

**ECONOMIC DEVELOPMENT, HIGHER EDUCATION & ENERGY COMMITTEE
LABOR, HOUSING & CONSUMER PROTECTION COMMITTEE**

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A special joint meeting of the Economic Development, Higher Education & Energy Committee and the Labor, Housing & Consumer Protection Committee of the Suffolk County Legislature was held in the Rose Y. Carcacappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on October 19, 2011 to discuss the matter of the Operating Budget.

MEMBERS PRESENT:

Leg. Wayne Horsley, Chair of Economic Development, Higher Education & Energy
Leg. Steven H. Stern, Vice Chair of Economic Development, Higher Education & Energy
Leg. Jon Cooper, Chair of Labor, Housing & Consumer Protection
Leg. Kate Browning, Vice Chair of Labor, Housing & Consumer Protection
Leg. Lynne C. Nowick, member of Economic Development, Higher Education & Energy
Leg. DuWayne Gregory, member of Labor, Housing & Consumer Protection
Leg. Ricardo Montano, member of Economic Development, Higher Education & Energy
Leg. Thomas Cilmi, member of Economic Development, Higher Education & Energy/member of Labor, Housing & Consumer Protection

ALSO IN ATTENDANCE:

Leg. William J. Lindsay, Presiding Officer
Yves Michele, Commissioner/Economic Development & Workforce Housing
Leg. John M. Kennedy, Jr., Twelfth District
Cheryl Felice, AME President
Dot Kerrigan, AME
Danny Farrell, AME Treasurer
Bob Bortzfield, AME Consultant
Ed Bogel, AME Consultant
Gail Vizzini, Director of Budget Review Office
Jill Moss, Budget Review Office
Craig Freas, Budget Review Office
Greg Moran, Aide to Leg. Nowick
Robert Dow/Commissioner/Suffolk County Department of Labor
Barry Feinsod, SCDOL Administrator
James Andrews, SCDOL Director
Ben Zwirn, Town of Islip
Frank Casiglia, AME
Nanci Dallaire

MINUTES TAKEN BY:

Diana Flesher, Court Stenographer

THE MEETING WAS CALLED TO ORDER AT 2:05 PM

CO-CHAIR HORSLEY:

Will all Legislators please come to the horseshoe. May we please stand for the Pledge of Allegiance.

SALUTATION

Please stand for a moment of silence for those men and women who protect our freedom both home and abroad.

MOMENT OF SILENCE OBSERVED

Welcome everybody to the joint committee meeting of EEE, Economic Development, Energy and Higher Education, as well as the Labor Committee to address the concerns and issues relating to the 2012 budget. I just -- I have one card, I believe, is Nanci Dallaire. Nanci? There's Nanci.

PUBLIC PORTION

MS. DALLAIRE:

Good afternoon.

CO-CHAIR HORSLEY:

Welcome, Nanci.

MS. DALLAIRE:

Thank you for this opportunity. I just would like to speak on the John J. Foley. I just feel that John J. Foley is not to blame for Suffolk's economic crisis. I do not believe the vital health care center is draining to our County. It has certainly been neglected and mismanaged, but some of these causes can be fixed with proper paperwork.

One example is the day-care mistake. When it was discovered the occupancy level was never changed from 24 to 60, and although this went undetected for years, and it only took Mr. Brian Foley a couple of days to remedy, the damage was done. We lost half our residents and all of that revenue while this successful program suffered. If this one simple oversight can cause such damage, what else can cause -- has caused this facility unnecessarily? I know there are slow reimbursements, but we must remember that they are reimbursed. These issues should be investigated and many questions deserve to be answered before sacrificing these services.

I question if day-care remained full, 30 more residents in that program over the past six months, what would that have netted the County? Along with the \$9.4 million finally received from reimbursements, John J. Foley would have been in pretty good shape despite the hurt caused by the failed sale and closure. I refuse to lose this vital health care facility and lose an emergency evacuation center due to incompetent clerical errors, improper paper work or miss deadlines, all of which can easily be corrected.

If it is about money, I sat in the last Legislative meeting to find out the County paid \$7 million to the vendor who installed the red light cameras; \$7 million for those services and no one bats an eyelash. But to have to spend \$9 million on this health center that serves our community every single day,

and everyone is complaining? Where are our priorities? What are those priorities? John J. Foley must be viewed with the perspective of its purpose, not its profits. The focus should be on providing for the people, not politics.

CO-CHAIR HORSLEY:

Thank you very much, Nanci. I don't have any more cards. So what I'm going to do is we're going to address the Economic Development, Energy and Higher Education issues first. And then I will turn this meeting over to my colleague in government Jon Cooper, who is Chair of the Labor Committee.

Commissioner, would you like to come on up and is there anything you'd like to address us on, any issues relating to the budget?

COMMISSIONER MICHEL:

Good afternoon, Mr. Chair. Good afternoon Legislators. Thank you for this opportunity to speak to you from the Economic Development and Workforce Housing Department.

Obviously from my vantage point, the last thing that I would like to see happen is to have any reduction in staff. With that said, we all know that these are very difficult times. And as a servant of the public, I will do whatever has to be done with what I'm given to work with. I'll work with what we have, but again I must underscore the last alternative is to have a reduction in staff.

CO-CHAIR HORSLEY:

Thank you very much, Mr. Michel. I appreciate your comments. Anything else you'd like add to that? You know, if there were no reduction in staff, maybe you could give us just a -- any outline of what the Department has in mind for next year with that staff in mind? Could you just lay out your future plans?

COMMISSIONER MICHEL:

Well, our future plans will be in line to the strategies that we have in place now. Given the fact that this is a very difficult time, and, you know, we'll work with what we receive. We're going to continue to move forward with the programs that we have in place. We've done, especially for the Community Development Division, a tremendous amount of cross training so we do not have one point of failure, which was not the case prior to my tenure here.

So from the lessons and the practices that I have learned from the private sector, I've been in a position to institute them here so we can -- even if we have to go leaner than we are, we'll be able to fulfill the mission of the department.

CO-CHAIR HORSLEY:

So are you saying that there are positions in the Department that may -- may or may not -- you would be able to complete your mission without those positions? Is that what you're saying?

COMMISSIONER MICHEL:

We will have to do more with less if given that, but it will be done.

CO-CHAIR HORSLEY:

Yeah. It just seems to me that the cry, the need of this County and this country and beyond is jobs, jobs, jobs. And what better department should we be reenforcing than Economic Development? You know, that's where we got to go. And so is that your -- are you echoing those concerns? You know, when I hear that you'll do with what you got, you can do your mission without that number of people, it just sounds a little -- I'm just curious about it. Do you have any thoughts on that?

COMMISSIONER MICHEL:

Well, obviously we'd like to do more with more.

CO-CHAIR HORSLEY:

Okay.

COMMISSIONER MICHEL:

We definitely would like to do more with more. But in these difficult times, we'll have to prioritize what we can get done and what can -- doing less with more or doing more with less.

CO-CHAIR HORSLEY:

Okay. All right. Thank you very much. Are there any other questions of Mr. Michel? Yes, Legislator Gregory.

LEG. GREGORY:

Thank you, Commissioner, for coming here today.

COMMISSIONER MICHEL:

You're welcome.

LEG. GREGORY:

So I think you articulated that, you know, your Department is ready to do -- you know, realizing the climate that we're in, that there's a possibility there will be reductions somewhere, that you're ready to move forward with your mission and -- the core mission of your Department. And, I think, Legislator Horsley hit the nail right on the head where there's so much talk about economic development and jobs, and your department, I think, is pivotal in bringing Suffolk County into a -- new heights, and certainly keeping us in that direction. I think it's important that we staff your Department to keep in line with that mission. And so I would hope that we would be able to do that. I think you do an admirable job.

COMMISSIONER MICHEL:

Thank you.

LEG. GREGORY:

And your Department does.

COMMISSIONER MICHEL:

Thank you.

LEG. GREGORY:

And, you know, we -- I think I can speak for all of us that we support you, we support the mission of your job that your office does; but there's just no money in the budget, you know, to satisfy everyone. So I'm not sure if it -- I haven't been able to completely go through BRO's analysis. What have you -- can you, I guess, chime in as to your recommendations or --

MS. VIZZINI:

Well, I can give you a couple of facts, if I may, Commissioner.

COMMISSIONER MICHEL:

Yes, by all means.

MS. VIZZINI:

Those of you who have your reports, I'm basically highlighting from our review of Economic Development and Workforce Housing. It's on page 171. There are six filled positions abolished

and one vacancy. So that will have some programmatic impact. There are two positions that are transferred from the General Fund, and once again funded with Cultural Affairs Hotel/Motel monies to relieve the General Fund of the salary and benefits costs.

Money is provided for the citizens advisory boards, similar to what they had recommended in previous years 263,660. The Hotel/Motel monies seem to be distributed according to the law. And we have some issues for consideration, you know; just that in the absence of those filled positions, there will be programmatic impact on its operations.

LEG. MONTANO:

I have a question.

CO-CHAIR HORSLEY:

Legislator Montano.

LEG. MONTANO:

Thank you. Hi, Commissioner. One quick question. Did you -- I don't know if you can answer it. Did you have input into the proposed budget as it pertains to your Department?

COMMISSIONER MICHEL:

The input that we had was what we recommended to the Budget Office.

LEG. MONTANO:

But was that -- is that what came -- was your input followed or did you get back a product that was different from what you requested?

COMMISSIONER MICHEL:

We received back a product different than what we requested.

LEG. MONTANO:

Thanks.

CO-CHAIR HORSLEY:

I think you're the first Commissioner I talked to that actually had put in a recommendation that -- that was even -- that there was any correspondence. So that's good to hear. Economic Development must be a priority.

Commissioner, quick question. You're losing six people. You say you can do your mission and the mission of the Department. With those six people, what do we lose, then? I mean I'm surprised -- I'm confused.

COMMISSIONER MICHEL:

I say that because if that is the position that we find ourselves in, obviously we'll still have to move the mission forward. There's going to be an opportunity for us -- some other members of the staff to do a little bit more if we find ourselves in that position. And also I am able, willing to do more as well. It's a very difficult situation. It's a situation where I feel that, you know, no one wants to be in. But barring any solution that is being discussed, whatever's delivered to me as a Department head, we will do our best to work under those parameters.

CO-CHAIR HORSLEY:

So are you saying you can do more with less; or at least the same with less?

COMMISSIONER MICHEL:

I'm saying that we're going to have to, absolutely.

CO-CHAIR HORSLEY:

Okay.

LEG. MONTANO:

(Indicating)

CO-CHAIR HORSLEY:

Yes.

LEG. MONTANO:

You can do more with less? Yeah, I think you do less with less, to be quite honest with you.

CO-CHAIR HORSLEY:

No, actually what he said was he would do the same with less.

CO-CHAIR COOPER:

He can do more with more.

CO-CHAIR HORSLEY:

Do more with more, that's right.

LEG. NOWICK:

God, is this confusing. I think what he's saying is "if I don't know get the money, I'll still run the Department, I'll do the best I can." Yes?

LEG. MONTANO:

That's what he's saying, right. Thank you. Thank you very much.

CO-CHAIR HORSLEY:

Okay. Thank you very much. Are there any further questions of the Commissioner?

CO-CHAIR COOPER:

I just want to ask --

CO-CHAIR HORSLEY:

Sure. Legislator Cooper.

CO-CHAIR COOPER:

If the layoffs as proposed by the County Executive were to take place, are there any programs that you're currently running that you couldn't run, any services that you provide that you couldn't provide? Is it just that you folks will have to work a bit harder, but you'll be able to do everything that you could before or will there be some loss in programs or services?

COMMISSIONER MICHEL:

We'll have to work a little bit harder; not a lot harder. We believe that some of the services that we have in place, we're going to continue to move forward as best as we can.

CO-CHAIR COOPER:

Okay. Thank you.

CO-CHAIR HORSLEY:

Okay, we'll leave it at that. Miss Vizzini, is there anything you'd like to add?

MS. VIZZINI:
(Shaking head no)

CO-CHAIR HORSLEY:

Okay. Again, would anyone like to be heard on either Economic Development, Education, Higher Education or Energy? That being the case, I'll close the hearing for the budget for the EEE Committee and I will pass my microphone over to Legislator Cooper, my colleague in government.

COMMISSIONER MICHEL:

Thank you very much.

CO-CHAIR COOPER:

Good afternoon everyone. Welcome to this part of the public hearing. We have no -- no one has filled out a speaker card. We are going to be having a presentation by Cheryl Felice. You know, actually why don't we lead off with that? Cheryl, would you like to come up, please? Good afternoon. Perhaps if everyone could state your name for the record, please.

MS. FELICE:

Certainly, we'll do that. We'll start with Danny Farrell.

MR. FARRELL:

Dan Farrell, AME Treasurer.

MS. FELICE:

My name is Cheryl Felice, President of AME.

MR. BORTZFIELD:

Bob Bortzfield, consultant for AME.

MR. BOGEL:

Ed Bogel, also consultant for AME.

MS. FELICE:

Thank you very much, Legislator Cooper, and the other distinguished Legislators and Presiding Officer Lindsay.

This is my eighth time before you with our budget presentation that we have done year after year. We've had a number of distinguished colleagues and consultants to perform our version and analysis of the Suffolk County Budget as we see it pertains to the delivery of services.

This year I'm proud to say that back for the third time we have two former Budget Directors Ed Bogel and Bob Bortzfield that I know many of you are familiar with and have done a tremendous job with helping us get a handle on what the budget looks like.

Before I start with my presentation, I would just like to share my feelings that I understand the difficulty that you are having with this budget. My words in our analysis are going to be quite harsh. And they're harsh because I think we've had to deal -- both of us have had to deal with a County Executive who has been a little less than reasonable, and I believe that is why we are in the predicament we are today. You don't have to agree or not with me, but I just wanted to preface that by saying we do understand and we hope that you accept this report with the respect that it is meant to be delivered with, but understand it is harsh. It is harsh because 647 of my members stand to lose their job as a result of the 2002 (sic) proposed operating budget.

Again, thank you very much for your time. As I begin, and as I state again, my name is Cheryl

Felice, President of AME and the nearly 8,000 members -- active members and retirees. In a 1927 Supreme Court decision statement says "taxes are what we pay for a civilized society." This statement has proven that there has always been opposition to taxes in America. Every political poll verifies this fact, but those same polls also support public safety, education, open space, clean water, health services, recreation, safe and clean roads and a safety net program.

These are seemingly contradictory sentiments between the need for government services and the willingness to pay for them. The County Executive's major theme has been how to do more with less. It makes for a great sound bite, but it lacks substance at a time when managerial leadership requires workload standards to be developed, analyzed and communicated.

The County Executive in his budget message states the following: "As a Chief Budget Officer, I have a fiduciary responsibility to all County residents to recommend an operating budget which is realistic and sustainable." Unfortunately his budget is neither.

As in past budgets, revenues are overstated; expenditures are understated, and staffing levels are not adequate to sustain current and projected service levels. His political strategy is the elimination of over 1700 authorized positions and the underfunding of another 1152 positions. When the budget process requires him to either raise taxes or reduce services, knowing the electorate desires neither, the current game in town is to blame the union contracts. Yet for all of his smoke and mirrors, holding the line on taxes only save the average property homeowner, as Deputy Presiding Officer Vivian Fisher previously stated, nothing more than a cup of Joe.

Again, on behalf of our members and for the respect of the services they provide, we offer you our review of the proposed 2012 operating budget. Our summary of major findings include, number one, the current and proposed expenses in the General Fund exceed current and proposed revenues. I'm sure it didn't take me to come here to tell you that. I know you have heard from commissioner after commissioner as to how the ends just simply don't meet. That should come as no surprise and we're here just to add our feeling on that very subject.

The cash flow problems are an indicator of a structural or seasonal problem. In past years there has always existed a seasonal problem between the start of the County's fiscal year and the collection of the property taxes. This year the problem is structural, and unless rectified, could seriously impact the County's credit rating. In that fact Standard and Poor's has already issued a warning to this effect.

Number two: There has been little long-term financial planning over the last eight years. If there are no major corrections to this budget in the terms of recurring revenues or expenses, the 2013 General Fund and police district budgets are projected to have a combined budget gap of \$123 million, even if the layoff plan is done.

Number three: The General Fund is the smallest portion of the property tax bill. And it's a bargain. The \$88 annual cost to the average taxpayer provides economic assistance and support, health care at local clinics, sewer services, safe and clean roadways, highways, highly professional county-wide police and sheriff services, public health services, inexpensive higher education services for them and their children, assurances of clean air and water, parks, recreation facilities and emergency response just to name a few.

Number four: Staffing reductions must be restored or programs will suffer. The County Executive's unwillingness to raise property tax levy's on the one percent of the total tax bill, or recommend program reductions, has resulted in inadequate financial resources to provide services in all County operations. For obvious reasons there is no mention of the County Executive's budget message or department narratives regarding workload increases.

Number five: Across-the-board budget reduction as a means to close the budget gap can no longer be used without severe impact on the quality of services. The County Executive, in each of the departmental narratives, claims to recommend a cost-to-continue budget. This term is used improperly in most departmental narratives and has not been utilized correctly in any of the past budgets proposed by this County Executive. The failure to account for incremental costs associated with inflation and decreases -- inflation increases and decreases and workload increases and decreases, or the operating costs associated with programs, services or buildings is on a collision course.

Number six: Again, the County Executive is using the budget as a bargaining tool. Having failed to convince the majority of the Legislature to agree to his terms on closing the nursing home, we believe he illegally includes his questionable revenues and expenditures -- expenditure reductions in his budget. The strategy to use the budget as a means to influence or force the Unions and/or the Legislature to act, is questionable on legal grounds, but immoral and unethical in human terms.

Seven: The same strategy used on the Legislature has been applied to his budget to garnish union concessions. Basically the County Executive has stated "if the Unions do not make concessions, then 464 layoffs are necessary." The County Executive is counting on the layoffs of the 245 employees and the closing of the John J. Foley Skilled Nursing Facility regardless of union concessions.

News flash: The Unions already "gave at the office." In his annual 2011 County address, delivered at the West Sayville Fire Department earlier this year, the County Executive boasts of his ability to get the Unions to reduce health care costs by over \$200 million, and prescription drug costs, in particular, by over \$12 million a year; proving that true savings can be achieved through the proper channels, not through the budget process. Again, this is a sign of poor planning, having recently negotiated and signed a four-year collective bargaining agreement with AME. That same contract was met with unanimous support by the Legislature on May 10, 2011.

And our final summary before we go into recommendations is eight. Number eight: The State of New York reduced funding formulas. During the early eighties, the State began deinstitutionalizing the state mental hospitals. Suffolk County became the primary beneficiary of those patients being released into our community without any planning or funding. Many have considered deinstitutionalization to be a failure. As a result, the shift from the state mental hospitals to the Suffolk County jails, has resulted in increased jail population.

Those are our observations about the budget. We have a more detailed version that you have all been provided with. This is just a summary of those -- of that -- of those observations and now we'll go into a summary of the recommendations.

The first recommendation we have is that Suffolk County needs a comprehensive long-term solution to the problem of property taxes in Suffolk County. We still have an infrastructure need that will impact our property tax base. Only a comprehensive approach will allow us to meet these needs in a rational and efficient manner. Hopefully the next County Executive will use the office for the betterment of all, rather than for personal, political ambition.

Number two: In the short term the General Fund property tax levy must be at a level to support current authorized operations. If the policy decision is to provide a cost to continue budget as stated by the County Executive, then use an acceptable accounting model to determine the cost.

Number three: Restore all abolished positions or programs, departments and functions will disappear. The County Executive's 2012 recommended operating budget eliminates 2981 positions from the 2002 modified staffing levels. This is a totally disingenuous move by a person whose image is more important than those who have worked giving more for less for him in the last eight

years.

Number four: Incorporate a four-year budget forecast into the Suffolk County Charter requirements. New capital projects are necessary for a growing community. And multi-year fiscal forecast in addition to ensuring long-term planning should also improve relations between both branches of County government. And I might add coequal branches of County government.

Number five: Establish benchmarks and workload standards for each function within departments. Establish a reporting system similar to that being done by the Suffolk County Comptroller in the Comprehensive Annual Financial Report. Insist the County Executive include this information in the recommended operating budget and make staffing recommendations that reflect these agreed upon standards. This was the intent of those who developed the Suffolk County Charter, but it has been ignored for obvious self-serving, and I might add, failed reasons.

Number six: The Legislature should restrict the use of the 3/8 percent county-wide sales tax revenue for police and public safety purposes. Rather than applying this offset to the police district fund, have the tax levy in the police district, which is a special district, reflect the true cost of operation in that district for the taxpayers.

Number seven: The County Executive and the County Legislature should take the necessary steps to ensure that mandated program costs from State or Federal levels are adequately funded by those sources. And the State and Federal mandates are not the only place we see unfunded or unsupported mandates. The Suffolk County Legislature does it, too. Just take a look at the "trans fat" legislation. By adding a 20-minute process to the inspection for over 5,000 food service establishments without appointing additional staff, you created 17 more work days per sanitarian, which means less, not more, surveillance occurs.

IN CONCLUSION: Tropical storms, food borne illnesses, snow storms and emergency response teams will disappear with the 647 AME filled positions that are slated to be abolished. Your day-to-day services will come to a grinding halt as the demand for these services will skyrocket.

Equipment and the repair of them is a function that Suffolk will no longer see with the adoption of the proposed 2012 operating budget. Interestingly, AME members have "done more with less," by giving the County two years of wage freezes, saving \$15 million, by offering a two-week lag payroll, saving \$13 million, and paying more for our health insurance co-pays, saving \$200 million. And all at a time when every department, including the County Legislature, has at least two Deputy Commissioners. It's too bad --

LEG. MONTANO:

County Executive has four.

MS. FELICE:

The county Executive has four. I said at least. But, yes, you are correct, the County Executive has four. I said the County Legislature? I'm terribly sorry. No.

CO-CHAIR HORSLEY:

We knew what you meant.

MS. FELICE:

Okay. The passion is just overwhelming at this point, as I draw to a conclusion.

CO-CHAIR HORSLEY:

Calm down.

LAUGHTER

MS. FELICE:

But thank you. The Department and the County Executive have at least two Deputy Commissioners. It's too bad that doing more with less never happened at the top. The budget and the 1% of the property tax bill for the General Fund has not kept pace with expenses and is the sole contributing factor to the budget deficit seen in Suffolk today. The General Fund property tax warrant is at an all time low, even those services and their corresponding expenses have increased dramatically. Again, it represents the smallest portion of the total property tax warrant.

Unless the Legislature and the County Executive have found a way to add more hours to the day and more days to the week, the symbolic act of not raising the General Fund tax warrant in the past to meet demand has no effect on the total tax warrant or the savings for that matter, but it does have a devastating and irreparable impact on the services they provide.

That concludes our report and we'd be happy to answer any questions that you have. Again, I would just like to thank you on behalf of our membership for the time that you have given us here today and the time you have given us in the past. Thank you very much.

CO-CHAIR COOPER:

Thank you very much, Cheryl. First of all, does anyone else on the Committee have any questions?

I just want to say I greatly appreciate the presentation. I agree with much of what you said, Cheryl. Of course, the problem is that we're dealing with today's reality, we're dealing with the County Executive that we have right now. We're dealing with the State Legislature, that has no problems qualms whatsoever in continuing to pass along unfunded state mandates to us, that just pile one expense above another, above another, \$10 million here, \$20 million there, \$12 million here. Pretty soon you're talking real money.

And the problem is that we either have to increase revenues locally through property taxes or what have you; or we have to cut expenditures. And, unfortunately we have not had a true partner in the County Executive for whatever reason. I don't want to rehash this, but we've had a very, as you know, a very confrontational relationship. And instead of finding a way to work together in a bipartisan fashion, we have the reality that we're currently dealing with.

I, along with many of my colleagues serving on the Operating Budget Working Group -- and it's no fun. We're in meetings five hours at a time, six hours at a time, going over line item by line item, all the programs that Suffolk County offers, all the wonderful non-profit organizations and contract agencies that are funded. And we're trying to figure out where to cut and what services can we possibly live without. And, yes, we deal with this each year to a certain extent, but it's never been this bad. And the budget gap that we're facing has never been this large. And, unfortunately, the budget that the County Executive presented to us has a massive hole in it as you may be aware; estimated up to \$100 million potentially.

So, anyway, we're trying to deal with all of this currently. It's like the perfect storm. And I'm hoping that at the end of the day, we'll be able to work together with our partners in government, the union leadership and your members, the contract agencies, vitally important, non-profit organizations that are also partners of ours. And by working together and sharing the pain fairly and equitably, we'll find a way to get through this. I'm greatly concerned, as tough as next year's going to be, I'm concerned it's going to be even worse next year because the State is just continuing to pass onto the Counties more and more of what rightfully, I believe, should be their burden. And they don't see it that way.

I actually spoke relatively recently with a State Assemblyman and mentioned that they just made a

decision to change the reimbursement formula, the percentage for the Safety Net Program. And overnight it increased the cost to Suffolk County by \$12 million. And I pulled him aside and I said "how can you do this?" And he said, "well, that was the only way that they had to balance the State budget."

So, anyway, that's today's reality. It's ugly. I don't see it getting any better anytime soon, but, again, I hope that working together cooperatively we'll be able to get through this.

MS. FELICE:

Thank you very much, Legislator Cooper. I think the point to be made with the statement that you made is the time to work together shouldn't be during the budget process. The time to work together should be long before the process.

CO-CHAIR COOPER:

Cheryl, you know I agree with you completely. I don't think there's anyone in this room that would disagree with that. But, unfortunately, we have -- you know, there should be two coequal branches of government and we should all be working together. Look, I believe in bipartisanship. One reason I love serving, I'm term-limited, I only have another two-and-a-half months here, a little less than that; but one thing I'm most proud of is that in the past 12 years, Suffolk County, unlike Nassau County, unlike Albany, unlike the Congress, we've actually been able to work together in a bipartisan fashion. And I like and respect all my colleagues on both sides of the aisle. I've invited republicans to democratic caucus meetings. We go out to lunch together. We'll have drinks together after a Legislative meeting. And we intentionally work to set aside partisanship for the public good, to try to do the right thing. There have been more differences between Legislators and the County Executive, unfortunately, than between Legislators.

So, once again, I agree with you completely. That doesn't give you any solace. I know that. But the reality is the reality. And the negotiations didn't take place when they should have taken place, and that's why we are where we are. And -- but the bottom line is we have to balance the budget somehow. And we all would like to do it in such a fashion that does not jeopardize the health and safety of Suffolk residents. Anyway, we're open to any and all suggestions. But it's a long, tough process. We're all trying our best to do the right thing as we see it. And it's not easy.

I'm sorry, Legislator Gregory was first. And I believe Presiding Officer Lindsay.

LEG. GREGORY:

Thank you, Mr. Chair. And, Cheryl, and your board, thank you for coming here and making your presentation. I look forward to the opportunity to go through your analysis a little more later on.

I just wanted to really make a statement. I mean there's -- you know more than I being involved in the labor room, that there seems to be this path of usurping the collective bargaining process and an attack on public employees. And, unfortunately, you know, the County Executive has chosen to take the position that he's going to negotiate by a budget process, which to me, is a violation of a collective bargaining agreement. I mean the ink is still wet on the contract that you just signed, and months later here he is threatening layoffs; and if you don't come up with more concessions, we've already agreed to two zero percent increases. And I forget the other two, but there's two and one or whatever it is. But certainly you just got through negotiations as we were putting together this budget that we're faced with. I think it's just a wrong approach.

And, you know, it's something that's apparently becoming more and more the practice, you know, from the Executives across the country, you know. I don't think this body supports that type of negotiation process. It's not really a negotiation process. But, again, we're -- we are, as the Chairman stated, you know, it's tough economic times. We're trying to piece this thing together, as Gail said, trying to put Humpty Dumpty back together, you know. We may be able to get three

arms, but there may be a leg missing. Hopefully we'll be able to get that far. But certainly we don't support threats to any bargaining unit of lay-offs when -- especially when you haven't been given the opportunity to come to the table and negotiate some type of concessions or at least approach the conversation. And that's my understanding.

MS. FELICE:

Thank you very much, Legislator Gregory. But to the contrary, we did come to the table and did give two zeros.

LEG. GREGORY:

Right. Yes, I'm saying that. I mean, in this new round or iteration of concessions, if I can use that -- I mean, like I said, you just, you know, came to an agreement in May or March, or whatever it was, and here you are months later. And at that point they were -- the Administration was in the process of putting this budget together. So I'm sure that there was some idea on their part that they may need further concessions or some type of negotiations. They chose not to go that route and they put it in the budget. And it's unfortunate.

MS. FELICE:

Are you saying we were misled?

LEG. GREGORY:

I say yes, sir, you have to be careful who you go on a date with. You know, you think you're paying for the bill, and then you never know, you may -- they may ask you to pay for someone else's bill. I don't know how the analogy would go. But certainly it wasn't done in a fair manner, it appears.

MS. FELICE:

I think we can all agree that this budget is driving us to drink.

CO-CHAIR COOPER:

Okay, enough of that. Four bad jokes in a row is enough.

Presiding Officer Lindsay.

P.O. LINDSAY:

Cheryl, I just want to thank you and your team for, again, doing a very comprehensive analysis. We met about a month ago and I gave you a briefing on the budget as it was presented to us, as well as every other labor organization we have a collective bargaining agreement with, and I absolutely felt that I owed that to all of you's. Since then I wish I could say things have gotten better, but they haven't; they've gotten worse. I mean I've been here ten years and I think I've worked on the Budget Working Group for eight or nine of those ten. And this is the only time that I think, and I've been saying it, I'm not sure we can fix it. I'm not sure we can piece together a budget this time. It's that bad.

Some of your suggestions, I'd love to have the opportunity for long-term planning. Unfortunately, and I don't mean to beat up on the County Executive, although I don't often agree with him, we're not usually brought to the table until the eleventh hour. So it's hard for this body to fulfill that role, because it's really the role of the Executive branch. That might be a copout. But in all honesty, you know, Legislator Cooper talked about some of the mandates that's being pushed out. They're impossible. All the long-term planning in the world couldn't foresee our pension bill going from \$89 million last year to 181 next year. And the State's talking about a quarter of a billion dollars in 2013. I don't know where you get that money. I mean, you know, you talked about raising taxes. I think the working group is open to any suggestions on how to keep this County afloat. We can't raise taxes that much. It isn't there, especially when the State has a 2% cap. I mean we're talking about a pittance.

Legislator Cooper talked about the safety net. I mean, that's just what the cost is this year. That was a half year. The State arbitrarily changed their funding on a mandated program where there's only ten states in the union that mandate this program from 50% to 29%, which means we're paying 71. The number of the shortfall is just this year. Next year it's worse.

They capped Medicare a couple years ago, but Medicaid's gone up so fast, the numbers are astronomical our share. The out-of-county tuition, which we're palming off, the County Executive's passing onto the towns now, went from 12 million to 14 million. We don't want to do that. I mean, we don't have a choice. The State is mandating that to us. And it sounds like we're building a boogeyman. I just, honest to God, I don't have solutions.

If we do put this together, this County's going to be different; just going to be different. We're not going to provide as many services as we did before because we can't. We're not going to have anywhere's near as many contract agencies. We're not going to have as many employees. And why I met with everybody about a month ago, is to ask for any ideas, any suggestions, because -- on how to make up these shortfalls to keep the County going.

CO-CHAIR COOPER:

If I can add to that, the Presiding Officer referred to our need in these very difficult times to prioritize services. Just to give you some idea of the burden that's on all our shoulders when we're going over line item by line item and trying to decide which programs can be defunded or who can be laid off, who among us in this room would be okay if a child died because we didn't have enough staffing in Child Protective Services? Or if a kid was sexually abused because we don't have enough probation officers monitoring child sex offenders? Or if someone gets Mad Cow Disease at their favorite restaurant down the block because we don't have another health sanitarians or a teenager is shot and killed in a drive-by shooting because we don't have enough cops on the street?

I mean I can go on and on and on, but that's the reality that we're facing here. And, you know, there's some folks that, *well, we can't raise taxes, no new taxes*. But when you consider the services that Suffolk County provides to Suffolk residents for eighty bucks, or whatever it is on average, the average property tax bill, it's -- first of all, the average Suffolk resident has no idea because much of it's invisible. But trust me, if we stopped providing these services, they would notice it very quickly. And all hell would break loose if a child -- if we had another Katie Bear case, or in my own district, we had two shootings in the past two weeks. One young man was killed and the one was injured, because we don't have enough cops on the street, and it can only get worse.

So everyone recognizes what the problem is. The question is what is the solution? It's certainly not fair to put all the burden on our public employees because you've already given up a lot. Whether, though, there is something further that you can do to -- and should be done through the collective bargaining process, of course, at the end of the day we have to decide how many lay-offs we can live with without compromising vital County services. I don't have that number. I'd prefer not to lay off anyone, but we need to do something. And as I've said and as the Presiding Officer just mentioned, as bad as it is going to be in 2012, just wait until you see 2013, because the State has an even bigger budget deficit. And they obviously have no hesitation whatsoever in displacing more and more and more of the burden to the counties and to the lower municipalities.

So anyway, it's not much fun being a Legislator any more. But I only have another two-and-a-half months of this. You all have my sympathy; I will say that. Yes, I'm almost out of my misery; except then I will be a Suffolk County resident depending on County services. So I'll still be screwed.

MS. FELICE:

That won't be there, correct.

CO-CHAIR COOPER:

Yes.

MS. FELICE:

With all due respect, Legislator Cooper, and, Presiding Officer Lindsay, and the remaining Legislators, the problem and the structural problem of the budget isn't only this year. We have been doing this analysis now for the past eight years. And we've mentioned a number of our suggestions here today in previous analysis. And so those are the problems and some of the frustration that our membership is feeling, because we've identified problems, we've identified solutions to the (inaudible) body. And some of it -- some of it has been looked at; much of it has been considered, but not all of it has been addressed. And the structural problem with the General Fund is something that is weighing heavy on everyone's minds now and it's going to be the cause of extreme devastation in this County.

You're absolutely right; you will have another Katie Bears, you will have another drive-by shooting and you will have another food borne illness that you will not be able to handle because this budget will not give you the tools to do so. And that is something unfortunately that this coequal branch of government has to demand their rightful place with the County Executive and not let these problems, you know, continue to exacerbate year after year after year.

Again, I say that with all due respect, but we have 647 lives and phone calls that you will obviously be hearing from when they get their notice and when they are ultimately laid off. That is not a recipe for success. They will no longer have an income to pay their taxes. They will no longer have resources to spend in our communities. And the problems will only get worse.

I thank you, again, very much for your time.

CO-CHAIR COOPER:

Thank you, Cheryl. I see a couple of Commissioners in the auditorium. If anyone -- Commissioner Dow, I don't know whether you'd like to come up, if anyone would like to add anything to this debate, feel free. I know, that's a tough act to follow.

COMMISSIONER DOW:

Very tough. Good afternoon, Honorable Legislators and Presiding Officer Lindsay. Robert Dow, Commissioner of Labor for Suffolk County. This is my seventh time appearing before this Committee on budgets. And this appears to be a really tough one, or characterized by Legislator Cooper, a perfect storm. You know that all of you's have been over the years invited to come over to the One Stop to see our services. Mainly our Department consists of about -- 85% of it's federally funded.

You also know what's going on nationally and that our grant funds from Workforce Investment Act, from TANF for our SWEP Program are all federally mandated but fed through the federal government. And they're also in quite the tough situation these days also. So we can all agree that it's not only local, but it's state and it's federal that's driving this difficult economy and we're trying to wade through it.

However, with our services, just to give an example, my first time appearing here back in 2004, we had 245 employees. We had a budget of approximately including the County portion \$20 million. This year we have currently 154 employees. And we have a total budget of about \$15 million. We are doing more with less, to say the phrase again, but also to recognize that there are a lot more people out there that need our services. Example is our One Stop Center, which we're very close to broaching about 50,000 people walking through it either in our Hauppauge location right across from here or the Riverhead County Center, which is our satellite office.

You know that our Suffolk Works Employment Program, which is subcontractor from DSS, handles safety nets, handles people on assistance, and that they must work. We're measured through a federal mandate of our participation rate and so all the State is measured through that. So each local area, like Suffolk County's measured on their participation rate. And basically that's the amount of people in the denominator and how many you've gone through and have put to work, allowable work. We have over 250 sites where individuals go and they must work off their welfare.

So back in 2004 the denominator was approximately 1500 and held that way for several, several years until about 2008 where it started going up to -- currently it's about 2700. So not only are we working with less people but we have more people either coming in our One Stop for employment training services or we have more on our welfare rolls that we're mandated to work with to give training to and to also give work-related experience to by TANF.

Last year we had -- and last year I had come before you individually and asked you to help us with our Early Retirement Incentive. And I thank you for passing that. We were able to allow 20 people in our department to retire early. We had thought that we would get backfills this year. We've had zero backfills so we have had no people from that Early Retirement brought back to us. And I think with that -- that's our situation right now. And, again, this is a very tough budget. And I'll entertain -- if you have any questions, I'll be more than happy to answer them. Thank you.

CO-CHAIR COOPER:

Thank you, Commissioner. I don't have a question, but I do want to just say you run many terrific programs, but in particular the One Stop Employment Center, I've had countless constituents use that as a resource and I have gotten nothing but tremendously positive feedback. It's been extremely helpful, particularly in these very tough economic times. So I want to thank you for the great job you did there. Does anyone have any questions? Legislator Kennedy and Legislator Browning.

LEG. KENNEDY:

Yes. I just -- I want to thank you, Commissioner. You've been very accessible throughout this budget process. And the input from your office is welcomed by not only myself but all of us around the horseshoe. As I've said previously, my own personal assessment is that the County Executive made a grave error in not consulting with each and every one of his department heads in compiling this budget. But it doesn't -- well, let's just leave it at that, it was a mistake and that I appreciate the dialogue as we go through this. I echo the sentiment of every other Legislator that has spoken. In my seven years here, I have never seen anything as calamitous as this. And I go back to the time when Mr. Bogel was the Budget Director and Mr. Bortzfield, and I could remember working with both those gentlemen. And even during previous economic downturns, I don't ever remember something that was as abysmal as what we face today. So I appreciate the input. Thank you.

CO-CHAIR COOPER:

Thank you. Legislator Browning.

LEG. BROWNING:

Yeah. I think you said it well. Again, another Commissioner who did not have a conversation with the County Executive when he made his decision what to cut. I'm looking at the WIA and all of these positions are 100 percent federally funded. I mean, are you even going to be able to operate the Department? Is that Department just going to go away, if you don't have those positions?

COMMISSIONER DOW:

Well, to answer that, is that the Workforce Investment Act is a -- we get allotted amount of money that we have to spend. And there's program compliance or mandated requirements that we meet for that. So with less staff it will be more difficult to meet those requirements. And there could be

a possibility of some of the money being recaptured under program compliance that we do not meet.

Now this year and years in the past, we've been very successful at meeting all of their measurements to the point where we received -- it's not something that's put in the budget, because we don't know until we receive it, incentive money for doing a very good job and meeting all of the performance measures. With less staff, it's much more difficult to make those performance measures.

LEG. BROWNING:

It just boggles my mind that you would eliminate 100% federally funded positions and not be able to fulfill that mandate. So, okay, thank you. I mean I think I can see that and a few more positions; doesn't make sense.

CO-CHAIR COOPER:

Thank you. Okay. No further questions, Commissioner? Thank you very much. Would you gentlemen like to add anything?

MR. FEINSOD:

He said it all. Thank you very much.

CO-CHAIR COOPER:

Thank you. Would anyone else like to address the Committee? There being none, I make a motion to close. Someone please second.

LEG. STERN:

Second.

LEG. BROWNING:

Gail, can I ask you a question? With the Nursing Home, we have IGT money coming in. And with that IGT money that's coming in, how much money are we actually short for the operation of the Nursing Home?

MS. VIZZINI:

All the IGT money that we are getting is shown in the 2012 Operating Budget. I know what you're asking. How much will that offset should we make a policy decision to continue operations into 2012? I'll have to get back to you. Off the cuff, I believe there will be a need for some sort of General Fund subsidy in 2012 if we move in that direction. You know, we're working on alternative scenarios. You know, once we have those RFP's reviewed and addressed, we'll be better able to make assumptions in regards to any potential revenue coming in either way, you know, either from a sale or from a lease of the space to other health-related operations. We just don't have those facts.

LEG. BROWNING:

Okay. If you can just give me the numbers. If it wasn't a change, stay the way the way it is, and, you know, but with no RFP for public/private partnership, just as it stands right now, you know, give me that scenario also. Not right now, but later.

MS. VIZZINI:

We're working on several scenarios.

LEG. BROWNING:

Okay. Thank you.

LEG. KENNEDY:

Mr. Chair?

CO-CHAIR COOPER:

Legislator Kennedy.

LEG. KENNEDY:

Can I add one item to that request? The IGT, as a matter of fact, the letter I just got from the State Health Department reflects nine ten and ten eleven. And that's the nine million that's actually been acknowledged.

MS. VIZZINI:

Included. Correct.

LEG. KENNEDY:

But we have already commenced into what will be an '11 and '12 time period. And presumably State Health will make an additional application for that IGT funding. So as the calculus is assembled, it's prudent to consider that that funding will also be forthcoming for operation as well; yes, no?

MS. VIZZINI:

I'll defer to Craig.

LEG. KENNEDY:

Okay.

MR. FREAS:

Okay. Basically what you're saying is correct, that we've already gotten the IGT that is scheduled in the budget; is our nine, ten and ten, eleven payments.

LEG. KENNEDY:

Right.

MR. FREAS:

If we ran through the end of June and onwards, there would then be the potential for another IGT payment. The County Executive estimated it as the same amount that we would get for in '11, '12, but they also are closing the place at the end of this year in the recommended budget. I spoke to the State and they seem --

LEG. KENNEDY:

Perplexed at least as to yet another inconsistency?

MR. FREAS:

-- they felt that was very optimistic also; that obviously we were going to run the place for half of the '11, '12 eligible period, we would then, therefore, get less IGT.

LEG. KENNEDY:

Okay. Fine. Thank you.

CO-CHAIR COOPER:

Okay. Thank you.

There being no further business before the Committee, this meeting is adjourned. Thank you.

THE MEETING CONCLUDED AT 3:12 PM
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