

ECONOMIC DEVELOPMENT

HIGHER EDUCATION

and

ENERGY COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Economic Development, Higher Education & Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Wednesday, June 6, 2007.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairman
Legislator Steve Stern - Vice-Chair
Legislator Tom Barraga
Legislator Ed Romaine
Legislator Vivian Vilorio-Fisher

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Joe Schroeder - Budget Review Office
Joe Muncey - Budget Review Office
Renee Ortiz - Chief Deputy Clerk of the Legislature
Ben Zwirn - County Executive's Office
Carolyn Fahey - Economic Development
Charles Stein - Suffolk Community College
George Gatta - Suffolk Community College
James Morgo - Commissioner - Economic Development
Michael Watt - LI Partnership
John Lombardo - Suffolk County Community College
Robert Kechian - Festo Corporation
Dr. June Ohrnberger - Suffolk County Community College
Professor Mariano Torras - Adelphi University
Darren Sandow - Horace Hagedorn Foundation
All other interested parties

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 2:05 P.M.*)

CHAIRMAN HORSLEY:

Please join me in the Pledge.

SALUTATION

CHAIRMAN HORSLEY:

May we stand for a moment of silence for all those young men and women who protect us overseas across the globe in our freedoms.

MOMENT OF SILENCE

CHAIRMAN HORSLEY:

Thank you very much. All righty. Good afternoon, everybody. Welcome to the June 6th Economic Development, Higher Education and Energy Committee Meeting today, this afternoon. And I have a number of cards. We're going to move to the open portion. We have an interesting agenda today, so I would like to proceed right away. I'd like to first call upon Mr. John Lombardo of Suffolk County Community College. Good morning -- afternoon.

MR. LOMBARDO:

Good afternoon. I just wanted to thank everyone for allowing us a few minutes today. The reason for Suffolk being here today is to talk about the ESL programs that we run at the College. I represent the corporate training center where we design skilled reenforcement programs for business and industry in Suffolk County. And ESL is becoming a very busy part of our business. Companies come to us with workers that provide excellent services for the company, good work ethic, and the companies ask us to please help them in providing English as Second Language support.

We've trained hundreds and hundreds of workers the passed few years. In particular, this year, since January 1, we've put over 230 students through Phase I of the program, and that 230 students represents about 12 to 15 companies in Suffolk County. In addition to that, we have an Entrepreneurial Assistance Program, which is funded by Empire State Development. And through that program this year for the first time, we had a course, "Developing your Own Business," which was taught to 30 students all in Spanish as well. This particular course, you know, focused on very, very relevant issues to those individuals on how to development a business.

In addition to that, we are presently in negotiations with an additional ten companies, whereby we will be training over 100 ESL students again. And what we do is we go into the company, we assess the students, we arrive at a level to start a program, sometimes it's a remedial level, sometimes Level I, Level II, and we work with those students in the company conference rooms, which allows for them to leave work either midday or at the end of the day, take the courses and then go from there. And we report the progress of these courses back to company owners. They know the level and the success rate. And we receive and observe measurable results. And in many cases, the students go on to more advanced ESL courses also provided -- paid for by the companies. Thank you.

CHAIRMAN HORSLEY:

All right. Thank you very much, Mr. Lombardo for your comments today. And it's good that you're reporting in on this issue. Just one quick question, Mr. Lombardo, by Legislator Viloría-Fisher, but before you do, I would like to note -- I hope you have seen the agenda today involving Dr. Torras.

MR. LOMBARDO:

Yes.

CHAIRMAN HORSLEY:

And particularly if there are any synergies with the College and his programs and issues that he's been advocating, it sounds to me like there could be a lot of cross issues here.

MR. LOMBARDO:

We provide a training service.

CHAIRMAN HORSLEY:

Excellent.

MR. LOMBARDO:

Directly answering the question from the companies. That's one of our roles.

CHAIRMAN HORSLEY:

Very good. Legislator Viloría-Fisher.

LEG. VILORIA-FISHER:

I've been involved somewhat with the ESL programs at Suffolk Community College. And are you speaking about one specific type of ESL program where there's an outreach to companies, or is this just a piece of the general ESL Program? And does the ESL -- I have two questions. I'll ask them both together. And the other piece of my question was I was at the Unity Day Celebration last week, and I was speaking to some of the people from the Community College including {Dr. Hector Supulvita} and there's a new gentleman -- I can't remember where he is from, he's from South Carolina, I think -- and he's teaching ESL or he's maybe one of the administrators. And I wasn't certain if the ESL Program now is a three-campus program. So if you could just address those pieces of how the ESL Program is working. And I see you have some backup.

MR. LOMBARDO:

I have some backup, because at corporate training center, we're responding to industry needs directly. It's a little bit different program than the program run by June Ohrnberger.

LEG. VILORIA-FISHER:

Okay. That's the answer to my first question. It is a separate and distinct program?

MR. LOMBARDO:

Yes.

LEG. VILORIA-FISHER:

Okay. And it only teaches ESL and the corporate training program?

MR. LOMBARDO:

No. Corporate Training Center provides a wide variety of skill upgrades for all industry, including manufacturing in the County. We do computer training, a wide variety of training.

LEG. VILORIA-FISHER:

Okay.

MR. LOMBARDO:

All specific to industry.

LEG. VILORIA-FISHER:

Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Legislator Viloría-Fisher.

LEG. VILORIA-FISHER:

I think the second is going to be answered --

CHAIRMAN HORSLEY:

I'm sorry. And you are?

DR. OHRNBERGER:

I'm June Ohrnberger, I'm the Director of the ESL Program.

CHAIRMAN HORSLEY:

And also my second card here. Welcome.

DR. OHRNBERGER:

Yes. To answer your question, yes, the ESL courses are taught at all three campuses. We offer daytime, evening, weekend classes for approximately 3000 ESL students college-wide.

LEG. VILORIA-FISHER:

Thank you.

CHAIRMAN HORSLEY:

Dr. Ohrnberger, would you like to make a statement or did you have anything you would like to add?

DR. OHRNBERGER:

Well, I just wanted to talk a little bit about the program --

CHAIRMAN HORSLEY:

Okay. You have three minutes.

DR. OHRNBERGER:

-- to give a little further information. The program began in the early '80s at the College with a couple of hundreds students and has expand currently to about, as I said, 3000 students. We have a day, evening, weekend courses, because the majority of our students are working adults who come to us either in the daytime because they're working at night or in the evening because they work in the daytime. We graduate approximately each year about 350 students from our program.

There are three programs. There is a part-time program, which is the largest, which has over 2000 students. We have a college program for students coming out of high school who still need additional ESL training before they go into their regular college classes. And we have a newer program, which is a full-time program for professionals who come to this country who need to take certification examinations and want to acquire the necessary language skills in order to work in their profession for international students and also for those who just want to accelerate their acquisition of the language so that they can work in their chosen career. So these three programs combined have about 3000 students over the three campuses; Brentwood, Selden and Riverhead.

It is a very academic program. It is not just for life skills. We teach all of the skill areas; reading, writing, grammar, so that students are prepared to go on to college. Some of our students go onto graduate school. And our graduates go on to become dentists, lawyers, CPAs, because they received the necessary preparations at a college level.

CHAIRMAN HORSLEY:

Thank you very much, Dr. Ohrnberger. Are there any questions?

LEG. VILORIA-FISHER:

No. That answered my question. Thank you.

CHAIRMAN HORSLEY:

Thank you. It was a pleasure having you here today.

DR. OHRNBERGER:

Thank you.

CHAIRMAN HORSLEY:

All right. Mr. Michael Watt from the Long Island Partnership.

MR. WATT:

Good afternoon. Before I begin, I'd like to thank you all for the opportunity to testify at this hearing or these public comments. My name is Michael Watt, President of the Long Island Partnership, which is an umbrella group comprised of various economic development related organizations and municipalities, including Suffolk County and the Towns of Babylon, Brookhaven, Huntington, Islip and Riverhead. Other founding members of the partnership include New York State's Empire State Development Corporation, KeySpan, Long Island Power Authority, Nassau County, the Towns of Hempstead, North Hempstead, the City of Glen Cove, the Long Island Development Corporation, the Long Island Association, the Long Island Convention and Visitors Bureau and Sports Commission, the Community Development Corporation of Long Island, the Route 110 Redevelopment Corporation, Stone Brook University, Commercial and Industrial Brokers Society, the New York Business Development Corporation and the Daniel Gale Corporate Relocation Services.

The missions -- the Partnership's mission is to enhance and expand the Long Island business community by facilitating sustainable profitable growth of companies both already here and those looking to establish a presence in Nassau or Suffolk County. The Partnership's purpose is to facilitate the process by which local businesses can take advantage of a multitude of economic development related services and programs. And my services as president are provided free of charge to the Long Island businesses.

Economic development comes in lots of shapes and sizes. It works best when the parties involved cooperate with each other, because economic development does not recognize county boundaries. If a company needs assistance and qualifies for same, it matters not to the company officials, its employees or its suppliers where the assistance comes from. What matters is that the company continues to flourish on Long Island deepening its roots and expanding its contributions to the region's economic base. Long Island is a perfect example of the whole being greater than the sum of its parts. This is especially true when those parts work will together. If one municipality, for instance, does not have access to an economic development tool for whatever reason and prefers to reach out to another community that does rather than develop one on its own, doing so benefits the businesses in both communities by avoiding unnecessary and expensive duplication of services.

By cooperating with and assisting other municipalities to benefit local companies, Suffolk County strengthens the working relationship it has with its Long Island partners. The spirit of magnanimity translates into a healthy local economy because thriving companies hire people and keep their suppliers busy and productive. When Suffolk County, Nassau County, New York State, KeySpan and LIPA, for instance, work together to retain Nassau County-based Alcan Packaging, the resulting effort turned the possibility of losing a significant manufacturer to points west and south into the construction of 200,000 square foot facility in Islip to compliment the one already existing in New Hyde Park.

The Long Island Partnership wholeheartedly endorses and encourages any development activity that results in local municipalities working closely with each other for the betterment of all concerned. Thank you very much.

CHAIRMAN HORSLEY:

Thank you very much, Michael Watt. I know you did good work you do, and I'm so glad that you found yourself a new home in Babylon Village. Are there any questions of Mr. Watt? Thank you

very much, Michael.

CHAIRMAN HORSLEY:

The next card is Robert Kechian. Carolyn, is this all together? How does this work?

MS. FAHEY:

Yes, it's all part of HR-09.

CHAIRMAN HORSLEY:

Well, how would you like to handle this then? Would you like to all come up. Mr. Kechian, it's very much a pleasure. Why don't you introduce yourself.

MR. KECHIAN:

Thank you. Good afternoon, ladies and gentlemen. My name is Robert Kechian. I am the import-export compliance manager at Festo Corporation here in Hauppauge, New York. I'm here to support the Home Rule Message Number 9. The following is a narrative summary of the activities conducted at Festo Corporation's Foreign Trade Subzone Number 52-A. The subzone is a wholly owned subsidiary of Festo AG and Company in Esslingen, Germany. Festo AG and Company is one of the world's leading producers of high quality pneumatics, electronic components and controls for industrial automation. The subzone covers 13 acres of land and two facilities encompassing over 150,000 square feet of office, production and warehouse space, which is occupied by Festo Corporation at 395 Moreland Road and 430 Wireless Boulevard, Hauppauge, New York.

Festo's foreign trade subzone is -- was activated on March 16th, 2005, by US Customs and Border Protection at JFK International Airport. The employment at the foreign trade zone is 142 employees, 20 of which had to be hired to support the expanded operations of approximately 10% this year. Further hiring will take place over time as long as there is growth in the foreign trade zone. Festo Corporation products automate modern industry, thereby allowing customers to improve their market position and profitability through increased efficiency and productivity. Festo Corporation currently manufactures pneumatic cylinders, pneumatic valves and valve manifolds. The special manufacturing services, SMS, produces pneumatic cylinders located at the Moreland Road Facility. And the Wireless Boulevard Facility houses the special assembly services, SAS, which produces the pneumatic valves and valve manifolds.

Festo Corporation selects its suppliers based on most -- the most competitive criteria, best quality for the lowest price. Currently, whenever possible, Festo selects domestic suppliers for better lead time in service. The goal is to select as many as domestic suppliers as possible. Festo estimates approximately 50% of the components used in the manufacturing and assembly process are foreign. Approximately 85% of the foreign components that are imported by Festo Corporation are a source from Festo AG in Germany and originate in Germany.

Festo AG will sell or consign the merchandise to Festo Corporation. An estimated 43% of materials imported by Festo is used in the production process, and 57% is sold directly to customers. Festo Corporation's distribution and logistic operation known as RSC-NAFTA is housed at the Wireless Boulevard Facility. RSC-NAFTA not only supplies the entire USA with Festo products but assumed the manufacturing, warehousing and customer service functions for Festo Canada and Mexico. Product ships directly from the RSC-NAFTA center to customers in the USA, Canada and Mexico. In turn, Festo Canada and Mexico downsized operation -- operations to a minimum as the US operations increased to undertake primary responsibility for North American operations.

Centralization of North American logistics and production into the Festo Corporation Facilities has resulted in significant economic benefit to the USA and Suffolk County region with increased production, employment, capital expenditures and exports. Being that domestic and foreign material can be brought into the foreign trade zone, any of the manufactured or distributed enable Festo to source domestic suppliers and still benefit from duty deferral and/or exemption, thus staying more competitive with diversity.

This in turn, created larger shipments to Canada and Mexico thus creating approximately 50% more business to our local vendors, such as freight forwarders and warehouse suppliers, etcetera. This translates to approximately 250 to \$300,000 per year to local businesses. Festo Corporation benefits from duty elimination for all exports to Mexico and Canada by shipping exports under Customs bonds directly from the subzone in Hauppauge.

CHAIRMAN HORSLEY:

Mr. Kechian?

MR. KECHIAN:

Yes.

CHAIRMAN HORSLEY:

May I suffer a little interruption?

MR. KECHIAN:

Sure.

CHAIRMAN HORSLEY:

First of all, we're going to roll some of this into the conversation we're going to be having with the Commissioner and his representatives, but we do have a question of you. I'm sorry, the open portion is for three minutes at a time. But it is very interesting information that you are providing us. Viloría-Fisher.

LEG. VILORIA-FISHER:

I'm just a little bit confused, Mr. Chair, because I'm looking at Home Rule Message Number 9 --

CHAIRMAN HORSLEY:

We're going to explain that.

LEG. VILORIA-FISHER:

-- and it's referring to Cravit and he's talking about Festo. Can you -- I'm confused about that. But maybe I should wait until the Commissioner comes up? Okay. Because I was trying to find the name Festo in the Home Rule Message, and I'm not finding it. The Commissioner will answer that.

CHAIRMAN HORSLEY:

We're also trying to straighten out Nassau --

LEG. VILORIA-FISHER:

Yeah, why aren't they going to Nassau.

CHAIRMAN HORSLEY:

There's a company in Nassau that's a Suffolk County trade zone that's in Nassau County.

LEG. VILORIA-FISHER:

But that's clear in the Home Rule.

CHAIRMAN HORSLEY:

We've got to get this all straightened out.

LEG. VILORIA-FISHER:

Actually, that's clear in the Home Rule Message. It was the names that were not clear to me. But the Commissioner will answer that.

CHAIRMAN HORSLEY:

Would you like to answer the question on -- no.

MR. KECHIAN:

I can just finish this real quickly. Just, I guess, my reason I'm here to is to say that foreign trade zones has helped the economy in Suffolk County and the US. I'll just translate it real quickly to an estimated savings from the foreign trade zones operations was \$425,000 per year while increasing production and employment. In conclusion, Festo Corporation was able to grow and stay on Long Island due to the cost savings occurred from the foreign trade zone. Thank you.

CHAIRMAN HORSLEY:

Thank you very much. We do appreciate your comments today.

CHAIRMAN HORSLEY:

Commissioner and Carolyn. Why don't we start with trade zones.

COMMISSIONER MORGO:

Good afternoon. You learned and we've learned together about the functions of the IDA and we've learned about the Empire Zone and the regionally significant projects that can be floating IDAs. The establishment of a sub special purpose foreign trade zone is another economic incentive.

What Mr. Kechian was speaking about is the only sub foreign trade zone that currently exists, and that's for Festo Incorporated, a German Company that has their US Headquarters in Hauppauge, and they were granted sub foreign trade zone through the actions of prior Legislators. This was also what Michael Watt was supposed to talk about. We have before us a Nassau-based company, Cravit Incorporated, and they came to the department as did Nassau County and asked us if we in the spirit of bi county cooperation and the economic development purposes for the entire region would advance legislation -- it has to be State legislation -- to allow a special purpose sub foreign trade zone within Nassau for Cravit Incorporated. Following me so far? Carolyn is going to get into -- and she'll be quick, Legislator Barraga -- she is going to get into --

LEG. BARRAGA:

I'm just sitting here minding my own business.

COMMISSIONER MORGO:

Oh, you're doing very nicely at that. Carolyn will give a brief description of the foreign trade zone that currently exists in the Town of Islip, which abuts Islip Mac Arthur Airport, 52 acres, the special purpose sub foreign trade zone and the genesis of the request from Nassau. And she has with her from the Cravit Incorporated, she has {Carrie Cravit}, the president and CEO, {Mike Wilbur}, the CFO, Chief Financial Officer and {Michael Canal} the Director of Trade Compliance for Cravit Incorporated. Gentlemen, will you come up as well. So I'm going to turn it over to Carolyn now with your indulgence.

MS. FAHEY:

Very briefly, in 1979, Suffolk County received designation as a foreign trade zone grantee from the Foreign Trade Zone's Board, part of US Customs. That designation was specifically for 52 acres that are adjacent to Islip Mac Arthur Airport. The county contracts with Islip Town to operate and run and main that zone. It was built on Islip Town property. So the County contracts with the town. And there are a lot of businesses there. We have 27 companies that employ over 400 people in that zone.

What is a zone? Real quickly, a zone is a designated area that for just the purposes of Customs and Duties is not US territory. It allows product to come in, to be modified, manufactured, processed and to leave without enduring customs and excise taxes. The program was created to increase US competitiveness in the manufacturing market worldwide. If a product is brought into the zone, manufactured, and then leaves for US consumption into US, then the duties and customs are applied to that end product. So for pharmaceutical companies who bring in numerous components to create

a pill, the customs and duties are only on that final pill that comes into the US territory, not on all the individual components. And 99% of the time, the customs is a lot less on that one pill than it would have been on all of the components.

Similar to the Empire Zone Program that you've heard us talk about where the benefits are brought to the company site-specific, the Foreign Trade Zone Program also allows us to bring these benefits to a company site-specific. In 19 -- in 2003, I think, Mr. Kechian mentioned, finally Festo Corp received their designation as Suffolk County's only sub zone.

Up until this point, the County is only allowed to apply for designation for companies within our own boundaries. When the State County Law was amended to allow us to do this, these projects, it limited us to our own boundaries. Last summer, we were contact by both Cravit, Inc. and Nassau County Economic Development asking us if we would, as the grantee of the zone, bring forth their application for sub zone status in Nassau County. In order to do that, we need change in State Legislation. That's what the Home Rule Message supports. It supports the State adoption of that legislation. Once that's all said and done, we will be back before you with Cravit's application so that you can see the specifics on where they're saving and what this is going to do for their company. At that point in time, we would ask for your authority to have the County Executive submit this applications to the foreign trade zone.

CHAIRMAN HORSLEY:

Very interesting.

LEG. VILORIA-FISHER:

Just a quick question.

CHAIRMAN HORSLEY:

Sure. Let me just ask a quick question. On the trade zones, is there limits with what types of products would -- that could come in? Can you bring in agricultural products, anything along that line?

MS. FAHEY:

You can, but every commodity in type of industry is very strictly regulated as with anything else.

CHAIRMAN HORSLEY:

I'm not trying to take away regulation, I'm just -- but as far as the trade -- say for instance, we're talking today about entrepreneurial Hispanic interests in the region. For instance, could we bring in -- could there be a corporation that is set up that would bring in different agricultural products that would be to indigenous to certain areas of the world and have them sold -- you know, manufactured into something else?

MS. FAHEY:

I believe that's an accepted process.

CHAIRMAN HORSLEY:

That would be an appropriate use?

MS. FAHEY:

It could be, yes.

CHAIRMAN HORSLEY:

Interesting. Okay. I think I've got it.

MS. FAHEY:

I did hand out -- just so you know -- a little more brief description on the Foreign Trade Zones.

CHAIRMAN HORSLEY:

Thank you. I haven't had a chance to read it.

MS. FAHEY:

No. Right. So you have that we just handed out. Also included is Nassau County's supporting resolution for the State Legislation. So they've adopted that on Monday.

CHAIRMAN HORSLEY:

Okay.

MS. FAHEY:

And a letter from the Long Island Association supporting this resolution; the Home Rule Message here and the two State Legislations.

CHAIRMAN HORSLEY:

Now that I know it's a Suffolk County Foreign Trade Zone, does this mean we also get a tor of out trade zone area and building and what's it's all about?

MS. FAHEY:

By all means.

CHAIRMAN HORSLEY:

I'd love that. That sounds great.

MS. FAHEY:

Whatever you would like, yes.

LEG. VILORIA-FISHER:

Just a quick question about Nassau, because I noticed in the Home Rule Message that there is reference to the fact that Nassau County has been authorized to make application, but hasn't done so. Now, has it decided to go in this direction because this will take less time for Suffolk County to do it for them to begin the process, is that why they're doing it this way?

MS. FAHEY:

I think that the State legislation that enabled Suffolk County at the time that the Foreign Trade Zone Program was created also authorized any county including Nassau County. It's a very expensive endeavor to be able to find land, develop it, administer, the procedures are very important, the accounting, the security aspect. So it's an expensive endeavor to start off. They have just -- have decided not to do it to this point. They came to us because they didn't have it now and asked us to expedite this project.

LEG. VILORIA-FISHER:

Now, is there going to be an expense for us to do this?

MS. FAHEY:

No.

LEG. VILORIA-FISHER:

Because we've already done it, so we don't have to reinvent that wheel.

MS. FAHEY:

Correct.

COMMISSIONER MORGO:

Back in '79, Vivian, because the town owned land -- when Suffolk County did apply for Foreign Trade Zone status, it was back in '79, the things that compelled it, as I recall, was the fact that Islip Mac

Arthur Airport was there and the town had the land and they were willing to work with the then County Executive and Legislature to establish it. For whatever reason, Nassau chose not to then.

LEG. VILORIA-FISHER:

Okay. But where my question was heading was that we're not incurring any financial burden that will -- you know, whose benefits will accrue to Nassau County?

MS. FAHEY:

Correct. There's no cost on our part except the administrative cost to process the application and the resolution which is all part of our day. Any cost incurred with regards to adhering to the rules regulations of Customs and the Foreign Trades Board is solely born by the company. The contract we have with Festo lays that all out. There is no cost to the County. We have a dollar agreement with them that they're responsible for adhering to all of those rules and regulations.

LEG. VILORIA-FISHER:

Okay. Thank you.

CHAIRMAN HORSLEY:

This is what we do. Counsel over here is saying, "Well, you know, we're going to help Nassau County out, wouldn't they benefit?" And I say, Oh, yeah, sure. But this is regional cooperation and jobs and stuff like that." He says, "You know, we've still got limo and -- limousine and taxi issue that is outstanding, is there any cooperative" -- then I think of things like Cedar Creek Sewage Plant, you know, that we're trying to have a cooperative venture with them on that level and I know we're doing wireless technologies together. Mr. Morgo, how are we doing on our working together as a team -- I'm sorry, as a regional team?

MS. FAHEY:

It is a regional approach. And as Michael watt tried to explain that economic development does not know the County border. You get on the Expressway at eight o'clock in the morning, those people going west are not stopping at the Nassau County border. Cravit Fabrics employs 420 people, 235 are Suffolk County residents. I mean, that's more than 50% of their employs live in Suffolk County. So if you want to see the benefit, this is a benefit that we are -- we are offering to our residents. And their overall annual gross payroll for the Bethpage Facility only is \$29 million. So they're decent high-paying jobs.

COMMISSIONER MORGO:

Well said on the substance. Now, to get to the second -- the implication of your question. As a matter of fact, Legislator Horsley, the question of waste water treatment facilities is probably the most important for economic development for our County. And the idea of working with Nassau at Cedar Creek is something that the department, Chief Deputy County Executive Kevin Law has been working very closely with Nassau on. And coincidentally, he is meeting today with Peter Grabasi, the Chief Deputy County Executive for Public Works in Nassau County to discuss bi county cooperation when it comes to the Cedar Creek Sewage Treatment Facility. So that is being advanced.

CHAIRMAN HORSLEY:

There's still a possibility?

COMMISSIONER MORGO:

Most definitely. Talks are still continuing on that.

CHAIRMAN HORSLEY:

Okay. We like you guys now. Did you have a question, Mr. Romaine?

LEG. ROMAINE:

Yes. My question is a very simple one. We're allowed to take our Foreign Trade Zone and we're

allowed to subdivide it under State Law? Is this a subdivision of a Foreign Trade Zone?

COMMISSIONER MORGO:

You're not losing anything at the 52 acres in Islip. This is -- it's analogous -- I think Wayne kind of got there. It's analogous to the regionally significant projects where you can create an RSP that's not physically -- Carolyn mentioned this -- that's not physically in the Empire Zone, but you don't lose anything.

LEG. ROMAINE:

Let me understand this very carefully. You are saying that we can, with State legislation, expand our Foreign Trade Zone; is that essentially it?

MS. FAHEY:

We are, as the grantee, going to apply to the US Trade Zone Board to designate the property that Cravit sits on as a sub zone of our zone.

LEG. ROMAINE:

Would that be an expansion of our zone?

MS. FAHEY:

Yes.

LEG. ROMAINE:

Okay. What are the limits on expanding our Foreign Trade Zones? Are there limits under Federal Law to expand our Foreign Trade Zones?

MS. FAHEY:

I do not believe there are limits.

LEG. ROMAINE:

We could essentially designate projects throughout the entire County of Suffolk.

MS. FAHEY:

We don't designate. The US Trade Board designates, we just apply for.

LEG. ROMAINE:

What standards do we apply to our desire to apply for sub zones?

COMMISSIONER MORGO:

Trade, jobs, investment. But Carolyn said something very important, Ed. She said, "We are not making the decision --

LEG. ROMAINE:

No. I understand that. We are making the application. But obviously for the Foreign Trade Zone, the Federal entity that makes that determination, it doesn't do it from the ethers of the air, we have to make application.

COMMISSIONER MORGO:

Yeah.

LEG. ROMAINE:

How many times have we applications for Suffolk firms that would be providing jobs to expand our Foreign Trade Zone?

COMMISSIONER MORGO:

One.

LEG. ROMAINE:

And that's?

COMMISSIONER MORGO:

Festo.

LEG. ROMAINE:

Festo, which, by the way, is a great company and that's a great decision. I don't know if they're still here, but I am familiar with their operation. That's the only time we've done that. Are there other companies in Suffolk that would meet the criteria that you are establishing, because you are establishing another criteria for a sub zone, now you are saying we can expand outside the boundaries of Suffolk County for a firm located in Nassau County, because Nassau County at this point doesn't have a Foreign Trade Zone and I guess doesn't have a desire to begin an initiative to establish a Foreign Trade Zone.

MS. FAHEY:

There are numerous companies that have approached us requesting to look at the special purposes sub zone designation.

LEG. ROMAINE:

And what has happened to those companies?

MS. FAHEY:

They have all determined that the investment necessary and the return from the excise tax was not worth it.

LEG. ROMAINE:

What is the investment that's necessary?

MS. FAHEY:

There is security procedures, the actual facility needs to be locked and secured, all accounting procedures are separate and distinct from the existing company, the -- Customs is on board. I mean, there's just a numerous amount of requirements. And I'm going to -- if you don't mind -- Mike {Canal} from fabric -- from Cravit is also an expert in Foreign Trade Zones, so maybe he can help me here.

LEG. ROMAINE:

Okay. I just wanted to ask one other question that was not germane to the applicant before us, but to the issue. Have we considered a sub trade zone at Gabreski?

MS. FAHEY:

It is going to be part and parcel of our RFP, but because the investment is company born, in order to --

LEG. ROMAINE:

You have to attract the companies first.

MS. FAHEY:

Right. It doesn't make sense to designate Gabreski as an entire Foreign Trade Zone if you're not going to use it as such. We have the Foreign Trade Zone at Mac Arthur Airport, but to take a piece of something like Gabreski not knowing who is going to go in there yet, create those procedures that are required, it just doesn't make sense.

LEG. ROMAINE:

But we could attract people to Gabreski with the promise of another sub zone. I just want to get

that clear, because what essentially we're doing or we're asking the Federal Government to do is expand in many different ways our Foreign Trade Zone by creating sub zones. And as anxious as I am to help economic development everywhere, my first obligation is to Suffolk County. And I'm looking at the Gabreski Airport as a perfect example of where a Foreign Trade Zone could work and where there actually would be goods -- could possibly come into the country and be manufactured here in the United States; raw materials being brought in. That's usually what you use a Foreign Trade Zone for, you get raw materials from abroad, you bring them in here, and then you do the final product here, the assembly or whatever else is involved.

COMMISSIONER MORGO:

Ed, you just touched on exactly why there haven't been more applications, because I was meeting with a company yesterday that brings in raw material and exports a finished product. But there aren't companies that would want to do that. And remember, Gabreski is an Empire Zone as well, and we have the IDA. But I'm going to just repeat what Carolyn said, Michael {Canal} who really knows about Foreign Trade Zones, if we could turn it over to him.

CHAIRMAN HORSLEY:

We do have a presentation today, I'd like to get moving.

MS. FAHEY:

One more point, Legislator. When the County joined with New York State at attract the major aircraft manufacturer at Calverton, we have always said that the County was ready to go and do a Foreign Trade Zone at Calverton if the right company comes in. When we did the application for the Empire Zone at Calverton, it was one of our strong points that we had the authority to create a Foreign Trade Zone if a company needed it.

LEG. ROMAINE:

I know we split that Empire Zone multiple ways.

MS. FAHEY:

It's always out there that the ability for us to --

LEG. ROMAINE:

Well, we moved it to Downtown Riverhead, we moved it to Gabreski, and I think we moved it somewhere further west in Suffolk if I'm not mistaken.

CHAIRMAN HORSLEY:

Out of the kindness of your heart. Michael, thank you very much for being here.

MR. {CANAL}:

Thank you for allowing us the opportunity to come in and make this presentation. And if I could, I'd like to just give just a little bit of background of myself. I'm the Director of Global Trade Compliance for Cravit, located -- headquartered in Bethpage. I have with me here today Keri Cravit, our president and CEO and Mike {Wilbur} who is our Chief Financial Officer.

My role in the company is to oversee all aspects of trade compliance globally, that is with any product moving across an international border anywhere. Cravit currently between the countries including the United States, we source from and sell to about 150 different countries in the world that our goods move across. So I'm responsible for what happens here, what happens at our English subsidiary, Canadian, all over the world.

My background, the company that I most recently worked for was KPMG, the accounting firm. I worked in the trade and customs practice as a manager, and I was responsible for not only the national efforts of our FTZ group, which did projects all over the country, we were actually the largest group in the country doing that type of work, setting up sub zones, not only sub zones for

individual companies but general purpose zones like we have at Mac Arthur, Islip here, so for municipalities and different -- I'll say -- quasi-public corporations with an economic development or public utility mandate.

And I also was one of five people who sat on a board to direct the firm and assist our clients on these same types of issues globally, because there are other analogous programs such as -- well, Freeport in the Bahamas. Most people know where that is. It actually -- this type of program here in the United States developed out of the thing that caused Freeport to be Freeport. It was a free port that goods could be brought into and transshipped out without the paying of duties and excise taxes. So I've worked with a number of those areas.

If I could, I think I can address some of your questions in terms of further expanding the Foreign Trade Zone at Zone 52, and I think I can expand a little bit on your question, Ma'am, on the cost to the County. First of all, the costs that are born by us as the importer are the user and operator of the Foreign Trade Zones. So all of the investment is really ours. It's a benefit for our company, and we bear all of the expense. In return, though, I've also offered my services to Carolyn and anybody that wants to discuss further without going out to one of those icky consultants or something and paying them some money. And I actually have spoken --

LEG. VILORIA-FISHER:

I like that term of art, icky.

MR. {CANAL}:

I've heard all of the negative descriptions. But we actually -- I actually have spoken with some people that she sent my way to talk to them about the benefits of how this can make your business more competitive and get you to stay here or move here to Suffolk County or Nassau County.

The Foreign Trade Zone Program was started in 1934 here in the United States. The Foreign Trade Zone Act, the legislation is found at 15 CFR Part 400, it's called to Foreign Trade Zone Act. And it was to establish Foreign Trade Zones per Customs port of entry. Well, there are a lot less Customs port of entry probably than there are counties in the State of New York. So the legislation said Customs can authorize one of these to be set up per port of entry.

Here in the New York-Metro area, New York-New Jersey area, there are about four Foreign Trade Zones serving this one Customs port of entry. But what they said was if the local zone that a company is in is not serving them or they're not in a zone yet, then we can give the capability to a County or an airport authority or a port authority to actually apply -- make application for another Foreign Trade Zone, which is what Suffolk County did, I believe, in 1979. They said, "You know, the Port Authority of New York and New Jersey just really isn't doing it for us. We feel we can serve the local area better by applying for our own." That's what they did. They met the criteria, they did that, and they designated some land out at Mac Arthur, Islip. So that is what's known as a general purpose zone.

Sub zones on the other hand, are special entities granted typically to a single company for its own benefit. Obviously, there are some economic development or economic impact type of hurdles that a company has to clear, and that is -- that is the job of the Foreign Trade Zone Board, to make sure that regionally there is some sort of a significant positive impact, and in the US, there's a net overall positive impact on the US. And additionally, there is no negative impact to domestic industry in the United States.

So those are really the three big hurdles. Those are the three tests; is there a regionally -- is there a regional positive impact; is there a net overall positive impact in the US; and is there no harm done to US industry. If that is the case, then you can either expand your zone and create more general purpose area or you can grant -- you can ask for a grant for sub zones, such as Festo has received. And I think we heard from Robert that that was significant to their company. I think it was significant to Suffolk County.

Now, back to the grant of authority going to the ports of entry. The way that New York Law is set up, even though the Federal legislation says you will go -- an applicant will go to the geographically closest grantee, for us that's Suffolk County. The way the State legislation is read it says every county in New York has the capability to apply for receive its own Foreign Trade Zone. The Foreign Trade Zone Board is never going to grant one per county. There are rural counties in New York that don't have port of entry near by. They've typically gone the same route that we have. I know in Orange County they have gone to the next county over or the county next to them has gone to them and said, "You have a grant of authority the way the law is written, we need to piggy-back on yours. Would you grant us -- you know, would you give us the authority to apply?" And they've said yes.

So really there is -- I think that specifically on our application, I think we've met the criteria. And this is really -- it really is the inner-county, the cross-county boundaries, you know, coming to Suffolk County and saying, "Would you sponsor our application?" Because the affect is going to be that we'll be able to retain and grow operations -- and what was the number again for Suffolk County employment?

MS. FAHEY:

Two-thirty five out of 420.

MR. {CANAL}:

Two hundred and thirty five employees from here. And the company apartment that I live in when I'm here is also in Suffolk County. So we have rental property here too.

CHAIRMAN HORSLEY:

Wow. Hard to come by.

COMMISSIONER MORGO:

You know enough?

CHAIRMAN HORSLEY:

Got it. Are there any further questions? We do have a presentation today, so we're going to have to move on. Gentlemen, thank you very much for being here. It's a very interesting topic. It's something we haven't dealt with before, and we're interested in dealing with it again in the future. Would the present like to say anything?

AUDIENCE MEMBER:

The only thing I'd like to add is that we've been around for -- I'm the four generation in this role. We've been around 90 years.

LEG. VILORIA-FISHER:

You look good.

AUDIENCE MEMBER:

Thank you. Throughout the world we employ about 950 people here, South Caroline and in the UK. We sell fashion products for the home, so it's important for us to remain in a fashionable area. We have 100 employees in Manhattan in design studios and selling high end decorative products. We do sell fabrics for the home. And we've been on Long Island for 45 of those 90 years.

LEG. VILORIA-FISHER:

Actually, I was going to -- I was asking the Chair if I could make a motion to take this out of order so that we can vote on it and you can leave, unless you are riveted by the meeting and you would like to stay for the rest of the meeting. If I may, Mr. Chair, make a motion.

LEG. STERN:

Second.

CHAIRMAN HORSLEY:

Yes, please. Seconded by Legislator Stern. All in favor? Opposed? So moved. It is now placed on the agenda. Would you like to make a motion.

HR-9. Home Rule Message requesting the New York Legislature to amend County Law Section 224 (18) to authorize Suffolk County to make application to establish, operate and maintain a foreign trade sub-zone in the County of Nassau.

LEG. VILORIA-FISHER:

Motion to approve.

LEG. STERN:

Second.

CHAIRMAN HORSLEY:

Seconded by Legislator Stern. All in favor? Opposed? So moved. It's been **APPROVED (VOTE:5-0-0-0)**.

COMMISSIONER MORGO:

We will stay around if you have any questions.

CHAIRMAN HORSLEY:

I want to get to the agenda real quick, because we do have a very interesting presentation today.

COMMISSIONER MORGO:

As you know, Mr. Chairman, last Wednesday, the closing took place on Canon's Western Hemisphere Headquarters.

CHAIRMAN HORSLEY:

Hallelujah. Congratulations. It's a good day for Suffolk as well as Nassau by the way. It's right on the border as well.

COMMISSIONER MORGO:

For the region.

CHAIRMAN HORSLEY:

That's right. For the region. I'm going to move to the agenda, tabled prime.

1171. Adopting a Local Law to establish the Gabreski Airport Conservation and Assessment Committee.

Motion to table. Is there a second on the motion?

LEG. BARRAGA:

Second.

CHAIRMAN HORSLEY:

Seconded by Legislator Barraga. All in favor? Opposed? So moved. **TABLED (VOTE:5-0-0-0)**.

1501. Adopting a Local law enhancing the ability of the Wireless Suffolk County Development corporation to develop a WI-FI Network in Suffolk County and Nassau County.

This is going to need a public hearing. I'll make a motion to table.

LEG. STERN:

Second.

CHAIRMAN HORSLEY:

Seconded by Legislator Stern. All in favor? Opposed? So moved. **TABLED** for a public hearing **(VOTE:5-0-0-0)**.

MR-30. Memorializing Resolution in support of enacting the Healthy, Safe and Energy Efficient Outdoor Lighting Act.

LEG. VILORIA-FISHER:

Motion.

CHAIRMAN HORSLEY:

Motion to approve, seconded by Legislator Stern. All in favor? Opposed? So moved. **APPROVED (VOTE:5-0-0-0)**.

Okay. That concludes the agenda. And I'd like to now move to our presentation, which is -- should prove to be very interesting. This is a research report prepared for the Horace Hagedorn Foundation concerning the relationship and importance of the Hispanic community to the Long Island region.

And with us today we have Dr. Mariano Torras who is Associate Professor of Economics at Adelphi University, Research Scholar at the Political Economy Research Institute in Amherst. He publishes numerous articles and book reviews and scholarly journals as World Development Social Science Quarterly and Problemas del Desarrollo and has authored a book of economic development in Brazil. Dr. Torras was recipient of the 2004 Maestro Jesus Silva Herzog Award granted by the UNAM in Mexico City. Dr. Torras, come on down.

As we've all learned -- learned about this report in the papers the several weeks, it proves interesting and one of the reasons we wanted to have you guys down here to enlighten us on what this is all about.

MR. SANDOW:

Thank you for inviting us here. I'm just going to do a quick introduction. My name is Darren Sandow, I'm the Director of the Horace Hagedorn Foundation. And I just want to clarify some things. First of all, the Horace Hagedorn Foundation is a private family foundation. We are not advocates, we are grant makers. We do have an immigration program, and if there are any kind of questions towards the end, we can talk about that. But the reason why we commissioned the report was because over the years on Long Island, we've heard that Hispanic immigrants are an economic drain to our schools, to our correction system and to our health care sector. So we wanted to find out the truth.

And the truth came by way of Carnegie. The Carnegie Foundation, my colleague, sent me a report from -- that was done by the University of North Carolina, and it was actually commissioned by a group of banks throughout the state. And the report is entitled "The Economic Impact of the Hispanic Population on the State of North Carolina. And what that report did was exactly what we did here on Long Island. So what the report found in North Carolina was that the Hispanic population was a net drain \$61 million. It cost the state \$61 million to have the Hispanic population there, now given a statewide budget very small.

But the point is we wanted to find out the truth for Long Island. So what we did was we went to our friends at the Rouch Foundation who have been doing the Long Island index for years. We asked them, "How do you issue an RFP to commission a report?" We sent an RFP to all of our local institutions, you know, all of the different universities, we sent to some statewide research firms, and we came up with -- we commissioned Adelphi University, one of our fine institutions. And Mariano is going to talk about the report.

DR. TORRAS:

Thank you very much. There's a lot to talk about, there's a lot of material, those of you who have seen the report I'm sure you know, so I'll try to be brief and focus on some of the highlights. Starting with -- you all have a copy of the report? Okay. On the Executive Summary, I guess what I want to focus on most is our main findings relating to economic impact specifically of the Hispanic population. And two main points. The first, about the buying power, the buying power, of the Long Island Hispanics in the Year 2004. The Year 2004 is a year for which we had most recent complete set of data. In total for year, it amounted to \$4.4 billion. And that spending, the spending resulting from this buying power, created an economic impact for both counties of almost -- well, actually \$5.7 billion of which more than half, 3.2 billion, was in Suffolk County. And it created more than 52,000 jobs, number one.

Number two, in that same year, Hispanics contributed about \$925 million in taxes and other government revenues, again, to Nassau and Suffolk, which is compared to 723 million which we estimate for the cost of the total services used by the Hispanic population. So net benefit, if you like, of a little over \$200 million, which translates to about \$614 per Hispanic resident. And not mentioned on the Executive Summary is if you break it down by Nassau and Suffolk, in Suffolk County, the net benefit -- of that \$202 million net benefit, 129 million is Suffolk County. And that would translate to approximately \$700 per Hispanic resident in Suffolk County. So those are the main findings of the report.

I also prepared some handouts which I trust you all have. So I just want to go through -- through these figures, which I figure are the main highlights. The one labeled figure one from our report just shows how rapidly the Hispanic population on Long Island has grown for the past -- well, this goes from '80 to 2004, so about 25 years. Looking at the higher bar, the one that shows a total for Nassau and Suffolk, we see that since 1980 the Hispanic population has more than tripled to just shy of 330,000 today.

And the interesting thing to note is that if you eliminate from the population all the new Hispanic residents, those that are there since 1980, we would actually have the entire population of Long Island shrinking by about 3%, because as we know, the population since 1980 of the entire Long Island, Nassau and Suffolk County, has increased only modestly. And that increase in total is less than the growth of the Hispanic population in those years.

So moving on to -- I also included there in the packet figure 7 which I thought tells an interesting story about the age distribution of this Hispanic population and how it compares to the rest of the population. We find that the -- in the category of the prime working age, if you look, we defined to be 18 to 44 years of age, we find that among the Long Island Hispanics close to half, 47.7%, are in that 18 to 44 age group compared to 35.8%. Thirty five point eight percent is for the entire population. So that includes Hispanics. If we took the Hispanics out it would be even less, probably about somewhat less than a third.

So we found that interesting to note because of the -- in a way is consistent with our report's findings in the sense that we have a population that is -- maybe not say predominantly, although you could say predominantly working age if you include the other ages -- but concerning a population that contributes much to the economy just merely in terms of employment. Okay.

There's lot more detail in the study on the demographic changes, which I won't go into here, but we may discuss after I conclude here. I want to skip over to the economic impact of the study. And I want to just talk a little bit about what we did and how we arrived at the numbers we did. I want to begin with where I include in the packet there figure 12, which describes our estimate of Hispanics spending. So we start with the household income, the total household income for Long Island Hispanics, which our data that we take directly from the census, from the US Census, and from there we subtract items that wouldn't go into the spending amount.

So income and payrolls taxes, for example, remittances, the money sent overseas for -- estimates that we have of the monies that float back to other countries, savings. Subtract those three items and you end up with the disposable income. And then since we don't consider property taxes on Long Island to be part of spending, we subtract from the disposable income the property taxes to arrive at the number of -- which we call buying power. And then the difference between buying power and spending is what we term leakages. Leakages are the money that -- it's money that's actually spent, but it's not spent on Long Island. It may be spent in New York City, it may be spent online buying somewhere else in the country, even internationally. Okay so we subtract that from buying power, we end up with the total amount for spending. Okay.

Table 15, summarizes the numbers. And I want to really focus on the most recent year, 2004, although this table has -- you can also compare over time 1990 and 2000 as well. But for the Year 2004, as I mentioned before, our main finding is really just shy of \$5.7 billion is the total economic impact for both counties, and that's broken down below for Nassau and Suffolk. And as I said, 3.2 billion in Suffolk County. The jobs created, 42,412; value added of almost 3.7 billion; labor income, 2.2 billion. We didn't emphasize at all anywhere in our report the State and federal taxes -- the impact in terms of the State and Federal budgets, but the analysis, we did produce these numbers. So we just saw fit here to list them, but they weren't emphasized in our report.

I want to just point out then what this means in terms of the benefits to the County budgets. So we have a total economic impact of \$5.7 billion. What this translates to in terms of -- we had three general categories; property taxes, sales taxes, and other tax and fees. Now, other taxes and fees, we looked into this quite a bit, and found it's exceedingly complex to separate out all the difference taxes and fees across both counties. We found somewhat, I think, slightly over 900 different categories. We explained in the report what we did, but we used a reasonable method of estimating this other fees. But the bulk of taxes we found are property and sales tax. And the direct contributions, we were able to estimate directly from the individual household themselves.

All the indirect numbers there listed on the table are generated in the analysis that we did, by the -- which we used these {implanned matricees}, which involves just basically having the computer calculate these numbers for us. These are the indirect contributions. And then so we see there the total contribution, the number I gave earlier, the \$925 million, is the estimate -- estimated contribution in 2004 to tax revenue for both counties.

And finally, the last item I had on that handout was from figure 13, which just basically shows the budget balance. And you see the Hispanic population, as I said, just under 330,000. We have the contributions on the left and the costs on the right -- and our estimates of the cost. As I mentioned, we have three broad categories. Following from the report that Darren Sandow just mentioned earlier from north Caroline, following the same methodology they used, we looked at K to 12 education, health and corrections and came up with a total cost estimate of \$723 million. And the contribution pretty much as I explained earlier, we list here on the figure how it breaks down. We have the \$5.6 billion in Hispanic earnings and how that translates to both direct and indirect impacts on the total contribution of \$925 million; \$614 per person. And as I said earlier, in Nassau County, somewhat more, \$700 approximately per person. One hundred and twenty nine million is the net benefit. That's all I have.

CHAIRMAN HORSLEY:

Okay. Thank you very much, Doctor. That was quite a mouthful. I know several of my colleagues would like to ask you a couple of questions, but I just wanted to question on the methodology. I read in the papers that the critics, if there are any, questioned that you didn't differentiate between illegal and legal residents in the communities. Does this have any impact on the validity of the study? You know, I just wanted to get your take on, because I saw it was criticized. We all have critics, by the way.

DR. TORRAS:

Not at all. No impact on the validity of the study. We don't claim to make any -- we're not claiming

to say anything about specifically the undocumented population. And it's not correct and misleading I think to say that the study is flawed for this reason simply because a study such as the one we conducted cannot be done for the undocumented population. The data are not available for the undocumented population to do such a study. I should note that since we use census data for the study, we do have -- I don't want to say -- I can't say really the bulk -- but a significant portion of the undocumented population among those 330,000. So it really -- our study really -- I don't want to combined since the census data already has combined, it's not that we've combined them, but that the census data reflects in aggregate the population, the Hispanic population, both documented and undocumented.

CHAIRMAN HORSLEY:

So would you say that as a group there's very -- it would be somewhat homogeneous, I mean, these numbers could be spread, cut in any different way and they'd basically come up with the same dollars, positive dollars?

DR. TORRAS:

We didn't look into that in our report, so it really would be very difficult to say.

CHAIRMAN HORSLEY:

Yeah. I think that it would be hard to get that data too. I just wanted to question because it was thrown out there and someone mentioned it to me, so I wanted to get you on what you felt about it. Thank you, though, for that. I'll have a few more questions in a minute or two. But can i turn this over to Legislator Barraga?

LEG. BARRAGA:

The Chairman of the Committee just pointed out to me that in the Town of Islip where I represent, 20% of the population is now Hispanic. So I will be exclusively known as Ba-rag-ga from now on, no longer Barr-ag-ga.

I wanted to get back to a point that the Chairman made, because there has been a great deal of criticism depending upon where you are on the immigration issue with reference to the make-up of this particular study. And, of course, you pointed out, and rightfully so, you used census figures. And census figures is just a body count. I mean, it's numbers. It's not a question of whether or not your citizens or non citizens. And there really is no way to reflect as to either 329,000, and it's probably even more than that, because these figures are several year old going back to 2004, the number of so-called illegal immigrants in the study. So I think it's like comparing apples and oranges. I'm not so sure that you can make a legitimate criticism of your study and say it's invalid, because, you know, I think that pertains basically back to the immigration issue and not the study itself in terms of Hispanics. For my own benefit, the definition between -- what's the difference between Hispanics and Latino in terms of the spectrum? Is Hispanic a more narrower definition than Latino?

DR. TORRAS:

As far as I know, the two terms can be used almost interchangeably. I don't know of any difference.

LEG. BARRAGA:

Okay. And your study also indicates that the main bulk of the Hispanics in the workforce are between 18 and 44?

DR. TORRAS:

I'm sorry?

LEG. BARRAGA:

The population breakout.

DR. TORRAS:

Right.

LEG. BARRAGA:

It's a population breakout. Was that also some symbolism as far as those in the workforce as well, because you have -- if the breakout shows the largest number between 18 and 44, is there an assumption there on the work end of it too, the employment end?

DR. TORRAS:

There's another table on our report that speaks specifically to the numbers, the workforce numbers. I believe it's table --

LEG. BARRAGA:

It's figure 7.

DR. TORRAS:

I know which one you're referring to, but I mean, table ten -- I think it's table ten -- yeah, labor force participation and employment. That's on Page 16. So we see the civil labor force participation compares the Hispanics to the -- well, again, to the total population including Hispanics for both Nassau and Suffolk County and both looking also at gender, men and women.

LEG. BARRAGA:

Is there anything in your report that would give us perspective any estimate of the growth of the Hispanic population on Long Island in the next five, ten, 20 years?

DR. TORRAS:

In fact, the first section of our report talks about this and, in fact, notes that the Hispanic population is growing more rapidly of late in Suffolk County. Tabled one, not figure one, which I've included in your packet, but table one, the growth rates of the Hispanic population from '81 to '90, it was 78.8% in Nassau. Okay. So I'm on Page 2. So the Hispanic population grew much more rapidly in Nassau County during the 1980's and then about at the same rate during the 1990's, but much more rapidly since in 2001 in Suffolk County.

And we also note that the -- as I mentioned earlier, the Hispanic population has not only grown more rapidly than the non Hispanic population on Long Island in the past 25 years, but, in fact, the non Hispanic population has shrunk on Long Island in the past 25 years. And also that the -- the rate of increase in the Hispanic population in recent years on Long Island is more rapid than the national Hispanic population world rate.

LEG. BARRAGA:

Extrapolating that out in terms of the entire state, could you make a statement with some validity that it's because of the Hispanic population growth that New York State has maintained itself at around 19 million, without them the State's overall population probably would have declined dramatically because the shift in other groups leaving the State to go south and west?

DR. TORRAS:

Well, I didn't look at the rest of the State, but if it's at all representative of what's on Long island, the numbers speak for themselves.

LEG BARRAGA:

How many Hispanics do we have in the State?

DR. TORRAS:

I'm not exactly sure. I'm not sure of the precise number. I don't want to say, since I'm really not sure.

LEG. BARRAGA:

Yeah. Because it looks to me like you take a look at the numbers, several sets of numbers, the overall growth of the Hispanic population in the 20, 30 years is so dramatic it's been offsetting that population of others who have been leaving the State to go to places like Arizona and Florida. And it's helping to maintain through the census our Congressional representation even those that representation has been declining in the last 20 or 30 years.

DR. TORRAS:

Again, I can't speak to the state as a whole. I haven't studied it.

MR. SANDOW:

Legislator Barraga, the New York Immigration Coalition is doing its own study on the entire State of New York. I'm not too sure when that report is going to be coming out, but it will -- that information will be available soon.

LEG. BARRAGA:

Because I've read reports indicating that in the next ten or 20, 30 years, those states who have large number of immigrants, legal or illegal, will wind up having dramatic increases in their Congressional representation, because, again, it's a consensus count. And I'm talking about places like Florida and Arizona and California, you know -- where at the expense of New York, because New York, even though we're growing our population because of the Hispanics, we are staying level because of others leaving the State and going to other states to live.

LEG. ROMAINE:

Quick question.

CHAIRMAN HORSLEY:

Legislator Vivian Viloría-Fisher.

LEG. VILORIA-FISHER:

Thank you very much for being here. It's a compelling study, and I look forward to reading it. I have a couple of questions. The first one regarding health impacts. Now, it is that season where many of us in this line of business are walking neighborhoods and speaking to people -- to our constituents. And the question often arises that the Latino population -- and I think the people who are making these comments are referring more to undocumented workers and how they are impacting our health system. Now, when you refer to health and social service costs, are you including in that number impacts on hospitals where there are visits to emergency rooms where the costs are not recouped by the hospitals, or are you speaking strictly to government costs?

DR. TORRAS:

I have to assume that those numbers are not included, but I have to go back and look specifically at the numbers that we -- that we consulted. I don't believe it includes those numbers, but I would have to double check.

LEG. VILORIA-FISHER:

Okay. Thank you. Also, when you look at the percentages regarding the net gain to let's say Suffolk County because of the Hispanic population -- and I tend to like the term Latino better, and it's just a personal preference that some people use, Hispanic and some Latino. The reason I don't like Hispanic is because I remember when that term first started being used that it always seemed to be a description of perpetrators, somebody looked Hispanic. And I found that offensive, because how does one look Hispanic? We come in many different flavors and colors. So I found that term to be something I personally didn't like. So I tend to use the more Latino word, which is Latino.

At any rate, when we are looking at the net gain to County coffers, as you know, our budget is supported by the revenue -- the sales tax revenue much more than by the property tax revenue. And people who live in Suffolk County, whether or not they're documented, whether or not they're citizens, are -- have an impact on our sales tax revenue. Is that teased out in any way in the

report, how Hispanics because of the very numbers impact our County budget and the percent of our County budget that comes out of sales tax rather than property tax?

DR. TORRAS:

Yeah. The numbers -- well, we didn't really look at the budget overall, we looked at the Hispanic contributions -- but, sure, we show there -- this was my discussion -- if I'm understanding you and answering your question correctly -- on Table 17 where I show the breakdown how the Hispanics contribute overall. So, for instance, the Hispanic contributions to our estimate of the sales tax, they paid --

LEG. VILORIA-FISHER:

Was that one of your handouts? I'm sorry.

DR. TORRAS:

Yes. Table 17. I think it's third -- no second from the last. So for instance, if you want to look at the overall sales tax contribution, our estimate of the sales tax contribution in the Year 2004 to Suffolk County on the part of Hispanics is 78.3 or \$78.4 million.

LEG. VILORIA-FISHER:

Okay. So then what it would be -- it would come to for us is to look at the overall sales tax portion of our budget and see what percentage of our total budget --

DR. TORRAS:

Right. Right.

LEG. VILORIA-FISHER:

So you haven't extrapolated that number. We can by having these numbers, these raw numbers.

DR. TORRAS:

Correct.

LEG. VILORIA-FISHER:

So in your analysis, you don't show what percentage of our budget --

DR. TORRAS:

Well, again, I don't remember every single detail. We may have mentioned it. I know in other areas --

LEG. VILORIA-FISHER:

But with these numbers we can do that. With these numbers we can extrapolate those numbers. You know, it's just ironic that two of the people who are sitting here are Legislator Barraga and I who both mentioned at one of your General Meetings the impact nationally of the undocumented workers nationally in the United States who are contributing let's say -- I know that I mentioned the contributions made to FICA, to our Social Security, which will never be recouped by the people who are putting the money into that -- into those coffers. So on a national basis, we look at that net impact -- net positive impact of the Hispanic population. Now, you did base --

DR. TORRAS:

I'm sorry. Your question, though, I found here on Page 28 in the first paragraph. It doesn't have the percentage broken down by county unfortunately, but it's equivalent to 4.4% of the local sales tax revenue raised annually in Long Island. That is the sum for both counties, 4.4% is what the Hispanics contribute.

LEG. VILORIA-FISHER:

All right. And another question. When you break down the gross income and then to the expended income -- disposable income and the spending, and you refer to property taxes, now is there any

reference in the study on indirect property taxes? You know, when people are renting, then there is that indirect property tax.

DR. TORRAS:

Well, that's what we assume all along is included in the estimate of the property tax, because -- yes, absolutely. I mean, if you compare homeownership, the rates of homeownership on Long Island, you compare Hispanics and non Hispanics, it's lower for Hispanics. But, absolutely, renters also pay property tax indirectly as well. So that's included in the figure.

LEG. VILORIA-FISHER:

Okay. Thank you very much and thank you for the study. And I think it's -- vis a vis the criticism that Hispanics are being treated without separating the documented and undocumented -- I think as a Latina immigrant who contributed a great deal to the economy, it's important that we not separate rate it, because I believe in the public perception very often it's not separated. And so it's critical that we look at what the impact is. And you're working from census figures, and working from census figures, it's not separated. We're talking about bodies, and we're talking about the individuals living here without reference to documentation or a citizenship. So thank you. It's a very compelling study.

CHAIRMAN HORSLEY:

Thank you very much, Legislator Viloría-Fisher. Legislator Romaine.

LEG. ROMAINE:

Yes. Your study dealt primarily the economic impact, correct me if I'm wrong.

DR. TORRAS:

That's correct.

LEG. ROMAINE:

It did not deal with the impact, for example, of census or undercounting in the census?

DR. TORRAS:

No, we didn't seek to come up with -- we mentioned somewhere in the report what we estimate. We gave a range of 50 to 80,000 is our estimate of the undocumented population on Long Island.

LEG. ROMAINE:

Now, by undocumented -- let me just understand what you mean. By undocumented, you mean people that entered this country -- I guess the term would be illegally -- without a passport or without a visa or something of that nature. I'm trying to understand what you mean by undocumented. Is that your definition?

DR. TORRAS:

Yes.

LEG. ROMAINE:

Or if you have a better definition, please provide it.

MR. SANDOW:

I would just add that a lot of people come into the country legally and wind up overstaying their visas.

LEG. ROMAINE:

Okay.

MR. SANDOW:

In fact, that's the majority of, you know, folks that are here that are considered to be here illegally.

LEG. ROMAINE:

Okay. Let me understand that, because you just made a statement that seems to hit me right in the face in the sense that it doesn't ring true with me. But let me just get that again. You are claiming -- you are stating -- excuse me -- that the majority of people that are here in an undocumented capacity are people who have overstayed their visit -- visa, not people who have entered the country without any papers whatsoever; is that correct?

MR. SANDOW:

I would say that I'm not too sure -- this is all hypothetical, right? But most people come in legally. This is my -- this is my -- you know, I'm just hypothetically speaking here. They come in legally, and then what winds up happening is that they overstay their, you know, visas, their permits to be in the country, etcetera, yes.

LEG. ROMAINE:

I haven't done a study, but just on the basis of meeting people and things of that nature, I run into just the opposite. I find people have entered this country illegally that have come specifically to Long Island from a specific part of Mexico that have arrived here that never overstayed their visa, never had a visa and entered the country legally. So maybe I am getting anecdotal information that on the facts doesn't hold up of you do a broad study, but I just have a totally different impression of this.

MR. SANDOW:

Maybe that will be our next study.

LEG. ROMAINE:

I think that would be a good study. I think the study was very helpful in terms of providing a basis for the economic contribution that has to be made -- that is being made by the Latino population. The next question is -- and that's the debate I believe our nation is having at the appropriate level, at the Federal level -- what should be the immigration policy of the United States and how should we view our borders? Should we view our borders as open borders? We have had a more or less open border until 9/11 with Canada. Should we view our border with Mexico as an open border? What rules should apply? How should they be enforced? How do we weigh the economic contribution versus the question of our immigration policy?

Those are all issues that I think are out there. There's no contribution that your study benefited in providing at least an economic analysis of what people who are here in the country at this moment in time without legal status have provided economically. The question is the policy that we have to adopt towards immigration. That's a whole totally separate issue and not one solely influenced by economics. Partially influenced, but not solely influenced by economics. Thank you.

CHAIRMAN HORSLEY:

I'm not sure that was a question. I could see the puzzled look like, "Was I supposed to answer that?"

LEG. ROMAINE:

I've made a statement. Certainly if you want to respond to that statement, that's fine. I just want to compliment you on your work. I think while it was helpful, it's certainly -- it's one part of a mosaic that doesn't -- that doesn't provide a complete picture. It provides part of a picture and is very helpful, but it only provides economic contribution part of the picture. Thank you for the study.

CHAIRMAN HORSLEY:

Thank you, Legislator Romaine. I have a quick question for you. One of our charge here today is we look at the economic development of Long Island. And we're -- and this is why this is important, because these are benchmarks for, you know, where do we proceed, how do we encourage what types of businesses to come here, you know, what benefits do we give to businesses and the whole,

you knee, issue related to the economy.

These numbers are important for us for that reason, because it kind of gives us a hint of where we should be going. Now, let me ask you, what would you -- and I know this is outside the study. What would you recommend, Doctor, for us if we're going to promote the Long Island economy, seeing case that we have this number of -- this number of people who are spending this amount -- number of dollars, where should we try to direct the economy? Is there anything that we're doing wrong, anything that we should be starting to consider? You saw before -- I don't know if you were here before -- where Suffolk Community College is doing ESL entrepreneurial projects and things like that. What can we do? Do you have any thoughts on it as to we should steer our economy on Long Island to help our population?

DR. TORRAS:

You have really in your question gone way beyond the scope of what I did in the study.

CHAIRMAN HORSLEY:

I know that. I'm aware. I'm just kind of looking for help here.

LEG. BARRAGA:

The real answer is to Adelphi.

CHAIRMAN HORSLEY:

Good one, Tom. Is there anything else -- any thoughts you have on that?

DR. TORRAS:

To be honest, I can't think of anything specific. I haven't really been studying very closely the goings on in the Suffolk County economy as far as what the weaknesses are and what the strengths are, so I wouldn't really be, I don't feel, expert to speak to that question.

CHAIRMAN HORSLEY:

Towards that Hispanic population, is there anything that we should be doing to foster issues, entrepreneurial issues, on their end of the world?

LEG. VILORIA-FISHER:

Set up work sites.

CHAIRMAN HORSLEY:

I didn't want to go there.

DR. TORRAS:

I think whatever can be done to try to encourage the development of more Hispanic or Latino-run businesses. In the sense that the advantage -- we make of the -- one point in our report that -- this mention of the leakage, the money that leaves Long Island and not -- certainly not all of it, but some of it is Hispanics who are say shopping online and buying their merchandise either overseas or across state borders. It's something that there's more of a critical mass of Hispanics businesses -- potentially just looking at the economics of it, it allows for a great -- the economic impact would be grater if there were less Hispanic spending leaked out of Long Island economy.

CHAIRMAN HORSLEY:

Interesting. That is interesting. You know, one of things that I was thinking before when we were talking about Foreign Trade Zones, you know, there are so many different types of products that come out of certain areas of the world that aren't, you know, indigenous to the United States. You know, would that make sense to -- particularly if they're, you know, supported by Hispanic -- the Hispanic population, you know, like foods and stuff like that may be, you know, Central American. You know, that to grow them here on Long Island, you know, as far as a business, as an

entrepreneurial effort. I was just thinking off the top of my head. I just -- you know, where do we go. I guess that's what I was looking for.

MR. SANDOW:

I know time is limited today, and we really appreciate the opportunity to be here. But what I can offer as the Director of the Horace Hagedorn Foundation is I'm more than willing to come out and sit and speak with this committee again, because there are all kinds of different models across the country of how local Legislatures are dealing with the problems, because the Federal system is broken. There's no question. And unfortunately, the tensions that arise from that broken system fall of your backs. And I understand it's a constant struggle. So there are all kinds of creative efforts that are being done around the country. And I'd be more than willing to partner up and explore different opportunities with this body.

CHAIRMAN HORSLEY:

Interesting. That's a great offer. We appreciate that. Any further questions? Doctor, thank you very much for coming down here today and enlightening us.

DR. TORRAS:

Thank you.

CHAIRMAN HORSLEY:

Thank you very much for your kind offer, Mr. Sandow.

MR. SANDOW:

Thank you.

CHAIRMAN HORSLEY:

We will talk again about on this issue, okay? We'll see where we go from here.

DR. TORRAS:

Thank you.

MR. SANDOW:

Thank you.

CHAIRMAN HORSLEY:

Again, thank you for your contribution to Long Island, by the way.

LEG. ROMAINE:

Motion to adjourn.

CHAIRMAN HORSLEY:

Motion to adjourn.

LEG. VILORIA-FISHER:

Second.

(*THE MEETING WAS ADJOURNED AT 3:36 P.M. *)

{ } DENOTES BEING SPELLED PHONETICALLY