

ECONOMIC DEVELOPMENT, HIGHER EDUCATION & ENERGY COMMITTEE

CONSUMER PROTECTION COMMITTEE

LABOR, WORKFORCE & AFFORDABLE HOUSING COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

Minutes

A Special Joint Meeting of the Economic Development, Higher Education & Energy Committee and Consumer Protection Committee and Labor, Workforce & Affordable Housing 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 October 24, 2007 to discuss the matter of the Operating Budget.

MEMBERS PRESENT:

Legislator Wayne R. Horsley - Chairman of Economic Development, Higher Education & Energy Committee.

Legislator Kate M. Browning - Chairperson of Labor, Workforce & Affordable Housing Committee

Legislator Thomas F. Barraga - Member of Economic Development, Higher Education & Energy Committee.

Legislator John M. Kennedy - Member of the Consumer Protection Committee

ALSO IN ATTENDANCE:

Lance Reinheimer - Budget Review Office

Jill Moss - Budget Review Office

Verna Donnan - Budget Review Office

Mike Cavanagh - Presiding Officer's Office

Bob Martinez - Aide to Legislator Montano

Jim Morgo - Commissioner of Economic Development

Carolyn Fahey - Economic Development

Anthony Ceglio - Economic Development, Airport Manager

Allen Kovesdy - County Executive's Office

Robert Dow - Commissioner, Department of Labor

Joanne Kandel - Budget Director, Department of Labor

Peter Crisano - Co-Administrator, Department of Labor

Debra Alloncius - AME

Minutes Taken By:

Lucia Braaten, Court Stenographer

[THE MEETING WAS CALLED ORDER AT 2:04 P.M.]

CHAIRMAN HORSLEY:

Good afternoon, everybody. If we may take a quick seat. Welcome to the Economic Development, Education and Higher -- Higher Education and Energy Committee as -- for its budget hearings. And I believe we are also with Labor?

MS. BRAATEN:

Yes.

CHAIRMAN HORSLEY:

Labor, Labor Committee, which we do not have any of our -- the members of the Labor Committee here. Are you on Labor, Tom?

LEG. BARRAGA:

No.

CHAIRMAN HORSLEY:

Okay. May we please stand for the Pledge of Allegiance.

(*Salutation*)

All right. I do not have any cards. Would anyone like to speak and appear before this hearing? Would anyone like to appear before this hearing on the budget? Going once, going twice.

LEG. BARRAGA:

Maybe we should say it in Spanish again.

CHAIRMAN HORSLEY:

Okay.

LEG. BARRAGA:

I make a motion to close the meeting.

CHAIRMAN HORSLEY:

Make a motion to close the meeting. All those in favor? Aye. Opposed? So moved.

LEG. BARRAGA:

It was great seeing you.

[THE MEETING WAS ADJOURNED AT 2:05 P.M. AND REOPENED AT 2:07 P.M.]

CHAIRMAN HORSLEY:

Mr. Kennedy, are you on this committee?

LEG. KENNEDY:

As a matter of fact, Legislator, yes.

CHAIRMAN HORSLEY:

Mr. Kennedy has just made a motion to reopen the Economic Development, Energy, and Higher Education, and Labor Committees -- Committee meeting on the budget, second by Mr. Barraga. All those in favor? Aye. We are now back in session. I understand that --

COMMISSIONER MORGO:

I want to go first, because Labor went first last time.

CHAIRMAN HORSLEY:

Okay.

LEG. KENNEDY:

Actually, I just do need to talk to Bob Dow for something quickly, but, I mean --

CHAIRMAN HORSLEY:

All right. No, no, no, we're not --

LEG. KENNEDY:

Okay.

CHAIRMAN HORSLEY:

What it is, I didn't think anyone --

LEG. KENNEDY:

Oh, you didn't have a quorum.

CHAIRMAN HORSLEY:

No, I didn't --

LEG. KENNEDY:

You didn't have a quorum.

CHAIRMAN HORSLEY:

No, I didn't think anyone wanted to speak.

LEG. KENNEDY:

Oh, okay.

CHAIRMAN HORSLEY:

I asked and nobody responded.

LEG. KENNEDY:

Okay.

CHAIRMAN HORSLEY:

Commissioner Morgo, are we still Commissioner?

COMMISSIONER MORGO:

Legislator Horsley, thank --

COMMISSIONER MORGO:

We're still Commissioner.

COMMISSIONER MORGO:

Yeah, I'm still that, as well. As the Labor Commissioner, I misunderstood. I thought you were asking for public comments.

CHAIRMAN HORSLEY:

My apologies.

COMMISSIONER MORGO:

But then, when you closed the meeting, I felt very good about that, too.

I do want to take this opportunity to thank you as representatives of all your 15 other colleagues for allowing me to serve as the Commissioner of Economic Development and Workforce Housing over slightly more than three years. It's been a wonderful experience. I've worked with terrific dedicated people, County employees, that really dispelled a lot of the stereotypes I've had about County employees. And it's been a rewarding three years, and frankly, I'm going to miss the department, not that I'm going away totally.

As you know, in Economic Development and Workforce Housing, there are five divisions. The Economic Development Corps, that's principle mission is to attract, retain and help businesses expand. The Aviation Division, and I'm here with the Francis S. Gabreski manager, Tony Ceglie, the Aviation Division not only looks at the operation and management of Francis S. Gabreski Airport in Westhampton, but also coordinates with the Corps Division for the development of the Hampton Business and Technology Park. And, by the way, we're going to be coming to you in a -- well, they're going to be coming to you in the -- for the first time in several years with new aviation leases at the airport. As you folks probably know, that was stalled. We're going to be -- we have five approved by the community group, ACAP, and they will be before you very shortly for your approval. CEO reviewed them as well, so that we do have some movement. The community is on board and it will be new revenue to the airport, which will mean less support from the General Fund. The goal, when I came in, was to get the airport to be self-sufficient with no support from the General Fund, and we're moving towards that.

The third division is Cultural Arts. I'm sure you're all aware of our Cultural Arts Film Office, which promotes cultural tourism and works with the not-for-profit cultural institutions from theaters, to graphic arts groups, to musical groups, and it's -- the office is headed up, I'm sure you know, by the department's diva, Michelle Isabelle Stark.

And we have also the office, who is here today, who will certainly not be insulted by that, but the fourth division is the Office of Affordable Housing, which is headed up by Jill Rosen-Nikoloff, which administers all our affordable housing programs that our County originated, from the 72-h transfer of property, to our Acquisition Program, to our Infrastructure Program, to our Fast Tracking Program, and in about three-and-a-half years has done wondrous things and it has completed so many homes and has many more in the pipeline.

And our Community Development Office, which is headed up by the Director, Joe Sanseverino, who is here today, that office administers all our money from HUD, not only housing money, but community improvement money, from extending water lines, to sidewalks, to working with many of our blighted communities. So it's a department that does many things.

And I say once again, I'm very grateful that I had the opportunity to work with the programs, but especially to work with the people in the department. So I don't know if you have any questions for me, for us.

CHAIRMAN HORSLEY:

Are there any questions from our Legislators?

CHAIRPERSON BROWNING:

Apologies on that.

CHAIRMAN HORSLEY:

Oh, apologies by Legislator Browning.

LEG. KENNEDY:

Just, I guess, I would ask the now Chief Deputy, former Commissioner, Commissioner, Chief Deputy, however you figure it out.

COMMISSIONER MORGO:

Not yet.

LEG. KENNEDY:

I'm presented with similar dilemmas.

COMMISSIONER MORGO:

November 13th.

LEG. KENNEDY:

Okay. Well, there it goes, it's coming, just like Christmas. How do you see things going forward? Or conversely, reassure me again that the affordable housing efforts, and you and I, as a matter of fact, now are directly involved with two, and actually I think three possible initiatives, who's going to do this to keep it rolling on your side of the equation?

COMMISSIONER MORGO:

Well, Legislator Kennedy, the two people I mentioned, particularly Joe Sanseverino, has been working with our Community Development Office, and actually I consider Joe a colleague from almost 20 years in the different jobs that I've had.

LEG. KENNEDY:

As do I.

COMMISSIONER MORGO:

Yeah. And I didn't mention one of the programs that's directly linked to Economic Development that Joe is really the Director of and that's the Employer Assisted Housing Program. I think we have almost 80 businesses that now are participating, and I think --

LEG. KENNEDY:

Outstanding.

COMMISSIONER MORGO:

-- about two-and-a-half years ago there were six.

LEG. KENNEDY:

Wow, that's outstanding.

COMMISSIONER MORGO:

So -- and Joe knows that program probably as well as or better than anybody in either County.

LEG. KENNEDY:

Okay.

COMMISSIONER MORGO:

The other two programs that we particularly look at, the acquisition and infrastructure, we have quite a few different developments in the pipeline, and some -- and the Office of Affordable Housing and Community Development work very closely, closer now I think than they ever did before, and where they can merge and blend the programs. So I'm very confident, and I'm not going to lose my passion for workforce homes.

LEG. KENNEDY:

I didn't think so. I mean, you --

COMMISSIONER MORGO:

You know, talk about two going forward, two things I do want talk to you about --

LEG. KENNEDY:

Sure.

COMMISSIONER MORGO:

-- and get on the record, and Carolyn, in fact, made an inquiry about the Air Force Business Manager. As you know, the Economic Development Committee passed -- did that pass it out, or was it a different committee?

MS. FAHEY:

No, it was a different committee.

COMMISSIONER MORGO:

It was Kate's --

MS. FAHEY:

It was sent to the full committee --

COMMISSIONER MORGO:

It was Kate's committee.

MS. FAHEY:

-- Adopted without recommendation.

LEG. KENNEDY:

Labor, Workforce?

COMMISSIONER MORGO:

Yeah, it was the -- yeah, it was the Workforce and Labor, Workforce Housing and Labor Committee. It was released from committee without recommendation, and that's creating the Airport's Business Manager at Gabreski Airport. The Airport Business Manager negotiates all the leases. We haven't had one for a long while, in fact, we never had the title. Neil Toomb, was doing the work at the airport, he's now in the Budget Office, he's been there for quite a while.

So this new position will be for the person who will actually, working with Tony, negotiate with the potential leaseholders, the aviation, obviously, but when we finally get the airport, the Hampton Business and Technology Park RFP on the streets, and it should be by the end of this week, that we will -- we will have other companies coming forward, and we'll need somebody out there to negotiate the leases with those entities. Of course, the leases will then go through the community screening process, and then come for you for approval or rejection.

The other thing I wanted to tell you about that's in the -- in our budget going forward, the County Executive put in the budget, is the Regional Economic Development Initiative. And I know, Legislator Horsley, you and I have had many conversations about regional economic development, not just Suffolk County, but the entire region, sewers particularly, and we'll be looking at --

CHAIRMAN HORSLEY:

And we will in the future.

COMMISSIONER MORGO:

We will be looking at the regional impact, but also we're going to be looking at the Empire Zone, because, as you know, it is a Suffolk County Empire Zone that we coordinate with Riverhead Town, and it is getting more and more, more and more regional because of the regionally significant projects. I know at your last Legislative meeting you had Hi-Tech Pharmaceutical, and that's in the Village of Amityville, and we've had Telephonics several times in Huntington. They're looking to do another Telephonics, there's another RSP. So this fund is going to be looking at coordinating our regional economic development projects, and that is something that we are excited about. We asked for it in the budget and it's in there.

So those two things going forward, the Business Manager at the airport -- what I referred to with Carolyn, Carolyn asked today that since the -- since the -- thank goodness, the 1% extension of the County sales tax was approved yesterday in Albany, is it now -- do we get ready again with the Airport Business Manager? And it will be your next, not your meeting -- which meeting will it be of theirs?

MS. FAHEY:

Not the next one, the second one in November.

COMMISSIONER MORGO:

The second -- yeah, your November meeting. Hopefully, you'll be able to consider the Airport Business Manager title.

CHAIRMAN HORSLEY:

Excellent. Okay, John?

LEG. KENNEDY:

Thank you.

CHAIRMAN HORSLEY:

Any further questions of the Commissioner? Okay. Jim, I wanted just to get a -- on the record, I wanted to get your commitment that we're still going to move forward in our -- with our plans and initiative involving sewerage Suffolk County.

COMMISSIONER MORGO:

I love sewers.

CHAIRMAN HORSLEY:

We're in it together, buddy.

CHAIRPERSON BROWNING:

Me, too.

CHAIRMAN HORSLEY:

So I -- and let me just forthrightly say that I've enjoyed working with you as Commissioner as well, it's been a hoot. We've done some good stuff, and certainly under your aegis, we now have Canon coming to Suffolk County. And there's been so many good things that have moved forward during your tenure as Commissioner, and I wanted to congratulate you, wish you luck in the future, and you're still on the hook for this committee that we're working on.

COMMISSIONER MORGO:

Okay, thank you. Thank you, Legislator. The Economic Development Committee has been a terrific committee to work with, that's the one I've attended the most, and I actually -- I actually really like coming over to the Legislature and --

CHAIRMAN HORSLEY:

Your strange, but that's all right.

COMMISSIONER MORGO:

I've worked with all of you and I've enjoyed it.

CHAIRMAN HORSLEY:

Boston fan, what can I --

COMMISSIONER MORGO:

Yeah.

CHAIRMAN HORSLEY:

You and Giuliani, what I can I say?

COMMISSIONER MORGO:

Don't even. Everything changed since 9/11, so.

CHAIRMAN HORSLEY:

Okay. Thank you very much, and congratulations on your new post. And to all those -- we'll trudge on without him.

CHAIRWOMAN BROWNING:

Okay. You want to continue? You want to stay there?

CHAIRMAN HORSLEY:

Okay. I'm going to turn this over to --

CHAIRWOMAN BROWNING:

Stay there.

CHAIRMAN HORSLEY:

-- Legislator Browning and who is going to be handling the Budget -- oh let me ask, does anyone else like to be heard on the -- for Economic Development, Energy or Higher Ed? Good. I'll turn this over to Legislator Browning.

CHAIRWOMAN BROWNING:

Stay where you are.

CHAIRMAN HORSLEY:

Okay, yeah.

CHAIRWOMAN BROWNING:

You're here anyway?

CHAIRMAN HORSLEY:

Yeah, I'm here.

CHAIRWOMAN BROWNING:

Okay. I don't care where I sit. Okay, Commissioner Dow. So they ask, who do you want to bring? Good afternoon, it's nice it see you.

COMMISSIONER DOW:

Yes. Good afternoon, Legislators Kennedy, Horsley, Barraga, and, of course, Legislator, is that D'Amaro? No, I'm sorry, that's Legislator Browning. How are you all today? Good afternoon.

CHAIRWOMAN BROWNING:

Sorry. I'll change it.

COMMISSIONER DOW:

My name is Robert Dow, I'm Commissioner of Labor for Suffolk County. And I'd like to introduce to my left, Joanne Kandell, our Budget Director, and Pete Crisano, who is our Co-Administrator over at DOL.

I have some brief highlights for 2007 for Department of Labor, and then Pete was going to give a

synopsis of current and future DOL funding.

First, currently, the Department of Labor has approximately 177 employees and 17 vacant positions. We have an Operating Budget request of 15.13 million. This year, we were happy to announce as of the beginning of July, our supplemental from New York State was at \$748,000, and that's additional money that we receive for making program compliance goals to better serve dislocated workers.

We also receive from -- this is our Workforce Investment Act side, our Employment and Training Program side, a \$57,000 incentive from New York State by making all of the program compliance goals for our year, which ended on June 30th of this year.

Along with that, we're happy to announce, through Business Services Unit, we received a NACo Award, and the award is for collaboration with the Suffolk County Library System, of which our Business Service Unit and the libraries together have had several job fairs throughout the County. These job fairs are great for local employers and local employees looking to either get a job, or get a better job, and what a great way to do it through the library systems. Case in point, just about two weeks ago, we had a very large one, it was our third job fair at the Brentwood Library System with over 55 employers and three to four hundred participants that came in to look at the employers that were there, and it was a rainy night, so it was quite an accomplishment.

Speaking of job fairs, our -- we did have a job fair on September 5th with Nassau County and the New York State Department of Labor specifically for American Home Mortgage and people that are in those professional services, and the job fair was located during the day over at the Holiday Inn in Plainview. That was another great success. We had over 700 people attend, with about 90 employers that were there. And again, the job fairs have done very well for Suffolk County, for the residents, and we're proud to accept that NACo Award for them.

Along with that, our second largest program is our Welfare to Work SWEP Program, Suffolk Works Employment Program. This year we've served about 8,000 participants. Along with that program, we're -- I reported last year, and it's somewhat involved, but the -- there are standards to meet in these programs, and we work in hand in hand with DSS, and there is a work participation standard that has to be met through the Federal Government through Health and Human Services. It's the TANF funding stream, Temporary Assistance for Needy Families. We're proud to announce that for the past five months, we've had the highest participation rate in the State for large districts, and large districts are serving more than 1,000 people in their local DSS area. So that has been going very well through coordination between DOL and DSS.

Along with that, we've had our Displaced Homemaker Program that we've ran several times this year. Just last week in this very place, we had our Summer Youth Award ceremony. Once a year, the State has a Summer Youth Employment Program that this year was about 38 million dollars, of which we received 941,000. That gave us an opportunity to have over 700 underprivileged youth for the first time receive an opportunity to go to work. They earn the minimum wage of \$7.15 an hour. Along with that, everything else that comes with a first job of being there on time and being there -- doing a good job and, you know, really giving them a good foundation for the first job that they would be doing as a young kid. And just last week, and I know Legislator Kennedy last year was with us, we had over 48 award recipients here, right in the hall here, and we want to thank the use of the Legislature for allowing us to have our award ceremony here last week, and that went very well.

We also run a VITA Program, and the VITA Program is a Voluntary Income Tax Assistance Program through the IRS. We have volunteers that -- particularly, we were trying to aim at the lower income individuals that may not have received or aren't aware of the earned income tax credit. We still have this program through a County Exec initiative about four years ago, and this year we have had 149 returns that we did. And along with that, we had about 125,000 in refunds for earned income tax credit.

Additionally, we still do our Suffolk County mini PERB, labor mediation, we forecast labor statistics, and along with administering and monitoring the Living Wage Law and the newly lawful hiring of employees law.

So that's a basic highlight of 2007. I'd like to now turn it over to Pete Crisano, and he can give you some insight and forecasting into the Federal Government, of which funds TANF and funds the Workforce Investment Act, and where that might be for the -- currently and for future years. Thank you.

MR. CRISANO:

Thank you, Commissioner. Good afternoon. We're operating currently under two major funding streams, one coming from our subcontract with Suffolk County Department of Social Services. Under that, we run the Suffolk Works Employment Program. That runs concurrent with the County budget during a -- for a calendar year. So our budget coming in for January 1st of '08 through December is basically a cost-to-continue budget. We'll keep the same level of staff with our backfills, and we anticipate the revenues to remain about the same, and enable us to continue to lead the State with participation rates.

Again, a caution. We don't make those participation rates. There's a potential for an up to a 5 million dollar sanction against the County of Suffolk. Now that 5 million dollar sanction doesn't mean they take the money back, it means we have to make it up out of our own revenues and put that money back in, because there are maintenance of effort requirements. So it's critical that we make this participation rate and we stay out of the sanction levels.

On the other main funding stream is the Workforce Investment Act, federally funded, passed-through to the State and then down to the locals. That runs from a July 1st to a June 30th fiscal year. So right now, we're in the middle of PY '07, which started on July 1st. So we have already been awarded the money for the first half of '08. The second half of '08, which begins in July, there are some problems that are looming on the horizon. First of all, like any other programs that are hostage to the Federal discretionary part of the budget, we expect to lose some funding. You can't keep funding billions of dollars for whatever the thing is you want to do and out of mandatory parts of the budget without cutting the discretionary funding. We're on the discretionary side. So we anticipate a slight reduction in funds that are appropriated by Congress.

But there are two other issues that may impact us directly. Number one, there is a move to rescind 335 million dollars of WIA money that is already out there in the states. The move is based upon an erroneous assumption that that money is just sitting there not being used, when in reality the money has already been obligated. It's obligated from program year to program year, so you have a seamless transition, you don't have to stop your programs and start again.

But the need to generate more income and more revenue at the Federal level leads people to select and put faith in the report that best fits their needs. If that rescision goes through, the State of New York will be asked to return 28 million dollars. How that affects Suffolk County, it could be up to 600, \$650,000 out of already obligated money that we would have to return. That's one issue.

Issue number two is we are sometimes with Federal funds victims of our own success. Part of the money is given out by formula under the Dislocated Worker Program. The key element in that is the number of unemployed in your workforce. The State of New York, vis-a-vis the rest of the states, is doing very well. So our portion of that formula money is going to be decreased because of the success of what we've been doing out here in Suffolk and the city itself, creating jobs, having unemployment rates hovering around 4.5%. That could result, and I say could result, because we don't know exactly to what amount this percentage would be applied, but generally, it might look about 16% for the State of New York. As that filters down to Suffolk, that could be another six hundred some-odd thousand dollars lost in income coming in here. So it's about 1.2 million dollars in the worst case scenario.

On the good side, being a high performance local WIA, we get a lot of additional money. We get

competitive grants. We win, because we perform. We've made all of our 17 performance standards and gotten additional incentive money. We've hit all of our financial targets and gotten additional supplemental. So we're able to offset some of this loss, and we think so in the future as well by getting some of these competitive grants and looking for rewards and awards for the way we perform.

So that's basically the outlook. The only thing that might help us a bit is on the TANF side, looking for a revisitation of the TANF Program, the regulations that make it very difficult and very expensive for us to meet that performance rate, because you need a lot of staff on board to keep these participation rates up. And if those regulations, and definitions, and sometimes approaches to how this is done are either loosened or rethought a bit, we could save some money locally.

CHAIRPERSON BROWNING:

Okay. Any questions? I know John does.

LEG. KENNEDY:

Just, I guess, for the Commissioner and for Mr. Crisano. You've communicated or the County Executive's communicated with the Federal Delegation already as to advocating for not abiding by this erroneous interpretation of the 28 million?

MR. CRISANO:

Not only in the County, but National Governors Association, Conference of Mayors, anyone who has a stake in employment and training and who has lived by the law, right, and has said, "The law says 80% obligation." Congress and U.S. Department of Labor is saying 80% accrued, and there's a big difference between those two definitions. So yes, we have brought that up.

LEG. KENNEDY:

And it is an issue that's on the radar screen for Senators Clinton and Schumer, and Congressman Israel and Bishop?

MR. CRISANO:

Absolutely.

LEG. KENNEDY:

Okay.

MR. CRISANO:

As a matter of fact, they've -- Congressman Bishop and I believe Congressman Israel have signed on to a "Dear Colleague" letter to withdraw the rescission from consideration.

LEG. KENNEDY:

Okay. Thank you. Commissioner, just one other question, I guess, that I'd ask you, and it's something that you didn't mention, but you know that it's something that's actually near and dear to the hearts of several of us. And I don't know if it's something that the department deals with specifically, but put on your other hat for a second, and that's enforcement and activity going on out there with union and non-union contracting and unauthorized labor, whether it's illegal labor, unauthorized labor or what have you on job sites. Does your department ever get involved or does it have any capacity to get involved with any type of enforcement activities or enforcement efforts out there?

COMMISSIONER DOW:

Not when it comes to a prevailing -- to a Department of Public Works contract, because the jurisdiction is the State DOL. But I will say that I'm part of an association or council called LILAC, the Long Island Labor Advisory Council, of which Commissioner Trish Smith meets regularly, probably four or five times a year, in fact, we're meeting this week, and things of that nature are

being talked about. The Spota bill that was in front of and I believe on the Governor's desk, I'm not sure if he signed it yet, there was a little tweaking going on with that, but both the Senate and the Assembly have approved the bill, would definitely strengthen the prevailing wage laws. But to answer your question, no we don't specifically monitor or enforce the Prevailing Wage Law, because again, it's a State law.

LEG. KENNEDY:

But, nevertheless, you're a part of a group, I guess, that's advocating for its enforcement.

COMMISSIONER DOW:

Absolutely.

LEG. KENNEDY:

Okay, good.

CHAIRPERSON BROWNING:

Well, I guess no more questions, that's it? Thank you for coming. It was good seeing you again, and we're done.

COMMISSIONER DOW:

Thank you very much, a pleasure.

CHAIRPERSON BROWNING:

Motion to close. Sorry, I didn't do that. Second.

CHAIRMAN HORSLEY:

Second.

[THE MEETING WAS CONCLUDED AT 2:34 PM]

{ } INDICATES SPELLED PHONETICALLY