

ECONOMIC DEVELOPMENT, HIGHER EDUCATION & ENERGY COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Economic Development, Higher Education and Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on July 29, 2009.

Members Present:

Legislator Wayne R. Horsley Chairman
 Legislator Steven H. Stern Vice Chair
 Legislator Vivian Vilorio Fisher
 Legislator John M. Kennedy
 Legislator Cameron Alden

Also In Attendance:

Renee Ortiz, Chief Deputy Clerk of the Legislature
 Barbara LoMoriello, Deputy Clerk
 Debra Alloncius Legislative Director/AME
 George Nolan, Counsel to the Legislature.
 Sarah Simpson, Assistant Counsel to the Legislature
 Ben Zwirn, Deputy County Executive
 Linda Bay, Aide to Minority Leader
 Paul Perillie, Aide to Majority Leader
 Deborah Harris, Aide to Legislator Stern
 Brendan Stanton, Aide to Legislator Horsley
 Tom Ryan, Aide to Legislator Vilorio Fisher
 Joe Muncey, Budget Review Office
 Carolyn Fahey, Economic Development
 Gary Huth, Labor Market Analyst
 Peter Quinn, Suffolk County resident
 All other interested parties

Minutes Taken and Transcribed By:

Gabrielle Skolom Court Stenographer

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(The meeting was called to order at 2:10 PM)

CHAIRMAN HORSLEY:

All right. Good afternoon, everyone, and welcome to the Economic Development, Higher Education & Energy Committee meeting of July 29th, 2009. Can we please stand for the Pledge of Allegiance?

Salutation

May we still stand for a moment of silence for those men and women who are protecting our freedoms across the sea.

Moment of Silence Observed

All right. What we'll do first Gary, how are you doing; you pretty well?

MR. HUTH:

I'm all set.

CHAIRMAN HORSLEY:

Okay. What I'll do first is I'll just do the public portion first, and we have a very interesting report from the New York State Department Of Labor concerning Long Island statistics on employment. But let me first do the public portion of the hearing today. I have one card from Mr. Quinn. Peter Quinn? Welcome, Peter.

MR. QUINN:

Oh. I hit the wrong button. Good afternoon, Members of the Committee. My name is Peter Quinn, and some of you may know for a long time, I've been critical of the way in which grants are made to various businesses. I have also been critical, both publicly and privately, about the extent to which businesses have resorted to outsourcing, how some companies have commit fraud, how they have polluted almost with impunity. And it just seems to me that before the Industrial Development Agency provides any more perks to any companies, there ought to be an attempt to put on the internet the names of all the companies that receive a benefit and ask them to fill out a form, a brief one, to the extent to which any of their officers have been found guilty in court of a fraud, how many have outsourced, the number of people who have been outsourced, their current job status full time, part time and a number of other questions, pertinent questions that could and should be on the internet so that the public has access to that information. And the County decides by a review whether or not any of these companies should be entitled to any ten year property tax abatement, sales tax elimination and so on. It just seems to be a prudent way for government to behave and to be transparent to the public. So I would hope that you would put together some kind of a two page questionnaire to any company that's got more than 25 employees and ask them what perks they have previously received from elsewhere, whether it's federal, state, town or village, and make us all aware of what's going on with business. I thank you.

CHAIRMAN HORSLEY:

Thank you very much, Mr. Quinn. We always appreciate your comments. All right. As mentioned earlier, I have an interesting reported from Gary, who is the do you say that, Huth?

MR. HUTH:

Huth.

CHAIRMAN HORSLEY:

I knew I said that wrong, even though I asked the question before Huth labor market analyst who has been speaking to a lot of the media these days because of, of course, the recession and the problems in the economy. But he's here today to give us an overview of the Long Island employment situation and the good news, the bad news and everything in between. Welcome.

MR. HUTH:

Thank you. Thank you very much for having me here. I appreciate the opportunity. I am the labor market analyst I work very closely with the New York with the Suffolk County Department Of Labor. Mr. Crisano is here, and with Commissioner Dow, there are a number of activities that we work together on collaboratively, and actually, I'll refer to that

maybe a little bit at toward the toward the end of my presentation. But one of the reasons why I particularly appreciate being here is I'm of the belief that labor markets, particularly Long Island's, and, in fact, I think in some ways Long Island led the country in a way that is that not completely recognized in the diversity of the Long Island economy that emerged after the defense downsizing. And but that complexity comes with certain challenges, one of which is that you don't have the number large employers that you had before, so the job market by almost by definition becomes more complex. And I think that we grow by by giving opportunities to both those businesses and those individuals, but they have to be able to identify what those opportunities are.

So every opportunity that I get to talk about what is going on in the economy and how the labor market is changing to me is a helpful sign hopefully of or a hopeful helpful step in helping that process go forward. I have a brief PowerPoint, and I think I provided some handouts before, and I'll try and go through that. So I have to hold this down while I talk? Okay.

Let me just start first with some brief updates on what the unemployment situation is on Long Island. These charts are sometimes a little bit difficult to follow. The Nassau/Suffolk and Nassau and Suffolk rates are down in the last three lines there, and the one people mostly pay attention to is the unemployment rate, which is in the last three columns on the right. You could see the Long Island rate is 7.5% and the Suffolk rate is 7.5%. There was a period earlier in this downturn where there was more of a divergence. Suffolk's rate was running higher than Nassau's, but they seem to have pretty much pulled together now. Historically, over the last 10 years or so, Suffolk's rate, by the nature of its economy tends to run a slightly higher unemployment rate than Nassau's. It has more industries such as construction, manufacturing, et cetera, that has lot of issues. The labor force tends to be somewhat younger, which usually means higher unemployment rates.

As bad as this unemployment rate is for us, you can look and follow up to the top lines. You can see for the New York State rate, we're almost a full percentage point below what the State is. The State is 8.6; we're 7.5. The national rate is 9.7, so it's almost two percentage points higher than what we are. I guess from a statistical point of view that's the good thing to say. I'm not so silly as to say that too publicly because obviously anyone who's out of work feels a lot of pain from those numbers and doesn't take much consolation in the idea that it's not as bad as it is in, you know, in Phoenix, but those rates are there. You might be of some interest to you if you look a little bit above the lines above Long Island, you'll see that our rates are pretty much in alignment with Westchester, also running at 7.5 and that whole Hudson Valley area running pretty much where we are.

CHAIRMAN HORSLEY:

That's where OSI is now, right?

MR. HUTH:

Hm?

CHAIRMAN HORSLEY:

That's where OSI is now, right?

[Laughter]

MR. HUTH:

Right, right.

CHAIRMAN HORSLEY:

I'm sorry.

MR. HUTH:

That's fine. What you might get some sense of now what you want to see is because our data is not seasonally adjusted, the 7.5, you can see it's a sharp jump up from the far right hand column. Well, a year ago, we were at 4.7%. So again, while we're below the

nation and the state, we're really almost three percentage points above where we were a year ago. Things are not things are not good. New York City, which actually along with Long Island, had actually come into this downturn doing fairly well, has seen a rapidly escalating unemployment rate. They are now up to 9.3%. You can see in the Bronx, it's 11.7, and while some of us may be used to historically seeing high unemployment rates in the City, over the last year or two, the City actually had been running below the State rate, and at times, I was shocked, actually, that ran almost equal to what Long Island's rates were. I think that's a combination of the financial services sector, although the layoffs in financial services or the job losses in financial services have somewhat perplexingly not been as bad as most of us and most economists had estimated. But they are certainly still there. Retail trade, I'll get into a little bit, is one of the major sectors that's really hard hit, and, you know, the whole region is as a significant retail trade presence, and I think that's partly what's happening.

Again, is this the worst of times for Long Island? You can see again by this chart we're at the far end there. We're at 7.5 percent. In the '91, '92 period '92, we kind of peaked, at least for the month of June, which is what these rates represent at 8.7%. My sense is that it's not real clear exactly where we're going. I think there's a general sense from the basic economic data that we may be at a bottom. Generally, labor markets or labor unemployment rates are what we call a lagging indicator. They sometimes continue to go up even when businesses business turns around, so it would be pleasantly surprising if our rates didn't go somewhat higher.

I'm someone of the opinion though that things were worse in that post defense downsizing period, which I see as more of a real structural change in the Long Island economy when we really had to adapt and decide what Long Island was going to look like. This credit crisis has been, you know, an immense crisis in terms of structural changes on Long Island. I'm not sure whether it's as disruptive as the defense downsizing was, and I can certainly point to, and we'll talk briefly about some areas where I think we have opportunities as we go forward from here. Jump in and ask questions at any time you want.

CHAIRMAN HORSLEY:

All right. We have one. I have been holding off. If you'd rather do it this way, so be it. Legislator Alden.

LEG. ALDEN:

Unemployment on your graph represents, like, who?

MR. HUTH:

There's a lot of some confusion about that. It represents everyone who, in theory, is out of work and looking for work. Now, some people think if you go off unemployment insurance that you, therefore, are no longer accounted among the unemployed I'm sorry. Some people are of the belief that when you go off unemployment insurance, you are no longer counted as part of the unemployed, whereas, actually, you are. You can see in this, in fact, this table I have there for the combined Nassau Suffolk area, there's 113,000 people considered unemployed at this point. Probably about half of those, probably about 50,000 or so, are actually collecting unemployment insurance benefits. So what the rate does not, I think, and particularly in this kind of downturn, it counts everybody who's working, even if you're only working one hour a week. So what we call the underemployed, a person who's working less than full time when they want to work full time because some people want to work part time and a person who is working below their skill level, which is usually below the compensation level.

LEG. ALDEN:

They are counted as employed?

MR. HUTH:

Right, they are counted as employed. So the unemployment rate does not really measure that.

LEG. ALDEN:

How do you determine who is looking for work?

MR. HUTH:

Well, it's kind of a combination of things especially when you get down to the local level like here on Long Island. There is a household survey done both at the national level and that household survey is the sample size is pretty small. It's reasonable when you get to the state level and even at the New York City level. For us, it's a combination of that survey, and they ask people, "Are you working?" and, "Would you are you actively seeking employment?" They ask them that. For us, we have a combination of that data, and we supplement that with what we know to be the number of people following for unemployment insurance claims, et cetera. So there's on a local level, there's different factors. But the household level, they ask you whether you are actively looking for it.

LEG. ALDEN:

The actual number of unemployed is higher than what we're showing?

MR. HUTH:

I think you would have to say it would be somewhat higher. There also would be discouraged workers, certainly; people who have actively stopped looking for a job. So there is some undercounting that goes on at any time in the labor market, so I

LEG. ALDEN:

Do you do any analysis of people coming out of high school looking for work that haven't worked and people coming out of college that are looking for work and haven't worked, and are they counted in your

MR. HUTH:

Right. They are, in theory, counted in those levels. In the household data, if your household happened to be in the sample that month, and you had two children at home, for example, were home for the summer, did not look for a job in April and May but came home in June and looked for a job, they'd be counted as unemployed in June. Actually, our unemployment rates almost always goes up in June for exactly that reason. So there is an attempt to count all of those people.

LEG. ALDEN:

Thanks, Wayne.

CHAIRMAN HORSLEY:

You're welcome, Legislator. Thank you for the questions. Mr. Huth.

MR. HUTH:

This is a chart I thought you might be interested in. Again, the more local you get, to be perfectly frank, the less reliable, maybe, the data is. Here, we have some areas that don't we publish but don't normally get a lot of attention. It's broken down into some of the smaller areas. You can see that in Suffolk, the higher rates Babylon Town has an 8.5% rate; Lindenhurst Village has 8.4. So and then you have some in the Hamptons, especially at this time of the year, you probably have some even though the economy is slow there also, this generally a better time obviously for that area. The highest rate, I believe, in Long Island is in, of the areas at least that we measure, is in Hempstead Village which rate is 9.7. I believe Glen Cove City is at 8.7. So that just gives you some idea.

You can see on the right hand column I threw that in there it's just an attempt to see how much they are rising over the year, and while the rates with high rates tend to be rising a little bit faster, they generally all seem to be rising at more or less same pace. Again, this is just a quick chart of again, our data is not, what we call, not seasonally adjusted. So there's a lot of variation from February is usually some of the highest months of the year 'cause construction workers are all off, economic activity is very slow. But so you try and

look at the same month. If you run down that column again is where you get the comparable rates over a period of time. And as I mentioned before, in 1992, for the month of June, we had an 8.7% rate.

Our data sources were changed. There were revisions in how the process was done prior to 1990, but there are actually some periods in the '70s where the rates were higher than even that.

This gives you a quick summary of where we are in terms of where we're losing jobs at. Long Island, as I kind of alluded to before, actually went into this downturn later than most of the rest of the country. We didn't we were still adding jobs, actually, up through the middle of 2008 and really not having very significant job losses almost up through September. That's in spite of the fact that in 1980 19 in 2007, as y'all know, we lost a lot of jobs in American Home Mortgage. We preceded the downturn in the mortgage industry and crisis kind of ahead of the Wall Street downturn. We lost 2,500 jobs or more between American Home Mortgage, Delta Funding and a number of other mortgage companies. We actually had some companies that came in again and followed up on that. Somebody took over, actually, American Home Mortgage's headquarters. There's a company called, used to be called Vertical Land. I think they've changed their name. They were a reverse mortgage company. They are now in trouble and I believe are also now going out of business. But there is some particularities there.

So we've lost over the year at this point so what happened is what we really the job losses for Long Island really started escalating in November and December. They've really jumped dramatically. I think in December, we lost compared to the year earlier, about 24,000 jobs. And say in September, we had lost maybe 7,000 or 8,000. We actually looked a little better in January and February, but then by March, April, May and June, our job losses were again escalating. You can see here as of June, we had lost from a private sector 40,400 jobs. That's a job loss of about 3.7%. You can see the first category, it's a little misleading, but look at the last word there. That's a construction industry, is a big loser; 8,800 jobs have been lost in construction; 5,100 jobs lost in manufacturing; and big losses actually in what we call trade, transportation and utilities; and the biggest losses there are actually in retail trade. And in we have a very normally a very dynamic wholesale trade market on Long Island. You may not think of companies like Arrow Electronics, Henry Schein; these are all companies that are actually considered wholesale trade. When I talk to somebody from Upstate, I say wholesale trade, they think a big warehouse with the Gap warehouse where people are pushing around racks of clothes or whatever.

Our wholesale trade industry is actually one of the better paying industries on Long Island. It has a real mix. We have a mix of some bigger companies. We do have some warehouse operations. Arrow, I think, used to have some warehouse operations, but they are more in the business of matching buyers and sellers. So you get a lot of high sales occupations in that area, and it's, again, it's another indication to me of a dynamic part of Long Island's economy.

As we all know, part of the reason, and some people connect this to why young people leave Long Island, is that not only do we have a lot of big, big companies, but even our bigger companies are not household names to most people. Only in the last couple of years when I mentioned Henry Schein do most of the people in the audience have any idea who I'm talking about. They know Northrup Grumman, of course, on Long Island. But that's you know, they're lucky if they know who Arrow Electronics are, Canon, you know. So we do have some very, I think, strong companies here. We did a lot of winnowing out during the defense downsizing. So I think we have some potential there, but but again, it's not an economy where people can completely get their arms around exactly who we are any why we grow and what we do. Again, you can see we've lost in financial activities again. Originally, we lost because of the mortgage industry, but there's been a lot of banking consolidation on Long Island. I think that's another somewhat untold story. One of the biggest employers on Long Island for a long time was Chase Bank. They had a lot of big back office operations here. I think there's been some offshoring of some of those back office operation jobs, but it was done fairly quietly, and people didn't see that. We all know that North Fork Bank and a lot of other banks consolidated. In general, our employment and financial activities has been

declining.

I think I have you can see this graph shows there's really only one industry sector, as we call them is growing on Long Island at this point, and that's healthcare and, to some extent, education. Every other sector so it's a pretty broad based downturn at this point. Pretty much every sector is losing jobs except for healthcare. If you look within healthcare, it's there's actually several areas. People probably think mostly of hospitals, but hospitals only make up part of that sector. We, of course, have nursing homes, but we also have a big, what we call, ambulatory care network. We have a lot of one of biggest ambulatory care networks in the United States. We have a lot of doctors' offices, medical clinics, diagnostic, labs, et cetera, which is potentially a gross sector for Long Island as we go forward. This it's always hard to know what to do with statistics, who is interested in what. This is something you can take home tonight and maybe put yourself to sleep on. This is a quick chart I just wanted to show you because most of the data that we collect on a monthly basis is for the region as a whole. This gives you some idea of the purple columns are the are Suffolk and the lighter columns are Nassau. So you can see in what industries that Long Island that Suffolk is more dominant: Wholesale trade, manufacturing and construction, which, unfortunately, two of those are two of the ones that have been hit hard during the current downturn, construction and manufacturing, although I would say prior to earlier downturns, we have kind of held onto some extent. We've had more layoffs in manufacturing than actual overt closings, and that's something that you really worry about. Once a company is closed, it pretty much will not come back. If they just cut back, you know, you can the company can be resurrected and the company will bounce back.

There's a couple of initiatives that we work closely with Commissioner Dow's people at the at Department Of Labor, that, as you are probably are aware, there's under the Workforce Investment Act of Federal Legislation, there are three workforce investment boards on Long Island. Suffolk County is a workforce investment board unto itself, and Nassau County, there are two boards: Hempstead occupational resources, which also includes Long Beach and Glen Cove City, Oyster Bay and North Hempstead covers. But there has been a significant push in recent years to try and see things from a broader region. I think that so far we have kind of the best of both worlds. Most people clearly see Long Island as one labor market. However, there's a big difference between, you know, the Nassau hub and what goes on in the East End, obviously. So, you know, we have the advantage of, I think, trying to both work on a regional basis, which we've tried to do. One of things that has gone on that's our region, by working together with the three workforce investment boards and the Department of Labor and the Department Of Economic Development, we want a sizable grant, what was called the Regional Transformation Grant, where we did quite a bit of we just finished around which is doing quite a bit of we just finished around Peter Crisano is here. He's been a real we've been a real dynamic partner. We just finished a big round of training. We trained at least 600 people, I think. In addition to that, there are other grants we do. There's what's called a Dislocated Worker Grant. One of the popular programs you may have seen, there was some news coverage on recently was what's called The Project Manager Position that had training both at Hofstra and at SUNY Stonybrook, and that program seemed to be particularly well received, and people found it was very helpful.

So we have aggressively been pursuing grants. Even going back a little bit further than this, by working regionally, Suffolk Community College got a significant grant about what was it; about two and a half years ago, I think, three years ago? On from and where they have expanded their manufacturing training program. These are the industries that we've identified or highlighted in the 13N Project. There is you know, we do are flexible about that as we go forward medical devices, pharmaceutical, biotech, healthcare. A lot of the function has been a lot of the attention has been turnaround manufacturing sector, and in addition to that, software and now, of course, we particularly started to focus a little bit more on energy.

One of the untold stories I think people would say, and I get this fairly often, "Why are you so interested in manufacturing?" If you look at this chart here, manufacturing is in terms

of total employment, if you look at wages, it's still the third in terms of employment, it's still the third largest industry group on Long Island, and it is significantly more in Suffolk than it is in Nassau. It is still the fourth largest in terms of total wages paid out. Now, that by itself would be enough reason to support the industry, but I, myself, fall in the camp that much of the technology, innovation that comes out of our society today comes out of the manufacturing sector, from my point of view, both in terms of actual technologies and in terms of the spillovers to other areas. I don't know if I'm going to get in trouble by saying this, but if hospitals were half as efficient as manufacturers were today 'cause manufacturers went through an extreme pressure, competitive pressure environment if they were half as efficient as manufacturers were today, our cost would be significantly lowered.

One of the programs that has been particularly dominant and we the workforce system provided a lot of training actually over the last five to ten years, something called lean manufacturing where you look at all your processes and try to see what's the most efficient way to handle things. And we are now some manufacturing companies, some organizations such as Long Island Forum for Technology that work with manufacturers have now actually started going into hospitals and training them in the same lean processes. Think of what Symbol Technologies, which, of course, is now owned by Motorola, invented probably one of the most important efficiency tools in all of the world.

LEG. VILORIA FISHER:

The bar code.

MR. HUTH:

The barcode scanner. They are now into the RFID's, the Radio Frequency ID things. Anybody who works in a business environment in a large operation at all will tell you without barcode scanners, they would be out of luck. The manufacturing savings that occurred from barcode scanning; not having replacement parts that were the wrong parts, not ordering supplies. Walmart distinguishes itself by its inventory control system, which they largely control by barcode scanning. They know pretty much everything that comes in and out their business every day. Motorola, which bought out Symbol Technology and Symbol does not do a lot of manufacturing on Long Island Motorola, which is having trouble with the other parts of its business it has hit the wall a little bit on its cell phone business they have a mobility enterprise system operating, which is what they have on Long Island, which is based on Symbol Technology and all of the competitive efficiency drivers that came out of Symbol in terms of monitoring and controlling data is the most profitable sector of Motorola today. Now, I think that's one of the strongest magnets for holding jobs on Long Island. When your workforce is here, your skilled workforce is here, that's what's going to hold you here. What I'm somewhat concerned about is I don't think anyone really recognizes the contribution that Symbol and now Motorola is playing to our economy. And I think we have to see that their segments and niches in our economy that are probably driving our growth and are presenting a number of opportunities.

Speaking again of barcode scanners, of all people the VA hospital system was the first hospital system to incorporate barcode scanners in handing out medications to patients. They now scan your ID bracelet before they give you any medication. That technology is now being adopted, somewhat slowly, but being adopted by almost all hospitals. I was recently in surgery at LIJ North Shore, and they told me, "You are going to be tired of hearing this." They asked me about five times. Every time I moved from one station to another, I had to repeat my name, I had to give them all my identification numbers. Obviously, they've had problems in tracking patients and their treatments. Barcode scanning healthcare IT, in general, is something that not only can improve quality of care, mind you, but in terms of of it can lower costs. And again, some of that the IT skills are there.

By the way, it's my understanding that Winthrop Hospital now has a robot named Walter working in their pharmacy, and it's assisting them in processing their things. One of the reasons why the 13N Project identified medical instruments is, again, as we go forward, those instruments become a competitive factor in terms of both lowering healthcare costs and

those are the kind of areas where Long Island can excel in because we have both a big healthcare market and we have a manufacturing sector that's ahead of everybody else. I would just like to remind people that we had a Wireless Boulevard in Hauppauge before anybody well, I used to tell a bad joke. Before the first yuppie had a cell phone in Chelsea; that's what I used to say. But anyway

[Laughter]

CHAIRMAN HORSLEY:

Now us yuppies have grown old.

MR. HUTH:

we had a Wireless Boulevard going back a ways, but there are a lot of I think that's one of the areas where we can have some real opportunity going forward. I think even on the stock market today, it's my understanding that one of the hot areas for venture capital, and Long Island has never been a particularly hot area for venture capital, but one of the big areas for venture capital today is in the healthcare market. People see that all this focus on healthcare and driving down cost is going to open up opportunities.

We are, again, under recognized, I think, on Long Island for our IT capabilities. Computer Associates is just part of that. Companies like Northrup Grumman and BAE Systems, actually, if you watch them in the news, will frequently refer to themselves as IT companies, as software companies, you know? That's not how we necessarily identify them. In terms of going forward, there's a lot of money going to be put on the table in terms of cyber security. I'm hopeful that BAE Systems, Northrup Grumman and possibly Computer Associates will be able to take advantage of that. That will be an area of growth that probably, however, will not receive a lot of public attention. It's, you know, it's cyber security for a reason. But we do have a very vibrant IT and software capability on Long Island that I think presents some opportunities going forward.

Let me just kind of wrap up in terms of some of the areas where we do think we will also have going forward is in the energy sector, and the biggest part of that I think is not just in most people tend to think of solar panels and wind turbines. That's only the you know, that's only the top layer, as far as I'm concerned. We we're going to build Brookhaven and LIPA are going to build one of the biggest solar panel fields on Long Island. Brookhaven Labs is one of the major beneficiaries of stimulus money for energy. And again, we have, as Ken Morrelly from LIFT likes to point out, you can sometimes build on your weaknesses. We are obviously one of the highest cost energy markets in the United States so our return on investment for efficiencies will be quicker here than they will be other places. We'll make a huge mistake if we don't do that on both a residential and commercial by commercial, I'll say commercial real estate as well as commercial on a business sense. Again, with our IT concentration, servers are huge energy hogs. All of these things require new technologies, which we many of them are we have based here on Long Island. So as you can probably get from now, I'm a little bit more, maybe, optimistic than maybe some people are in terms of what our possibilities are.

One of the things again, this kind of quick graphic shows you there's just a multitude of capabilities in terms of the whole energy sector. One of the areas of is wireless meters that will go into people's houses and turn off your dishwasher when your washing machine goes on so you don't have to use peak grid use. Your dishwasher will automatically go back on when your washing machine goes off. There is all sorts of technology that are out there, and again the workforce system with Suffolk County, with the other WIBs in Nassau, with the SUNY Stony Brook, with LIFT, with a number of other organizations, we are really trying to aggressively look for where those opportunities are at. Because not only so Horsley was saying to me before the thing people, is true, the Labor Department gets a lot of attention when things so are bad. People tend to forget about us when things are not so bad. But I think that that paradigm is shifting. I think that the main driver of economic development today is human capital. Years ago, it was fixed capital. You built your steel mill near the river, near the coal mines; you built it near those resources. Then you move to s stage

where you finance capital was of course finance capital remains a big issue. But the quality of your workforce at all levels, all levels of innovation you read articles about how Google operates. There was an article just the other day about Netflix, how they tap their own staff, collaborate to bring about the best ideas to identify new markets and new ways of operating.

That's human capital driven, and it's our feeling that human capital and workforce will play an increasingly prominent role in terms of how to go forward. We're going to work more with the schools; we do some of that already. We're going to try and create more of what I call transparency and human capital markets because to me, as I said before, labor markets are more complex, particularly on Long Island, than they ever have been in the past. Financial markets are based on the idea you can't make good financial decisions if you don't know what your options are. A big goal of the workforce system on Long Island is to create that transparency so that both our young people and everyone else, frankly, can see what all their options are and move forward.

Just a couple other quick things. Again, in the IT in the healthcare field, a big area of opportunity is in medical records where everyone will be expected to move over, and that's particularly an area for doctors' offices and clinics. There's some challenges there. What they are doing here also, a big area that will produce potentially big cost savings is remote monitoring of home healthcare people. Chronic diseases are the biggest healthcare problem that the United States now has. Many of those are diseases like diabetes, high blood pressure, things that need to be monitored at home. They now have sensors that are in your home, and instead of having to send out an RN three or four times a week, they can both send they can monitor you and they can get you and treat you before you need to show up in an emergency room, which is a much more costly area. Again, this is a big, I think, as I said earlier, we have one of the largest ambulatory care networks in the United States. We should be able to take advantage and grow in this area. Getting both cost savings and creating jobs on both the instrument side and the software side and in the service side. Something that's just come up more recently is, is the space program going to be reinvigorated? Certainly, if that happens, that will be good for Long Island. I pulled this out of a Long Island Business News article just from recently that listed a few what, about five or six companies that still have a significant presence in terms of areas where the space program would be at. I guess I'll I probably rambled on too long already

CHAIRMAN HORSLEY:

No. You did great

MR. HUTH:

but I'll stop there.

CHAIRMAN HORSLEY:

You know, I'll be honest with you. I can't say I have often been inspired by a feel good message after hearing from the Department Of Labor. But this but you have, and it's good stuffer. I got a quick question, and I know some.

Of my colleagues do as well. I see in and you have mentioned that this is that employment statistics and unemployment is a lag issue where it's usually and historically behind the times as far as when recessions end and the like, it's the last thing to recover. Well, I'm looking at your numbers here from May of '09 to June '09, and I see that the number of employed in Nassau/Suffolk County in May was, like, 1,000,379, compared to in June of '09, just one month's time, 1,000,402, which is about twenty odd thousand more employed people in Suffolk and Nassau County over one month's time. Am I to infer that being that this is a lag issue that maybe the worst is over? Maybe this is the time we can say, "Hey, the jobs are starting to come back. The recession is about ready to tip our way instead of this awfulness that's been that we've been dealing over the last year or more." What do you think; that first time turnaround, is that meaningful.

MR. HUTH:

I'd certainly like to be able to say that as a person who kind of looks for solutions.

Unfortunately, that by itself is not we always there is a silver lining, I think, in your insight that you picked up on, but our job market always grows from May to June. It would really be in the tank if it we'd probably be in a really terrible mess if we didn't because warm weather, summer jobs, et cetera; it always grows. The growth rate actually from May to June was slower than what we'd normally expect at this time of year, so we didn't see that.

The silver lining that I was talking about is that there's a tendency to think if you're unemployed, and if you hear there's no job growth, to think there are no employment opportunities. The majority of job openings are always by dynamics that really have that are not tied directly to growth; replacement, turnover, et cetera.

CHAIRMAN HORSLEY:

But I am to believe, though, that there's 20,000 more jobs here that are here in June than past May. Are they still are you looking at any are they still climbing; is that those numbers still increasing or?

MR. HUTH:

Again that was I had a chart here somewhere. I probably have it buried. But I think those increases for that period, as I said, were actually a little bit below what they normally were. Now, the other thing about the data that you identified, particular 'cause we have two data series that we use is the one that you just alluded to is actually not based just on jobs on Long Island. Those are people who live on Long Island but could be employed anywhere. Some of those people work in New York City. Some of those people work in Westchester. Some even go further than that, but there is

CHAIRMAN HORSLEY:

A job is a job.

MR. HUTH:

somewhat of a distinction. That data also is part of what the gentleman Legislator Alden referred to before. They're from the data series that is based on household data. Most economists consider that data series somewhat less reliable than the jobs report just because it's a smaller base of data. So unfortunately, I have to say that the job's picture itself does not really has not shown a turnaround.

Where we have seen some improvement, actually, is we've seen a flattening out somewhat in the number of people applying for unemployment insurance claims. We're the bad news is we're about 120% higher in terms of unemployment insurance claims beneficiaries than we were a year ago. The good news is that it was we were 137% worse in March. So we're seeing some improvement there, and that's generally why it's a lagging indicator. Even as the economy starts to show some signs of improvement, there are employers who have been hanging onto their employees but just cannot continue to hang onto them until they see some definite pickup in business. So some people will still be letting people go. So unfortunately, I can't say that that's a positive.

CHAIRMAN HORSLEY:

I gave it a good shot. One more question on my part, and I know my colleagues do as well. You stated that manufacturing is a major component of our economy. You said it was third. I truly believe I've worked in economic development over the years, and I think there are so many more hidden manufacturers out there than anyone has any idea actually occurs. Do you see this manufacturing that could be moderate manufacturing and high tech manufacturing as a something we should emphasize, whether it be the Suffolk Community College, the County itself, where we're going into the future, should we be emphasizing manufacturing versus service industries and others?

MR. HUTH:

I definitely think that it's important to capture and to build on some of those things that the manufacturing sector is doing. It also has, as I alluded to, a lot of such as the kind of

morphing of Motorola of Symbol Technology into Motorola; it's another example of how things, like, morph. It's clearly one of the cutting edge areas where where pushes things so forward. There's a very broad popular perception that manufacturing is just, you know, low wage jobs that are going to go overseas. That assumes that the paradigm for manufacturing stayed the same, which, clearly, it didn't. It's not that there aren't some of those kind of manufacturing jobs, but they're clearly different.

CHAIRMAN HORSLEY:

Your plastic injectors and those types of things, I watched them go.

MR. HUTH:

Right. Right. We had so many assemblers that we lost jobs for during the defense downsizing, but right now, they don't know whether to call a machinist a metal bender. They're really not metal benders anymore. They're really almost more software programmers. And those are your shortage occupations, by the way, for that reason. Now, maybe right in this real deep downturn, that's not the case; but machinists have been a shortage occupation on Long Island as well as many types of welders for the past, you know, three, four, five years. And it's because no one sees them as viable fields and because the skill level is rising at the same time that they're doing. When I speak to young audiences, I try and remind people that you can't have an iTunes without an iPhone without and iPod, I should say. Who makes the iPod? Who is making all this technology that all of us are so dependent on everyday and that opens up all sorts of opportunities as we go forward? So again, I clearly think both in terms of supporting existing programs, such as at the universities by the way, it may be to get your competitive juices flowing a little bit, you know, NYU has a new engineering school. They or whoever thought that they got rid of their engineering school

CHAIRMAN HORSLEY:

Brooklyn Polytech, right?

MR. HUTH:

Right. And they bought it back, but they're expanding. So this idea that manufacturing and engineering and technology are growth areas and stimulate activity on a broader basis I think is a very strong reason to support those programs.

CHAIRMAN HORSLEY:

Thank you very much. Legislator Kennedy.

LEG. KENNEDY:

Thank you, Mr. Chair. Actually, Gary addressed most of the questions I had as you went frame by frame. I was interested in healthcare, and I see how you detailed it out. I guess the only question I have for you is, I know there's a lot of training money that's come through with the stimulus program. As a matter of fact, the Labor Department has been administering much of this. But is the training money going to the categories where we can hope that as we emerge, we're actually going to get employment? I'm just concerned that the two are linked, and that we're not funding those conventional occupational training categories without being cognizant of where we are as far as the emerging employment opportunities.

MR. HUTH:

I think you are very right to be concerned about that and to watch that. I know one of the benefits to me of having a real collaborative process on Long Island, and I think we are ahead of many other areas of the State in our workforce development areas that we work together. Before we did the last round of training, 13N and LIFT was the was the I don't know what the right term is kind of managing entity for our program. The three WIBs kind of hired them, so to speak. They did an extensive survey of what companies were listing specifically that they needed. Now, some of that was right before the downturn, so it was, you know but the project manager thing that was very successful was in large part driven by what we knew from that survey and what we knew from other places. We are

watching that carefully. One of I've got to say and maybe this, you know the energy sector, you've got some good skeptics, I think, around that are not going to just train we're going to really try not to train a lot of people for you know, we all thought biotech well, some of us never thought it, but the word certainly was biotech was going to create tens of thousands of jobs. I still think biotech is a very viable industry, but it's not going to create tens of thousands of jobs. It will modernize and make a number of improvements in your healthcare sector in general, and I think that's where some of the job growth will be, but you've got to watch that. And we are we have a meeting, I think, next week where we'll really trying to really get a handle on the energy sector and where the real jobs will be.

Now, you know, it's always a little bit difficult because you want to precede things a little bit but but but we're trying but we're trying to do that, but I'd appreciate if you'd would stay on the case because that that is something that really has to be what we also look at a lot is transferable skills because in the rapidly evolving and highly diversified economy that Long Island has, you look to train somebody in a skill that even if they don't get a job in that field, that it's a dynamic enough skill that they'll be able to use it somewhere else.

LEG. KENNEDY:

Thank you Mr. Chairman.

VICE CHAIR STERN:

Legislator Viloría Fisher.

LEG. VILORIA FISHER:

Hi. Thank you for that very comprehensive presentation. I do have a question about something related to what you were just discussing regarding the Project Manager. Before you mentioned that you were talking about the Displaced Worker. Now, I remember the Displaced Homemaker Program. Is that similar; is that the same kind of program?

MR. HUTH:

It's actually it's somewhat similar, but it's a little bit different. This is actually called Dislocated Worker. There's certain other criteria that you really

LEG. VILORIA FISHER:

The mike.

MR. HUTH:

Sorry. The program I was referring to is actually the Dislocated Worker Program, and there's certain eligibility criteria that you have in order to be able to meet that. A large layoff or layoff in a certain type of industry usually qualifies you for that. They're as more money has become available, we've tried to be more flexible in terms of who is eligible for some of that. But there's there is specifically a Displaced Homemaker Program, which is somewhat comparable but is separate, and the Dislocated Worker Program, it's been around for a long time. We used it a lot and I think Suffolk in particular used it very well during the defense downsizing. A lot of people from Northrup Grumman and other places but

LEG. VILORIA FISHER:

So it involves retraining helping people redevelop their resumes, et cetera?

MR. HUTH:

Right.

LEG. VILORIA FISHER:

Okay. Because I had visited the Displayed Homemaker Program a number of times and attended graduations

MR. HUTH:

Right, right, right, yeah

MR. HUTH:

so I know how valuable that was for them

MR. HUTH:

I've been to one of their graduations

LEG. VILORIA FISHER:

but I thought there had a great deal of pullback on that program. It wasn't as robust as it had been ten years ago, let's say.

MR. HUTH:

Yeah. I'm a little over my head here.

LEG. VILORIA FISHER:

But the Dislocated Worker Program is more robust, you're saying?

MR. HUTH:

Right. There is generally it's important I think to keep some perspective on this. While there's been a significant increase in funding particularly during a stimulus period, and I think certain other changes in our political and economic issues, but we're still, by historic standards, even with all of this new money, we're I don't believe we've gotten back even to the levels that we had, say, ten years ago in terms of worker training but yeah. I'm I can get back to you about the Homemaker Program in terms of what's going on with that. I think you're right. I think it was pullback.

LEG. VILORIA FISHER:

Yes.

MR. HUTH:

Whether any of this new stimulus program has been able to spill over into that Homemaker Program, I'm not sure about.

LEG. VILORIA FISHER:

And it's unfortunate that the Chairman stepped out for a minute because I did want to brag a little bit about our institutions of higher learning here because Suffolk Community College has had a very aggressive manufacturing program, and you say that that's a major area of employment. In fact, at last year's gala, there was a manufacturing company that was named People Of The Year or whatever that was called because of the partnership with the College in education and manufacturing. And the college is right now working on training for the greening of homes, retrofitting, et cetera, all those capabilities that are at Stonybrook University. Of course, we're working on important energy initiatives, the smart grid I was talking with Yakov Shamash about that; BNL, we have the Synchrotron and the nanotechnology; of course the solar array that you talked about. So we really I think are moving in the right direction based on most of the areas that you mentioned. I do have a question about numbers. As you know, Suffolk County has in dollars the highest, or the strongest agricultural base in New York State. But it only employs a very small amount of people. Is there some way that that could be developed to employ more people? Maybe having more of the actual sale stay right here on Long Island, because I still think we are still transporting a lot of our agricultural goods into the City, right, into Hunters Point for distribution?

MR. HUTH:

Right. I there is it's, again, one of those industries that doesn't get as much attention maybe as it deserves. Most people would probably be surprised to know that Suffolk County is the biggest one of the biggest exporters in terms of dollars, anyway, in terms of agricultural products. That's I think in significant part because they produce high value added products, you know, nursery goods, you know, specialized things. The wineries, of

course, would probably fall into that category. It's hard sometimes to get people to focus on everything. I appreciate your bringing this up because I'm somebody who believes that this kind of broad based economic growth, looking for opportunities for growth in ways places that normally doesn't get a lot of attention is actually where both you can get quantitative job growth, and you can get quality job growth. You could get, you know, someplace in and I know Farmingdale had a program for training particularly bilingual people in being supervisors and managers in some of those agricultural areas. Try and look at that, and see where it goes.

LEG. VILORIA FISHER:

You know, we have a subset of that in the Aquaculture Leasing Program that we're going to be passing on Tuesday, which is, you know, when we think of agriculture and the Farm Bureau, we only think of land cultivation, but the Farm Bureau really also encompasses those people who are working in aquaculture and fishing. They are all members of that same group and those are areas we could develop in terms of employment.

MR. HUTH:

Right.

CHAIRMAN HORSLEY:

Okay. Thank you very much, Legislator Fisher. Are there any further questions? You guys good? Okay. Gary Huth, thank you very much. We appreciate you coming down here today, and we're taking back a lot of this information, and hopefully we're all in this together, and we're going to get out of this together.

MR. HUTH:

Again, I appreciate my the opportunity to come and talk about these issues. I know that this group has, you know, taken some of the initiatives and that does you know, made things better for Long Island and I think has laid the foundation for what I think will be a better bounceback, but it won't happen without some focused attention. So if I can be of any service in the future, please don't hesitate to use me, call me, e mail me; whatever you think works.

CHAIRMAN HORSLEY:

Great. Thank you very much. We do appreciate it. All right.

LEG. VILORIA FISHER:

We have one item on the agenda.

CHAIRMAN HORSLEY:

I think we have two, actually, don't we?

LEG. VILORIA FISHER:

Oh, two?

CHAIRMAN HORSLEY:

Two, yes. All right. Let's move to the Introductory Resolutions.

Introductory Resolutions

1575 2009, Establishing a "Shop Suffolk" promotional campaign. (Cooper)

LEG. VILORIA FISHER:

Motion.

CHAIRMAN HORSLEY:

Motion by Legislator Fisher. Second by Legislator Stern. All those in favor? Opposed?

LEG. ALDEN:

Can we get a brief explanation of what this is?

CHAIRMAN HORSLEY:

Sure.

LEG. ALDEN:

Who is going to handle it, somebody from Economic Development?

LEG. VILORIA FISHER:

Yes. The Department of Economic Development to look at the actually, I think it's just the feasibility of having a promotional campaign

CHAIRMAN HORSLEY:

Yes. From what I understand, it was a feasibility

LEG. VILORIA FISHER:

For a promotional campaign.

CHAIRMAN HORSLEY:

For a promotional campaign.

LEG. ALDEN:

So this is going to be like an advertising type of thing?

LEG. KENNEDY:

[Inaudible]

CHAIRMAN HORSLEY:

I think they would let us know, John. Yeah, I believe. I think they are asking are there any dollars and cents attached to this, you know, how much would it cost for a promotional campaign. Other than that

LEG. ALDEN:

Who can we get to underwrite it other than the people who live in the County of Suffolk; those kinds of questions?

CHAIRMAN HORSLEY:

That's a good question. BRO, do you have any information on this as yet? I know it was just recently introduced.

LEG. ALDEN:

I think Carolyn has the explanation.

CHAIRMAN HORSLEY:

Carolyn? Carolyn? You're hiding. I'm sorry.

MS. FAHEY:

I'm trying to hide. I'm sitting behind the podium. You won't see me.

[Laughter]

Yeah no, We really just recently saw the resolution. I talked to the sponsor to get an idea of what he was looking for. We really our marketing budget is nil right now. All the money we had budgeted, a lot of it was cut with the County the current fiscal situation. So we'll go, if the Legislature deems it appropriate to pass this and the County Executive signs it, we will sit with our marketing firm to see what we can do at the lowest price possible and then come back to you. If we need more money, I think one of the resolve clauses says, you know, to come back to you, so we'll have to put something together.

CHAIRMAN HORSLEY:

Yes, Legislator Alden?

LEG. ALDEN:

Does our tourism industry, they answer to you also, right?

MS. FAHEY:

To some extent.

LEG. ALDEN:

They have a small marketing budget too?

MS. FAHEY:

Right, they do, but it's really more convention and tourism versus a shop Suffolk internally, the County's department and the Downtown Revitalization Panel looked at doing a Destination Downtown Program about a year or so ago trying to gear local residents to visit their downtown for purchases, cultural events, restaurants and so on. We sat with our marketing firm to say, you know, what could we do, you know, the minimal cost, and really, we didn't have any money at that point in time. We kind of let it go because we just didn't have the funding. We'll go back now, scale it down, look at a shop Suffolk downtown destination, support your local business and see what we can do in a very umbrella type manner that costs as little as possible. The local chambers all do their own various programs.

LEG. ALDEN:

That's what I was going to say. Sayville's doing one right now.

MS. FAHEY:

They are doing a great 3050 Program. The Downtown Revitalization Panel, which you all have appointments on, talk about the ways that they are doing their own local campaigns. They share their ideas, they share their experiences. Huntington, in talking to the sponsor, he said he wants to model it after what Huntington is doing, but in talking to those chambers on the panel, they are all doing their own various type of programs. So what we might want to do is look at some more umbrella type advertising, but I can't tell you what that's gonna cost.

LEG. ALDEN:

Right, and that's a problem because an effective program, you're going to have to go outside of the geographic area of Suffolk County to get other people to come in here and shop in Suffolk County because when you are advertising to your own, you might be able to get or convince somebody not to shop in Sayville, but you want them to shop in Hauppauge.

MS. FAHEY:

That's why I spoke to the sponsor. I wasn't sure if he wanted us to attract outside shoppers, what does he want us to do? You know, does he want us to say, "Listen. Don't go to the big box. Go to your downtown," and it was very vague, and he said, "Well, you know, come up with concepts and come back to us."

LEG. ALDEN:

All right, but this does not involve expending any money right now?

MS. FAHEY:

It will have to. I mean, right now this resolution itself has no funding tied to it.

LEG. ALDEN:

Good.

MS. FAHEY:

We will come back to you with what we come up with and say, "This is what we need."

LEG. ALDEN:

Okay. I just don't want to vote for something that I'm going to authorize two or three

million dollars worth of advertising. At this point, I think it's

MS. FAHEY:

We'll come back and ask for the \$3 million.

LEG. ALDEN:

Did you have money in your budget to actually do this study?

MS FAHEY:

No. We have a marketing firm that we are paid for that's on contract that will help us come up with a budget and a program. They won't be able to come up with logos or, you know, any type of

LEG. ALDEN:

How much is it going to cost us to have these this marketing firm come in and give you some advice on even just what kind of

MS. FAHEY:

Not much nothing.

LEG. ALDEN:

We're not going to spend money yet?

MS. FAHEY:

No.

LEG. ALDEN:

Good. Thanks.

CHAIRMAN HORSLEY:

All right. All those in favor? Opposed? So moved. It has been **approved**. **(VOTE: 5 0 0 0)**

1600 2009, Authorizing use of property at Francis S. Gabreski Airport by the Kiwanis Club of Greater Westhampton(Co. Exec.) Any comments on that? Okay. Do I have a motion?

LEG. KENNEDY:

Motion.

CHAIRMAN HORSLEY:

Motion by Legislator Kennedy. Second by Legislator Stern. All those in favor? Opposed? **So moved**. **(VOTE: 5 0 0 0)**

Motion to adjourn.

(The meeting was adjourned at 3:22 PM)