BUDGET AND FINANCE COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Budget and Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on May 3, 2016.

Members Present:
Legislator Lou D'Amaro - Chairman
Legislator Monica Martinez - Vice-Chair
Legislator Tom Barraga
Legislator Steven Stern
Legislator Leslie Kennedy

Legislator Kate Browning - Excused

Also In Attendance:
Amy Ellis - Chief Deputy Clerk of the Legislature
George Nolan - Counsel to the Legislature
Justin Littell - Aide to Legislator D'Amaro
Debbie Harris - Aide to Legislator Stern
Ali Nazir - Aide to Legislator Kennedy
Katie Horst - County Executive's Office
Robert Lipp - Director, Budget Review Office
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:
Gabrielle Severs - Court Stenographer

(*The meeting was called to order at 10:48 a.m.)

CHAIRMAN D'AMARO:
Good morning, Ladies and Gentlemen. Welcome to the Budget and Finance committee of the Suffolk County Legislature. Please rise and join the committee in the pledge led by Legislator Tom Barraga this morning.

(*Salutation*)

Once again, welcome. For the record, the committee has not received any correspondence this morning. To the clerk, are there any cards this morning?

MS. ELLIS:
No, we do not have any cards.

CHAIRMAN D'AMARO:
Is there anyone present who would like to address the committee? For the record, there's no response. We'll turn now to presentations. This morning, the Budget Review Office and the County Executive's Budget Office are going to dually present the county's annual budget model, so welcome Dr. Lipp and Connie Corso. Thank you for joining us with your staff today, and please go ahead.

MS. CORSO:
I just want to say good morning and thank you for having us. What I thought would be nice for my staff this year is I brought them along with me because I don't think many of you have met them. To my left of me is Beth Reynolds and Stephanie Rubino; those are my assistant budegt directors. Kim Brandeau is my chief analyst, and behind me is my entire staff of analysts, and I thought it was important because they all represent -- each of them has responsibilities for departments: civil service, board of elections, D.A., and I felt that if you had specific questions related to any department, I would bring them forward and also allow them to see how the process goes, so I appreciate you allowing them to attend with me.

CHAIRMAN D'AMARO:
Okay. Then we'll say welcome to Beth, Stephanie, Kim, and the entire staff of analysts. Welcome and thank you for joining us this morning. Go ahead, please.

MR. LIPP:
And I'm just the opposite; I didn't bring anybody from my staff here, and there's a very good reason for that. The reason is we're trying to review the capital program now, so everybody's being sequestered, for lack of a better term, and I have to come out here for all of committee meetings, at least yesterday and today. So good luck with my staff; I think they're listening in, though.

Okay. So another thing to note is that we've been doing for afew years now, and we seem to work well, especially this year. We sort of agreed with a lot of stuff, and one of the interesting ways we're looking at it is we have completely different approaches for how to project, you know, what we think is the numbers and they both came out remarkably close, so that's a good thing.

So you see up on the screen is a breakdown of my numbers, and they won't be exactly the same thing as Connie's numbers, but they add up to about very close to the mark. So basically what you see here is we're looking at a budget model to go through 2017, so it's sort of like looking at a first draft of the 2017 operating budget, which you'll get the third Friday of September from the county executive's staff. What the projection here is a $127 million shortfall in the general fund, a $59 million shortfall in the police district, and if you add the two, it becomes 186 million overall.

A couple of things you should note about it is we assume, for starters, that there's no pension amortization, and there's no borrowing from ASRF. 2017, it's the last year where we would be able to borrow from the ASRF, and after that starting in 2018, we would start to repay the ASRF. The repayment as is scheduled by the 2014 referendum, I believe it was, is over a 12-year period. So what the county could do there, if it chose to minimize the hits early on, is it could pay five percent of the remaining fund balance, whatever the loan was, for 11 years if it opted to go that way, and then in the 12th year, if it did opt to go that way, it would be a balloon payment in 2029, so that's like sort of like setting the stage.

If you'll notice on the screen, there are three years to make up the 2017 budget; the reason being is when we adopted the 2016 operating budget, we had an estimate to 2015. We didn't know what the number was. Now we are very close. We have unaudited numbers. We were off by 16.2 million in the general fund and another 2.2 million in the police district; add the two, it comes to 18.4 million. The point there is we're starting 2016, really, behind the eight ball by 18.4 million. So what I was going to do, unless you want to continue -- we'll figure it out -- I was going to give some of the highlights as to what the different pieces are here for why we observe what we are observing.

CHAIRMAN D'AMARO:
Can you do me a favor and go back over -- the overall is 186 million overall deficit, and that is based on the assumptions of no pension amortization and no ASRF borrowing.

MR. LIPP:
Also no property tax increases.

CHAIRMAN D'AMARO:
And no tax increase, either, in either the property tax, the general fund or the police district, correct?

MR. LIPP:
Correct.

CHAIRMAN D'AMARO:
All right. So you had mentioned that the pension amortization, this is the last year that we could do the borrowing?

MR. LIPP:
2017 is.

CHAIRMAN D'AMARO:
2017 is the last year. Okay. And on the ASRF, what were your comments on the ASRF?

MR. LIPP:
So we borrowed from the ASRF. This past year, we're assuming we're not, for starters. What we tried to do, and it's easier said than done, to ask ourselves what are the policy issues that we should not be putting a number in. You know, it's not right for us to say there'll be property tax increase or not, that we would borrow from the ASRF or amortize.

CHAIRMAN D'AMARO:
Right. So the assumption with the ASRF is that there's no borrowing reflected in your conclusion of the 186.

MR. LIPP:
Correct.

CHAIRMAN D'AMARO:
All right. And the pension amortization, when is the pay back required to commence?

MR. LIPP:
They'll start in 2018. I'm sorry. We're already paying it back.

CHAIRMAN D'AMARO:
We are paying it back?

MR. LIPP:
Yes, we are. So implicit in the pension bill are debt service payments from the borrowings that we had since 2011.

CHAIRMAN D'AMARO:
All right. So we're paying back now on the prior borrowing for the pension bill. And what was your comment with respect to to balloon payment; we're paying five percent a year?

MR. LIPP:
So this is a policy issue, though. It's on ASRF, and it will be over in 12 years.

CHAIRMAN D'AMARO:
When does that --

MR. LIPP:
That commences in 2018. I misspoke before, so the pension bill, we're already paying back previous years amortization amounts or loans from the New York State retirement system; and for ASRF, that's our own internal schedule starting in 2018.

CHAIRMAN D'AMARO:
So on the borrowing from the ASRF, the payback commences in 2018. Over 12 years, we can pay back a minimum of five percent a year, and then there's a balloon payment after the payout period.

MR. LIPP:
Right. That would be the way if we wanted to stretch it out as much as possible, we could, of course, pay it all back at once in theory.

CHAIRMAN D'AMARO:
Okay. And then the 2015 numbers, the actuals that came in show that there was an additional $14 million less than what we based our 2016 budget assumption on; is that correct?

MR. LIPP:
18.4 million.

CHAIRMAN D'AMARO:
Oh, 18.4?

MR. LIPP:
Right. It's the number being highlighted now.

CHAIRMAN D'AMARO:
Sorry., 18.4. Okay. Go ahead. Rob, one more question. The 18.4 million that was under-projected for 2015, is that reflected in the 186?

MR. LIPP:
Yes.

CHAIRMAN D'AMARO:
Okay. All right. Go ahead.

MR. LIPP:
In fact, you could see here that we break it down by the three years, and that's how we get to it. There are two columns I have on the screen. One is for each of those years, what the shortfall would be; and then cumulatively, adding each piece, you get to the total amount. So we have a shortfall from 2018 -- I'm sorry, from 2015, as we just spoke about that for the two fronts combined is 18.4 million, and what we're saying here is we see a shortfall for this year as another 38 million, so that cumulatively adds to 56. And then lastly, we're projecting for next year, a shortfall of 129, and then cumulatively, that would add to a total of 186.

CHAIRMAN D'AMARO:
And the $186 million shortfall that you're projecting is based on, again, no borrowing, no pension amortization, no tax increase, and of course there's a lot of other policy considerations that would go into budgets to try and address that.

MR. LIPP:
Most definitely. You've got it right.

CHAIRMAN D'AMARO:
Okay. Good. Go ahead, please.

MR. LIPP:
So there are different ways of looking at the 2015 shortfall. We have a breakdown here of the general fund. One of the pieces you should be aware of is we're assuming that we won't get money in the budget for the nursing home in -- well, this 2015 -- in the 2016 adopted budget, there was just over $5 million that the general fund receives on the sale of a nursing home that didn't happen in 2015. That being said, we're assuming in the budget model -- both of us, we've talked about this -- that $5 million would come through this year. What is meant by that is the sale would be $15 million and the residual after the deficit paid off, expenses paid off, and the nursing home fund would be a little over 5 million, and then the nursing home fund would transfer as revenue to the general fund, so we're looking at here the general fund.

CHAIRMAN D'AMARO:
So that was originally projected for 2015.

MR. LIPP:
Correct.

CHAIRMAN D'AMARO:
And now it's been moved to 2016 and that's contributing to the 2015 shortfall?

MR. LIPP:
Correct, and it's creating some relief, if you will, in 2016. So another -- well, it is a policy issue because it will have to come in front of you, but we're assuming once again, and there's always a risk of this, that we will get the sale for 15 million and it will translate into a $5 million revenue item in 2016. So shortfall '15, offset by an equal increase in '16, so you should be aware of that.

Now, the way I had some of the problem areas for 2015, and Connie looked at it more closely, on the expenditure sides, there are losses in state and federal aid. We didn't get in what we thought we would, but part of that actually is offset by decreased expenditures for related items, so the way I did it was that way. I will be sending you these documents as soon as the meeting ends.

CHAIRMAN D'AMARO:

Did the less spending on those certain items completely offset the loss in the federal and state aid?

MS. CORSO:
No, I don't think so. One of the larger issues that we had on the federal and state aid was in the bad debt and charity, and I believe that got caught up in the sequestration and is not going to materialize, so that was about a million dollars. Again, a lot of it is timing, and the federal and state aid, a lot of times, there are grants that we rolled over. I know Beth has rolled over a significant amount of grants. We worked very, very closely with the comptroller's office this year to really match the expenses with the revenue. So one of the things that Robert and I talked about was when you look at the budget model, when you look at 2015, we're, on the general fund, $1.6 million over on expenses. That's over a billion dollars of expenses. We only missed the mark by 1.6. I don't think I've ever seen anything so close. So the things that we can control, we're controlling. It's on the revenue side that we really took the hit and a lot of that is out of the legislature's and county executive's controls, such as federal and state aid and the timing. So when I look at the shortfall for 2015, I could say about five to six million is timing, and we'll make that up in 2016.

CHAIRMAN D'AMARO:
So that gets us to about 11 million out of the 18, so there's still a substantial amount, I guess more shortfall in revenue?

MS. CORSO:
Right. A lot of the things -- we lost $70 million in sales tax. That's a big number, and really to mitigate $70 million down to 18, I think both sides of the street did a really good job in doing that. And, really, like you said, if you take it down, it's 13 million.

CHAIRMAN D'AMARO:
How far off was the sales tax? Just remind the committee.

MR. LIPP:
We had, actually, a $3 million surplus in the general fund compared, that is, if you remember, the legislature adopted a number, which was lower than was recommended, and we actually came in with a surplus from the 2015 estimate, but we're comparing this year to the adopted number for '15. So overall it's a $9 million loss from the original adopted 2015 number.

CHAIRMAN D'AMARO:
Legislator Stern, go ahead, please.

LEG. STERN:
Thank you. On the revenue side with less money coming in than anticipated from other levels of government, how would you characterize those shortfalls? Were they inline with other years, or are they more or less?

MS. CORSO:
We had a little bit of an issue with some of the social service-related aid and the way that it was allocated between the two funds, fund one and fund 360, and what we're doing is we're meeting, Beth and Stephanie, we've been meeting with the department to try and figure out what exactly happened as far as the timing, and what we're doing is trying to mitigate that moving forward. The other thing is sometimes there were just things that -- there actually is a few different issues, so right now there's some small issues with some of the bus issues, some of the revenues. What happens is when you add it up, it's like 500,000 here, 100,000 here, 400,000 there, and at the end of the day, you know, I will my staff it's chasing nickles, but we're trying to mitigate all of these issues.

Right now, we're starting in 2016 to do a revenue maximization committee, and we all meet once a month, and we try to figure out how are we going to maximize our revenues. We did reach out to the state on several of our revenues. The state -- the health department reached out to the federal government yesterday on the bad debt and charity, and it is possible that we're going to make up that $1 million in 2016. It won't be a revenue moving forward, but we may get that extra money, so when I say timing difference, I'm saying, like, 5 or 10 million, there's a timing difference.

One of the other big issues was we had a sale of Selden property that came before you. It was $660,000. That sale happened, the contract closed, but because the check didn't come in in the first -- in order for the comptroller to close the books, it's going to hit in 2016. So a lot of issues where we missed the mark, we may be able to make some of that up.

LEG. STERN:
And years ago, timing, particularly state aid and state reimbursement, was a tremendous challenge. How has that been lately?

MS. CORSO:
Well, right. So we used to have a ticker on the website, on the county exec's website, that said how much the state -- and there are times they owed us hundreds of millions of dollars. Our 30 to 60 day is very low. They have been very good payers. The only issue you're going to have is in February, they have a blackout, and so when Robert and I are trying to estimate, we're figuring out in this time when we're in the blackout period and we're going to make that up in May. And the relationships, I have to say, one of the things that's positive is in this administration, the relationships with the state are very good so we're able to really make some good contacts and try to get some information, and they are always willing to help us mitigate some of these issues.

CHAIRMAN D'AMARO:
So in sum, for the 2015 budget, we adopted a budget in November of 2014. That budget ran throughout 2015, and at the end of the day, at the end of 2015, all the numbers are now in, and we were short 18.4 million from what we actually adopted.

MR. LIPP:
Correct, for the combined general fund and police.

CHAIRMAN D'AMARO:
Right, and our total budget for 2015 was -- what's the number we throw out?

MR. LIPP:
It was two million, I think, even for the general fund, and I guess 2.8 billion -- 2 billion for the general fund and the other .8 for the general.

CHAIRMAN D'AMARO:
Okay. Good. So out of the $2.8 billion budget, we were 18 million off, so to speak.

MR. LIPP:
Right. And just as a last item for the police in 2015, it's basically the shortfalls attributed to overtime.

CHAIRMAN D'AMARO:
And what's that number?

MR. LIPP:
That's at 2.2. I'm not sure if that is the number for overtime, but that's the overall number and you could see that's where it's coming from.

In 2016, so there are some interesting issues in 2016.

CHAIRMAN D'AMARO:
Just before you go forward, Legislator Krupski has joined the committee this morning and had a question.

LEG. KRUPSKI:
Thank you. It's a follow-up on the theme that Legislator Stern was asking about, the state and federal aid, and we talked about the timing of that. But what about, are there trends from -- in different categories where we get state and federal aid that are going to increase and decrease, and do you account for those?

MS. CORSO:
Actually, there is. One of the largest, mandated programs that we have is the services for children with with special needs program, and I think you've heard us talk about that many, many times, and the trend there is going down, so you're going to see the drop in revenue, but you're also going to see the drop in expendes. It's 64.5 percent aid, so that did account for about $4 million of the loss in revenue, but then you had, like, a $2 million cut in the expenses as well. I did, in the model, I projected a two percent increase in '20 -- a $2 million decrease in 2016, a two percent increase in '17, but I think we're going to see that kind of level off. I think it may have to do with, you know, some of these early -- the school districts offering the preschool and maybe some of those demographics changing, so that's definitely a trend.

Another trend that you cannot ignore is the medicaid cap and the state takeover of the medicaid. We used to -- one of the biggest things that we used to have on there is like -- medicaid used to go up, like, three percent, so you're talking about $253 line or 243 and that is really just going up about about $2 million. It's staggering. So these are kind of like the good trends, and, you know, there are other trends. If you look at, because we moved public -- we moved to the FQHC, as a consequence, we are not going to get the public health state aid; however, I underestimated that. That ended up actually coming in $2 million higher. You have to kind of monitor where we're going because there are other things in the health department that are subject to aid, and we have to make sure that we're maximizing that aid, now that we're going lose the aid on health centers, try to maximize the aid on some of the other parts of the health department, and Beth is spearheading that effort.

Safety net also. Safety net is after you age out of the five years of medicaid you go to the safety net; that was exploding, but the department is doing a lot of initiatives to try and get people permanent housing move past that, so I do -- we have an increase of $2.5 million in '16 and another half a million dollars in '17, which would bring it up to about 77.5 million, but when we were talking last year, we were thinking it was going to go into the $80 million number. So the commissioner of Social Services is working to bring that down, and he has been successful.

LEG. KRUPSKI:
Thank you. Thank you, Mr. Chairman.

CHAIRMAN D'AMARO:
My pleasure. Go ahead.

MR. LIPP:
Sure. In 2016, as we spoke about, some of the problem was sales tax, and compared to the adopted --

CHAIRMAN D'AMARO:
Rob, excuse me. I'm sorry. Legislator Barraga had a question. My apologies. Sorry, Tom.

LEG. BARRAGA:

Just one quick question. In 2015, we came in with a modest $18 million throughout the year. Do you recall what the projected overall deficit was in 2015? For example, I'm looking at 186 million for 2017, and I know there's different sources for revenues coming in at the federal and state level. I know it's not apples to apples, but I'm trying to get a sense of how successful we were in 2015 when we first came up with projected deficit and then wound up with just 18 million on the short side.

MS. CORSO:
So last year, I don't know if you remember, the total shortfall was a $176 dollars, and of that, I believe it was $59 million was the standalone shortfall for 2015, so you mitigated everything but 18 million.

LEG. BARRAGA:
I want to feel relatively positive that we can handle this situation with a number as high as 186. There's so many factors we don't control but the reality is --

MS. CORSO:
On the expense side, you mitigated all but $1.6 million. That's amazing.

LEG. BARRAGA:
All right. Thank you.

MR. LIPP:
So we still have an issue with sales tax, so in 2016, the model is, I'm assuming, that we will have 2.7 percent growth. We did the forecast, and we're -- we would need 2.775 percent, I think, for the rest of the year. We grew by 2.36 in the first quarter, and the numbers that we're looking at now appear to be 2.7 for 2016, so that contributed over nine million, nine and a half in loss of revenue compared to what we adopted. In addition, health insurance is a significant cost factor. We're assuming six percent plus. I guess that's about it. It's a large number, so that creates a cost increase.

And then, of course, in terms of policy issues, there's always the issue associated with the lookback period for the agreement between the administration and the unions in terms of having $17 million worth of pharmaceutical savings per year plus additional savings tied to health insurance inflation factor from Kaiser, so that's going to be something to keep ones eye out on. It doesn't appear right now to be getting those savings that we agreed to. So there was a lookback period for 2013 and '14 last year, and there'll be another lookback period for two years being '15 and '16 in 2017. Is that right?

MS. CORSO:
Yes.

MR. LIPP:
Let's see what else. So in 2017, a lot of the problem that we're seeing on the expenditure side are salary increases and the other big item is pension amortization. Actually, the 34 million -- 34.5 million in pension amortization in 2017 is really broken up into the general fund and the police district. I have the total here. It's really 11 and change, I think, is the police district portion of it, so that's a big factor. And also what we're going to do in terms of amortization for '17, that's why you see such a large number in 2017 because in 2016, what we did is we borrowed quite a bit from ASRF and also from the state pension system comes with amortizing.

CHAIRMAN D'AMARO:
For 2017, the 34.5 million in pension amortization, do you mean borrowing or payback?

MR. LIPP:

No, no, borrowing. So the preliminary bill from the state for 2017, which the way we pay it is the beginning of February, actually by February 1, you have to pay it, according to their preliminary estimates, we could borrow or amortize, but it is effectively borrowing from the New York State retirement system, it will be 34.5 five million for both police district and general fund.

CHAIRMAN D'AMARO:
I'm a little confused as to why you would include that in a projected shortfall.

MR. LIPP:
Well, it's a loss. So we're assuming that zero amortization so our pension bill goes higher.

CHAIRMAN D'AMARO:
I see. If we do not -- because we've been doing so in the past, that would contribute 34 million to the shortfall.

MR. LIPP:
Right. So you'd need to come up with another 34.5 million, other things being equal, if you didn't want to amortize in '17.

CHAIRMAN D'AMARO:
I see.

MR. LIPP:
So basically I could stop or bore you further. I prefer to stop, though, unless you want to ask specific questions, but you could see what some of the items are here and how you would deal with some of them. You've got the 34.5 million associated with possibly amortizing. That's a policy issue. You have, I guess, in police taxes, probably around 12 million. There are a couple ifs, ands, or buts as to how whatever calculation it will be, but 12 million is a good ballpark figure. Once again, we assumed there would be no property tax increase. We could borrow from ASRF. The legislation basically says that you just need to have enough money to help the sewer districts that would need a rate increase beyond the normal three percent increase, which, therefore, the ASRF or Fund 404, assessment stabilization reserve fund, would need some money to help out some of the other sewer districts, but you could take the remaining balances or a portion of it, of course. The best scenario would be to take nothing. I believe their fund balance is just over 80 million right now, so that's sort of, like, an upper limit minus needs in 2017 for the existing sewer districts.

CHAIRMAN D'AMARO:
Can you go back to the status of the sales tax presently? How are we doing compared to our projections for this year?

MR. LIPP:
Right. So we -- I have a little note on that that I could probably pull up. So growth in the first quarter -- I know you can't see this. Let me just pull it up a little bit.

CHAIRMAN D'AMARO:
I guess we can start with, and you'll pull up, for 2016 what we adopted and where we're headed.

MR. LIPP:
So growth in the first quarter was 2.63 percent.

CHAIRMAN D'AMARO:
Okay. So then what's the growth required for the balance of the year to meet the projected?

MR. LIPP:
The balance of the year, we would need 2.775 percent to get what's in the forecast right now. That

being said -- and that's what we're assuming as part of the budget model. That being said, the growth rate to actually meet the budget would be about 3.5 something, I believe -- 3.875, so for the entire year we would need that level of growth, 3.8.
So we're projecting we won't reach that, and it's implicit like a $9.5 million hit in 2016 related to that.

CHAIRMAN D'AMARO:
Right. So the 2.775 percent to get to the the forecast is reflected in in the 186 million projected deficit.

MR. LIPP:
Correct.

CHAIRMAN D'AMARO:
And can you also go back -- salaries were a substantial increase in all the years or in one year in particular? Salaries and/or benefits, insurance, that kind of thing.

MR. LIPP:
So salaries for 2015 were off by 16.4 million, and a lot of that is overtime, not permanent salaries.

CHAIRMAN D'AMARO:
16.4?

MS. CORSO:
I just want to explain on that for you. In the 2015 adopted for just fund one salaries was 441 million, and the actual is 429 million. So the actual savings on salaries is actually down, and that's because we have 1200 less employees.

CHAIRMAN D'AMARO:
We had increased savings over what we actually budgeted.

MS. CORSO:
Right. You had increased salaries than what you budgeted, and then basically what happened in the 1,000s, it's between overtime and some of the SCAT pay for retirements that happened at the very end of the year.

MR. LIPP:
And an issue to keep in mind also is with the SCAT pay, you also have lump sum people that are retiring that are cashing out on their deferrals that we had in several of the contracts.

CHAIRMAN D'AMARO:
Well, looking at 2016, according to your notes that are up on the board, it looks like bullet number -- the third bullet, it says "Most of the expenditure increases in salaries, which is projected to increase by 19.2 million," right?

MR. LIPP:
Correct. What you should know there is this is what my office did. I'm not sure exactly what her numbers are, but what we included in 2016 is a certain amount associated with any contract that has not been settled, and that is in there. So, in other words, we make assumptions about contract settlements in order try to come up with the most realistic scenario of how much it's going to cost us. That being said, I really cannot speak to what dollar amount of this is associated with that because then we would be injecting ourselves into labor negotiations, which would be inappropriate for us to do.

CHAIRMAN D'AMARO:

So when you make that first statement, most of the expenditure increase is in salaries, which is projected to increase by 19.2 million. You're saying increase 19.2 million over the 2016 adopted amount?

MR. LIPP:
Yes.

MS. CORSO:
Again, Lou, that is the estimate for the permanent salaries; for staffing is flat. This is all going to be related to either collective bargaining or overtime or things of that nature. They are all the other 1,000s: temporary salaries, overtime salaries --

CHAIRMAN D'AMARO:
So budgeted salaries, regular salaries, if you will, are flat --

MS. CORSO:
Even, flat.

CHAIRMAN D'AMARO:
We're okay there, but we have to make certain assumptions for settlement of contracts and other items.

MS. CORSO:
Right. And we did include a small amount of I think about $2.4 million in the contingent account.

CHAIRMAN D'AMARO:
Right, right.

MS. CORSO:
We both put cushions for other things that may go on.

CHAIRMAN D'AMARO:
Right. But we won't really know until into the future if that number is going to be higher or lower.

MS. CORSO:
Right. If things don't settle in 2015, then you're going to have that savings.

CHAIRMAN D'AMARO:
All right. That's a projection.

MR. LIPP:
And just one more point to make about that. So in both the police district and general fund, we make assumptions about new recruits, so in the police district portion, we're assuming based upon what happened, I guess, last week the news came out that there was going to be a new police class this fall of 175, so we included that as part of the mix, and we also made assumptions for new recruit classes for correction officers and for deputy sheriffs also, so that's all in there. So that's another way to manage the budget, you know, we're talking about what we think is the most likely scenario, and right now it's 175 with police officers, and, of course, given the difficulties involved in possibly balancing the budget, those assumptions may be squeezed a bit.

CHAIRMAN D'AMARO:
Okay. So if contracts are settled more favorably, we could decrease that and decrease the shortfall if opt again into the pension amortization, we could take a substantial chunk of about 34 million there for 2017, and we have some other options that we can look at at budgeting time as well. All right. Further questions from the committee? Legislator Calarco.

LEG. CALARCO:
Thank you, and thank you for allowing me to ask a few questions today. I just wanted to follow up on that point with the salaries line because I'm a little confused here. So we only have two contracts that are outstanding with two bargaining units that are relatively smaller in size -- they're about 250 members in that unit -- but contingent in that $19.2 million figure, you're also saying increased costs for new hires or classes that we weren't planning on, like the large class of police officers that we're proposing for the end of the this year?

MR. LIPP:
Yes, this is supposed to represent what we think is going to happen, most likely scenario, and even though it is a policy issue, that's why we had said in the beginning, that we tried to stay away from putting things in that are policy issues, such as the pension amortization and the borrowing from the ASRF. This seemed like we needed to put something in for the different salary contracts, and therefore, you'd have some retro pay that would boost up the expenditures as a result.

LEG. CALARCO:
Is the bulk of that 19.2 dealing with those two bargaining units and if we should be able to reach agreements with them, or is that related to other salary costs?

MS. CORSO:
No. You have to remember that in there also is increased overtime costs. I mean, we've been exceeding our overtime in a lot of areas.

LEG. CALARCO:
I understand that, but we also try to budget for overtime, so what you're telling me is that four months ago, we didn't properly account for overtime for the coming year.

MS. CORSO:
In hindsight, yes, because what happens is we hope that the hiring is going to reduce the overtime, and that may or may not happen. Remember, this is our snapshot today. We'll do this again in another quarter, and we'll have another snapshot, and we'll do this again when we have the budget, and we'll have another snapshot. This is kind of like, for lack of a better term, our worst case scenario just to let you know that this could possibly happen unless we take certain actions. We're not involved in collective bargaining, so we don't know what percentages are being used. I really don't want to talk about it here.

LEG. CALARCO:
You have to use us in that step. You don't know basis of putting it in other than the history, I guess.

MS. CORSO:
Right. And remember, we included a class of 65; we didn't include a class of 175, but the thought being that we cannot sustain this overtime anymore. We have to do something about, and I think that this is a huge step in the right direction.

LEG. CALARCO:
But that's going to drive that 19.2 million --

MS. CORSO:
Hopefully down.

LEG. CALARCO:
Hopefully down.

MS. CORSO:

Well, the class that's coming out now will be hopefully down.

LEG. CALARCO:
I'm trying to understand how we're off the mark by 19.2 million on the salary line, so if you're saying hiring the 175 cops is going to reduce our overtime costs which will drive the number down...

MS. CORSO:
Hopefully. They are going to have 100 recruits going to come out. They are still in their training, and they're going be ready to hit the streets in the summer, so time will tell if those two -- during July and August, we'll be monitoring. I'll monitor every day to see how the overtime was just to make sure this this is having an impact on the overtime, and then we'll come back to you and tell you how we think it went.

LEG. CALARCO:
So right now that, the projected increased cost is for the bigger-than-budgeted class but not any savings in overtime commiserating.

MS. CORSO:
Right. No that will be next year.

LEG. CALARCO:
So we're still discussing -- what's the breakdown of that 19.2 million?

MS. CORSO:
I know from my case, I have eight million dollars in overtime in the police department.

LEG. CALARCO:
In the police department alone.

MS. CORSO:
Right. Between the overtime and the class, $8.1 million.

LEG. CALARCO:
That's in '17.

MS. CORSO:
'16.

LEG. CALARCO:
'16, so it's this year. So the 175 class that's going to come in in September is not going to impact this year's overtime.

MS. CORSO:
Not this year's overtime, no.

LEG. CALARCO:
And we have how many retirees from last year?

MS. CORSO:
We had 95 retirees last year. We had in the budget 136. We think we're only going to get about 128, and time will tell again. The January retirement number was about 30, which I think was about 30 percent higher than typical. The buzz is not so much, so if we -- again, like I also have SCAT number built in here, so I think we may save about $500,000 in the SCAT number, which would offset that number.

LEG. CALARCO:
So you have eight million for overtime in the police district, so we have 11.2 left.

MS. CORSO:
Yeah. We can't really talk about the rest.

LEG. CALARCO:
That doesn't help me very much.

MS. CORSO:
Maybe we'll have a side conversation.

CHAIRMAN D'AMARO:
Legislator Kennedy had a question. Please go ahead.

LEG. KENNEDY:
You just answered most of my question. But the 128 that you're estimating will retire, will that be the June/July or the cumulative June/July and January?

MS. CORSO:
Cumulative. So right now I think we're at 42, so you would think, Okay, well, they usually go in January and July, so you'd say, Oh, maybe 80, but that's not correct because the way we trended it out, Chief Cameron did a nice analysis for us and we trended it out for 10 years, and the January number was high. So the rest of the year has been low, but we didn't want to take the liberty of assuming that it was going to be lower. We do think that for the next three years, you're going to have a very high amount of retirements, and that's why we felt the class of 175 was prudent.

LEG. KENNEDY:
Thank you.

CHAIRMAN D'AMARO:
Okay. Is there anything you would like to add in conclusion?

MR. LIPP:
I don't think so. Connie would like to say something.

MS. CORSO:
So one of the things when we were doing the model I wanted to bring to your attention is that there is a bill right now sitting in the senate that I would love to get your support of. It's S0294 and what this does, it basically has us getting 50 percent additional aid from the MTA and would offset our bus costs by $31 million, and that would be significant. It would almost wipe out the entire shortfall for 2016. I wanted to bring that to your attention. I have copies of the bill, and I would love to see this pass and for everyone to throw their support behind it.

CHAIRMAN D'AMARO:
Is there a corresponding assembly bill?

MS. CORSO:
I believe there is. I'll have to get it for you.

CHAIRMAN D'AMARO:
Do you know who the sponsor of the senate bill is in Albany?

MS. CORSO:
The sponsor is Martins. I'll get you all the information on it so that maybe you could throw your

support behind it. It does have a lot of support so far, and I think it is, if anybody knows anything about the bus system, it is really about time we got our fair share because we do not get as much other similarly-sized municipalities, so we do think that's a positive moving forward.

CHAIRMAN D'AMARO:
Very good. We look forward to receiving that information. I want to thank both of you for coming in to do your annual renew and projections for the county budget, and thank you to all your staffs as well for all your hard work. We do appreciate it very much. Thanks.

And also note for the record that Legislator Browning has an excused absence from the committee this morning. All right. That concludes preparations. We'll now continue with the committee meeting. There are no tabled resolutions to consider this morning, so we'll move to introductory resolutions, and I'll all the first.

Resolution 1323 of 2016, Amending the 2016 Operating Budget to provide funding for Girls Incorporated Of Long Island (Martinez).

LEG. MARTINEZ:
Motion to approve.

CHAIRMAN D'AMARO:
Motion by Legislator Martinez to approve. Second by Legislator Stern.
This bill is going to transfer $4500 from a group that is no longer eligible to receive receive county funding to this organization. There's a motion to approve, received a second. I'll all call the vote All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-1, Not Present: Browning)**

Resolution 1331 of 2016, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 1023-2016) (County Executive). I'll offer a motion to approve and place on consent calendar. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **Approved/Consent (VOTE: 5-0-0-1, Not Present: Browning)**.

Resolution 1332 of 2016, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Comptroller by: County Legislature No. 445-16 (County Executive). I'll offer the same motion, same second, and, without objection, same vote. **Approved/Consent (VOTE: 5-0-0-1, Not Present: Browning)**.

Next is resolution **1367 of 2016, Adopting Local Law No. -2016, A Charter Law to implement one-year rolling debt policy under 5-25-5 Law to mitigate budgetary shortfall (County Executive).** I'll offer a motion to table for public hearing. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **Tabled/Public Hearing (VOTE: 5-0-0-1, Not Present: Browning)**.

Last resolution on the agenda is **1373 of 2016, Amending the 2016 Operating Budget and transferring funds to provide funding for LIGALY (Long Island Gay and Lesbian Youth) (Gregory).** This bill is going to transfer $71,008 from three different budget lines to this organization, and after the transfer, the organization will still have about a 4.5 percent cut below what they received in 2015. I'll offer a motion to approve. Second by Legislator Stern.

LEG. KENNEDY:
On the motion.

CHAIRMAN D'AMARO:
On the motion, Legislator Kennedy. Go ahead, please.

LEG. KENNEDY:
I just want to check with Robert. We have been taking from DPW power, light, and water for a while. With the projected increase in oil rates, was that factored in? Can we afford this on that line? The other line, I know is fine.

MR. LIPP:
The last time we looked at the numbers, there is some surplus moneys, but as we always say, the Budget Review Office does not stand by any offsets because of the size of the deficit; so on a line item basis, it would be okay, though.

LEG. KENNEDY:
Thank you.

CHAIRMAN D'AMARO:
Dually noted. He's consistent.

There's a motion to approve. It's received a second. If there are no further questions, I'll call the vote. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-1, Not Present: Browning)**.

There is no further business before the committee this morning. I want to thank, once again, the respective budget offices for their presentations, and thank you everyone else for attending. We are adjourned.

(The meeting was adjourned at 11:28 a.m.)