, it is difficult
9 to bring all the parties that need
10 to be at the table to be at the
11 table. Also, inexperience, or lack
12 of relevant legal knowledge,
13 especically if you're dealing with
14 perhaps new officials that may
15 prevent someone from exploring an
16 initial idea.

17 What is consolidation? I think
18 we talked a bit about the functional
19 consolidations already. But there
20 are times wehn a municipality may

21 determine, indeed, what is best
22 served in their interest is a
23 consolidation, either a service
24 level consolidation, where there
25 might be a combining of say a

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2 building code enforcement into one
3 department, if you merge functions.
4 So you have a two village work
5 departments merge into one. The
6 ultimate form, of course, is merging
7 of the entire local government
8 entity where one disappears. That
9 one we don't see happen very often,
10 even on a national level.

11 Some of the barriers to
12 consolidation, obviously, if you do
13 move in that direction you have to
14 gain and sustain communities
15 throughout the project. This can be
16 difficult because of so many issues.
17 You see people are worried about

18 losing thier jobs,
19 reclassifications, and changes in
20 responsibilty.

21 There is also perception of
22 diminished local accountabilty or
23 lots of community identity. These
24 are very emotional issues, but very
25 relevant to this particular

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discussion. Because it is often
3 these that get into the way of the
4 process.

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So, what oftenn happens, also,
is that it's determined that
consolidaton is the least
politically viable option, so you
may move into the direction of
cooperation, and share services,
instead.

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So, how can you overcome these
barriers? The first thing is to
have a game plan. You need to
identify and acknowledge the

16 barriers and then plan accordingly.
17 Also, we recommend that you start
18 off small. Perhaps pick a project
19 that has a high probability of
20 success as your first project, and
21 build your confidence from there.
22 You can build on the past. If you
23 can find a partner that you worked
24 well with on perhaps that will spur
25 interest in another project, and so

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2 on and so forth.
3 We do think it is important to
4 recognize what is going on cross the
5 state already, in terms of
6 cooperative ventures. In 2004 we
7 saw nearly seven hundred million in
8 recording activities by local
9 governments, more than 3000
10 cooperation agreements statewide, in
11 areas of snow removal, public
12 safety, group self insurance, and

13 sewer agreements. This actually
14 only represents a minimum of
15 activity, because it doesn't get to
16 the handshake agreements that we
17 know are out there.

18 We ask if you do have an
19 agreement put it in writing, please
20 because you will regret it if you
21 don't. We know there are handshake
22 agreements out there. Again, this
23 is something that goes on that we
24 obviously can't measure. It is
25 cooperation nonetheless.

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Some specific strategies? Well,
first you're going to be identifying
opportunities, and then as you do
that you will have to conduct need
assessments in terms of what
functions are beneficial by
restructuring, and part of that is
to obviously identify partners. So,

10 you might be thinking of a service
11 that you can provide to somebody
12 else, or a service that you need
13 that you can get from someone else.
14 Study your options thoroughly, and
15 then focus on realistic programs
16 that show promise from the policy
17 and financial aspect as well.

18 When you get to conduct a
19 feasibility analysis, this will help
20 you determine what makes sense
21 economically, operation.

22 During this stage you will set
23 your goals. You will assign
24 individual responsibilities, and
25 you're going to lay out your

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2 expectations clearly. Once you get
3 to negotiate an agreement these are
4 just some of obviously the issues
5 that you're going to start to
6 discuss, revenue, and cost

7 allocations, manner of employment,
8 compensation of personnel, care,
9 custody and control of equipment and
10 the facilities, liability issues
11 need to be worked out, legal and
12 financial reporting schedules agreed
13 to.

14 Building and maintain support.
15 Again, I said this is one of the
16 most difficult areas. You will, of
17 course, want to involve all of your
18 relative state holders from the
19 onset, and when you start thinking
20 about this process think about
21 community groups, think about all
22 local officials, elected officials,
23 municipal staff, union
24 representatives. When possible,
25 involve the media, but you want to

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get your own story out verses
letting people speculate about what
is going on. That is a problem.

5 The biggest thing. This step
6 speaks -- you don't want people
7 speculating and rumors starting
8 about what is happening, because it
9 could be the furthest thing from the
10 truth. It can stop a plan in it's
11 tracks.

12 Again, this report was done in
13 2003, and a lot has changed since
14 then, particularly with new
15 incentives. I don't know how many
16 of you are familiar with the
17 restructure revenue sharing program.
18 It is now called Aiding Through
19 Municipalities. As part of that
20 program the state budget institute
21 shared municipal services, incentive
22 awards. In 2005, 2006 they were
23 funded at 2.75 million. That
24 increased in the '06, '07 budget to
25 25 million. This program provided

2 funding for cooperative efforts at
3 two or more municipalities -- and
4 shared services.

5 These are the various programs
6 areas, and the Department of the
7 State Administrator's Program, and I
8 just learned, apparently, the
9 deadline for the new applications is
10 October 23rd, and their website has
11 all of the information that you
12 might need. I have included a list
13 of last funded awards that you might
14 find interesting just to read up on.

15 This next is resources for you.
16 NYSAC, which is the New York State
17 Association of Communities. NYSAC
18 has put together a guide for filling
19 out these grant applications,
20 county focussed, obviously you may
21 find some tips in there that will be
22 helpful to you. The attorney
23 general in 2003 also put out a
24 shared services report. That has
25 more of a legal focus. That is one

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of many issues in trying to figure

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out how to pursue cooperation issues

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and consolidation plan, and get on

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with it.

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OSC is a continuing, obviously,

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resource for you. We're now in the

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process of reevaluating our goals,

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because of the fact that you

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recognize this has to happen at the

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local level, we're shifting our

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focus to more of an educational, get

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the word out, put public officials

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in touch with each other, let people

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know what other towns, villages, and

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cities are doing, so we can spur

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interest and exchange ideas. With

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that, Liz and I will take any

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questions that you might have. This

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is our contact information. Thank

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you for having us.

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HONORABLE CHAIRMAN D'AMARO:

23 Thank you, very much for both of
24 your presentations. We really do
25 appreciate the overview and the

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education, especially on the

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consolidation and cooperation

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agreements. Does anyone have an

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questions?

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MS. WILLETT: I wonder if they

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have a list of any cooperative

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ventures that involve school

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districts.

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MS. YRUEGAS: I can't think of

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any at the moment, but I can

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certainly look into that. I can

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give you a card, and if I find

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anything I would be happy to share

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that with you. I know the attorney

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general report, the structure of

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that, is such that he highlights

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specific examples. My guess is

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there may be at least one or two in

20 there.

21 But, again, I'll be happy to give
22 you my card, and if I find anything
23 more I can contact you direct.

24 HONORABLE CHAIRMAN D'AMARO:

25 Okay, any other questions? Once

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2 again, thank you very much. That
3 concludes our first public hearing
4 and I want to thank everyone for
5 participating and being here, and as
6 I said at the outset, this is
7 probably going to be a difficult
8 task, but one certainly that is well
9 worthwhile. Again, thanks for being
10 here, and I look forward to seeing
11 all of you, again, if you want to
12 come here.

13 (Time ended: 8:45 p.m.)

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C E R T I F I C A T E

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4 STATE OF NEW YORK)
 :ss
5 COUNTY OF SUFFOLK)

6

7

I, KATHY J. DROSSEL, a Notary Public

8

within and for the State of New York, do hereby

9

certify:

10

That the minutes herein, is a true

11

record.

12

I further certify that I am not related

13

to any of the parties to this by blood or

14

marriage; and that I am in no way interested in

15 the outcome of this matter.

16 IN WITNESS WHEREOF, I have hereunto set
17 my hand this 28th day of September, 2006.

18

19

20

KATHY J. DROSSEL

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