

**WAYS & MEANS COMMITTEE
BUDGET AND FINANCE COMMITTEE
CONSUMER AFFAIRS COMMITTEE**

Of The

Suffolk County Legislature

Minutes

A special joint meeting of the Ways & Means Committee, Budget and Finance Committee and Consumer Protection Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on October 24, 2005 to discuss the matter of the Operating Budget.

MEMBERS PRESENT:

Leg. Cameron Alden/Chairman of Consumer Protection Committee/member of Budget & Finance Committee

Leg. Elie Mystal/member of Ways & Means Committee

Leg. Daniel Losquadro/member of Ways & Means Committee

Leg. Lynne Nowick/member of Consumer Protection Committee

Leg. Peter O'Leary/Chairman of Ways & Means Committee/member of Budget & Finance Committee

Leg. William Lindsay/member of Budget & Finance Committee/member of Consumer Protection Committee

Ricardo Montano/member of Ways & Means Committee/member of Budget & Finance Committee

Leg. John M. Kennedy, Jr./member of Ways & Means Committee

ALSO IN ATTENDANCE:

Mea Knapp, Counsel to the Legislature

Alexandra Sullivan, Chief Deputy Clerk
Ben Zwirn, Assistant Deputy County Executive
Gail Vizzini, Director of Budget Review Office
Lance Reinheimer, Assistant Director of Budget Review Office
Robert Lipp, BRO
Joe Muncey, BRO
Kevin Duffy, BRO
Allen Kovesdy, Budget Office, SC Executive

MINUTES TAKEN BY:

Diana Kraus, Court Stenographer

MINUTES TRANSCRIBED BY:

Kim Castiglione, Legislative Secretary

(THE OPERATING BUDGET CONVENED AT 9:39 AM)

CONSUMER AFFAIRS

CHAIRMAN ALDEN:

Good morning and welcome to the combined Ways and Means, Consumer Protection and Budget and Finance budget hearing. We are going to start with the Pledge and we'll have that led by Legislator Mystal.

(SALUTATION)

I would also ask just for one moment in recognition of those troops that are still serving right now and those that have given their lives in defense of our freedom.

(MOMENT OF SILENCE)

Thank you. We have a couple of cards. Okay. Anita and Bob, come on up. Do you want to do it together or?

MR. GARFINKLE:

Why not?

CHAIRMAN ALDEN:

Good. Okay.

MS. KATZ:

Good morning.

CHAIRMAN ALDEN:

Good morning.

MS. KATZ:

We're really here to answer any questions you have today. We're very appreciative of the support we got from the Budget Review Office of our budget, and uniquely, we don't have any additional requests, so.

LEG. NOWICK:

This would be a good time to leave.

CHAIRMAN ALDEN:

So, you're happy with the way it was submitted?

MR. GARFINKLE:

We're very happy. We're very comfortable. With the challenges that we're being faced and everything else, I think the budget review was very fair and we really, you know, we'll work within that budget.

CHAIRMAN ALDEN:

You mean you're in favor of Budget Review's review of it, not the original as is submitted?

MS. KATZ:

It's actually the same.

MR. GARFINKLE:

It's virtually the same.

CHAIRMAN ALDEN:

Oh, it is.

MR. GARFINKLE:

It is the same.

CHAIRMAN ALDEN:

Okay. Good. Any questions? Now are we ready for that •• you know, for the new machines or anything like that? I know that •• I forget whether we voted it down or voted it up to convert the warehouse space to house those new machines?

MS. KATZ:

I think they put a certain amount in the capital budget.

CHAIRMAN ALDEN:

Right.

MS. KATZ:

I think the question was how soon would •• whether or not it got moved up sufficiently. I don't know that it did, but ••

MR. GARFINKLE:

I think the •• it becomes difficult •• obviously from our point of view there is a lead time for the construction. I believe and I am hoping, or we're hoping, that once the machines get certified and the County knows what the time frame is, they would move on an expeditious schedule to do the renovations and I think we can live with that at this point.

CHAIRMAN ALDEN:

You think we'll have them for next year?

MR. GARFINKLE:

We'll have a •• I think we'll have a significant number. Whether it will be a full complement depends on how many machines the vendors have available, because every day that goes by it becomes harder and harder to meet the deadline. I think there is a question as to whether every precinct or every election district will have a full complement of the electronic machines, but that's the goal. But it's •• every day that goes by it becomes harder and harder to predict.

CHAIRMAN ALDEN:

Okay. There's a time limit on when we can order those things, too, right? Or we have to order them by a certain time.

MS. KATZ:

Depending upon which manufacturer different counties pick. I think that's certainly part of it.

CHAIRMAN ALDEN:

Okay. And we'll be okay if we just order them? We don't have to have them delivered?

MS. KATZ:

Well, you're supposed to have at least one in each polling place.

MR. GARFINKLE:

What I suspect will happen is •• let's say we need 1,000 machines. Another county needs 1,000 machines and you have •• or 3,000 machines and you have 1,000 polling places. I think what the manufacturers will do and the state will actually mandate is that you apportion to each district ••

CHAIRMAN ALDEN:

Okay.

MR. GARFINKLE:

•• enough so that you are in compliance with the law and then the excess, it will be filtered out on some pro rata basis.

CHAIRMAN ALDEN:

Good. Elie?

LEG. MYSTAL:

Thank you. Do we know what manufacturer we're going to use or is it a hodgepodge?

MS. KATZ:

No, we're waiting until the state certifies a list and that may not be until the spring at this •• I just called them on Friday and that's what they are saying, so.

LEG. MYSTAL:

We're waiting on the state?

MS. KATZ:

Yes.

MR. GARFINKLE:

Yes.

LEG. MYSTAL:

Hello.

MS. KATZ:

Because we don't know who to pick if it has to be a certified manufacturer. And they're waiting on the federal government, so.

LEG. MYSTAL:

We'll see them in 2007.

MR. GARFINKLE:

Could be.

MS. KATZ:

Who knows.

CHAIRMAN ALDEN:

All right. Thanks a lot.

MR. GARFINKLE:

Thank you.

MS. KATZ:

Thank you.

LEG. NOWICK:

Thank you.

CHAIRMAN ALDEN:

Cheryl, welcome.

LEG. NOWICK:

Good morning.

MS. FELICE:

Good morning.

CHAIRMAN ALDEN:

Good morning.

MS. FELICE:

Good morning, Legislator Alden and everyone else here today. Thank you very much for allowing us the opportunity. My name is Cheryl Felice, President of AME and joining me today is Bob Tuerlings, the Executive Vice President of AME.

We're happy to be here today for our third consecutive year in our term to be able to present our analysis and review of the County budget. We know

that we have to work together with all •• the Executive Branch, the Legislative Branch, to be able to educate you on the tools we need to deliver the services to your constituents. And we're here today because we are again alarmed at the lack of filling vacancies in this County. And we are very, very pleased and want to compliment the Office of BRO for their fine work they did in the analysis of the budget and pointing out the alarming factors that we are facing that we will highlight here today.

We reached out to our unit presidents this year and asked them to go around to their units and give us feedback as to what is exactly going wrong in this County and the problems that need to be addressed. Some of the comments that our members made about their workload are that they're overwhelmed, they are exhausted, they are rushing to get the job done and therefore making mistakes in doing so. Their supervisors are doing the job of file clerks because there simply are not enough file clerks. And safety, of both the employees and the children and the constituents that they protect, is being compromised.

As we begin our analysis, I just would like you to keep in mind the fact that the County Executive points to the matter that we are •• we will be saving significant money with the EMHP this year, our health insurance, and want to just remind all the Legislators that AME and all the unions in the County take an active role on EMHP and it is due to that labor•management cooperation that we were able to pick a new provider and bring those savings to Suffolk County.

I also want to point out that Suffolk County will be realizing some Medicaid relief this year and remind the Legislature and the County Executive Branch that AME played an active role in partnering with you in seeking for that relief. We traveled for two consecutive years up to Albany with our Board of Directors. We participated in a postcard campaign directly to the Governor of New York, and we produced a commercial about Medicaid relief. The proof is in the pudding about the success that we have been able to gain and you will realize those savings in next year's budget.

Finally, we would like to remind you, too, that AME offers its classrooms, meeting rooms and training facilities to any County department that needs

to utilize them. The prenatal care unit, public health sanitarians, smoking cessation, the list goes on and on as to how many units use our facilities at no cost to them. We remain available to offer any type of in-service training •• the facilities to offer in-service trainings throughout the County. That's just how AME gives back and works with the County in delivering services to the constituents.

Again, the BRO points out that there is a 13 percent vacancy rate in the Health Department. We have less positions today than we did two years ago. The Division of Services for Children With Special Needs, nine vacant service coordinators positions exist, caseloads are over 60 percent higher than New York State recommends. Overtime is increased by 13 percent, and services are being contracted out. Nursing personnel is probably the number one recruitment and retention issue in the County, and I offer that we have to work together to solve this problem.

Department of Social Services, again, a 13 percent vacancy rate. The resolution that was passed last year authorizing 44 additional positions into Social Services, only two of those positions were filled. Thirty-eight of them were wiped out of this year's budget. And your own BRO report again supports, as it did last year, that DSS does not have enough filled and funded positions in the department to meet its mandates. Over 77 percent of the services provided out of DSS are mandated services and you don't have enough positions in the budget to even meet those needs.

Family and Children Services Division, the Division that takes care of child protection services and agencies. The budget points out that caseloads have been reduced over a period of time from August 2002 to August 2004. Our caseloads in Suffolk County still remain one of the highest out of the seven comparable districts, counties, in the area. And we question and have questioned how DSS comes up with these figures because we believe those caseloads are significantly higher. We believe that members who don't carry a caseload are being added into the calculation and the formula, such as supervisors, and those issues have to be challenged and this Legislature has to take a closer look.

The Department of Public Works, custodial services. Last year we had six

vacancies in the department. This year we have 11. Fees for services for non•employees, that is not bargaining unit work, has increased 20 percent over the last two years. Sixty million dollars are going to workers that are not members of the bargaining unit, they are contracted out. Sixty million dollars.

AME also believes that the County should maximize its contribution into the pension fund the same \$35 million as it did last year. Whenever there is a surplus we should save for a rainy day. And again, we're proud of the fact that the County implemented what we suggested two years ago in creating the pension reserve fund. We just would like to see it increased in its funding.

We need to point out that the Police Department's civilianization effort is nonexistent and you simply must put the controls on the departments to get these positions filled. Civilianization will not work if those positions are not filled.

Last year we also recommended to the Legislature and to the County Executive that we put together a Smart Government Task Force where we would get together, the unions would get together with the Legislature, members of the County Executive and talk about the staffing needs that are so desperately needed. The Legislature passed that resolution. The County Executive vetoed it, but the Legislature did not override that veto.

I'm happy to say that we got some labor•management committees in our recent collective bargaining agreement to look at the problems, but I have to reiterate, and I have to reiterate very, very, strongly, we have to have an all inclusive Smart Government Task Force because there are dangers out there and this Legislature has to sit up and take notice. Together we can achieve smarter government, but only if it's all inclusive.

We're pleased to see a Department of Information Technology being proposed. We do believe that there has to be a more centralized implementation of the technologies that are available to us. We have a very talented group of programmers over at the MIS Division currently and we hope that this department will mean that we use more of their services and

hire more help for them to get the services done in Suffolk County.

SCIN forms. SCIN forms, again, a reengineered process of SCIN forms has to be implemented and it has to be implemented soon. The process for an efficient flow of creating approval for SCIN forms and getting those personnel on the job simply isn't done and it creates confusion between departments on which positions are funded, which are unfunded. It's just •• it's a mess and it has to be looked at.

AME also in it's report of the last two years testified that there is an energy crisis and that we simply must do more to control energy costs in Suffolk County. Now we have a true energy crisis and we wonder that if those •• if our suggestions two years ago had been implemented what we could be saving today. But we cannot ignore that any longer either and the impact of energy cost is rising and has a significant impact on this budget as well.

Common sense tell us that efficiently maintained vehicles will save money. Why, then, are the vacancies in the Auto Mechanics Division still escalating year after year after year? Given the severity of the energy crisis and the lack of fresh ideas, maybe we should consider some more intensive work and maybe an energy czar to look at these issues and bring some true reform to Suffolk County.

Bobby's with us today, and Bobby works directly at the unit and knows what the mechanics are dealing with day in and day out. So I would like to ask him now just to speak to you very candidly about the struggles of the custodians and struggles of our Blue Collar Division. Bob?

MR. TUERLINGS:

Thanks, Cheryl. I guess most of you guys are well aware of what's going on ••

CHAIRMAN ALDEN:

You just have to grab a microphone.

MR. TUERLINGS:

I'm sorry. Okay. I guess most of you are pretty much well aware of what is

going on County•wide, but I just wanted to come to reiterate what Cheryl says, is that I come from a garage. I have worked 29 years in the County, first in the Police Garage and then in the Department of Public Works. At one time there was two shifts and probably eight or nine mechanics in every shift. They're now down to four or five mechanics in every one of those garages.

The equipment gets older, it takes more to maintain it. The mechanics are doing the job of not only mechanics, but because the people working in the zones or the people running the heavy equipment are shorthanded too, they also drive. So what happens is in areas when we have snowstorms, not only is the repair work being lacked, but the snow removal is a problem.

Cheryl mentions a lot of other areas, but I'm going to quickly touch on FRES. We have situations in FRES and in PD dispatch where some of these people are mandated to work double shifts. I have instances right now in the garages where scheduled vacations are being canceled because the work has to get done. They have been working the last three or four weeks straight on overtime.

So I urge you to listen to what Cheryl is saying about this, trying to replace some of these open positions, trying to get some of these SCIN forms filled because all this is doing is mushrooming. The work isn't getting done. The vehicles are down. It's going to have to get subcontracted out and you are not going to get the same quality of the work that you get by getting it done in•house.

Again, the custodians. I visited the custodians in the Dennison Building. Now, there's nine floors, I believe, ten floors, whatever is in that building. There is eight custodians on at night. I don't know how possibly they can maintain that level. So somebody has to •• not only the areas of DSS and Health and every other area in the County, but truly the working people of Suffolk County, the blue collar workers, are being devastated by the shortfalls, by the amount of work they have to do, by not being able to take their vacations when they are scheduled, and yet they are still doing that work.

So, again, I urge you to listen to what Cheryl's recommendations are for some of the issues on this budget. Thank you.

MS. FELICE:

Thanks, Bob. And then just in closing I have to pull directly from the BRO report because they couldn't have put any simpler and any closer to the truth. According to the BRO report, the lack of stable and consistent staff is the single most pressing problem in DSS. The average number of active employees in DSS is at a five year low. That is unconscionable. Insufficient staff, long-standing vacancy, more directly translate into the expenditure of unnecessary welfare or Medicaid program dollars. We're talking about fraud. Once again BRO says consistently sufficient levels of well trained and properly supported staff save money and can save lives in many areas of Social Services. It's not rocket science.

A lean staff is penny wise and dollar foolish and I ask you to take a look at why in DSS the Special Investigations Unit, the unit that investigates welfare fraud, is now being hampered with low staff, no clerks, and limited to only doing daytime and weekday surveillances on welfare fraud when formerly they were permitted to work a flex schedule so they could work nights and weekends and catch these thieves. I wonder how many thieves are taking advantage of a bad situation getting worse. And your help is being asked for and together we can make a difference. Our workforce of doing more with less can do no more so we ask for your help and ask for your guidance.

We will provide you with a full detailed report. You have the written report of what we touched upon today and we'll have the basis, the final report to you by Wednesday I believe you told us it needed to be there by.

CHAIRMAN ALDEN:

Thanks, Cheryl.

MS. FELICE:

Thank you.

CHAIRMAN ALDEN:

And before I turn it over to the Chairman of Ways and Means and the

Chairman of Budget, Bob just one specific question. The vehicles, is it because we're not buying, you know, the proper type of vehicle? Are the vehicles older? Because normally if we have a policy in the County to turn vehicles over every whatever it is, four to six years, we should have fairly new equipment and that leads to a lot less, you know, like repair work basically, it should.

MR. TUERLINGS:

Cameron, you are absolutely right. The problem we are in right now is that, especially in DPW field, we're at that age right now where the vehicles are five and six years old. The life expectancy is just about worn out, so now you're into an area where you need more maintenance and the staff is down to what it was five years ago when you had newer vehicles.

CHAIRMAN ALDEN:

Okay.

MR. TUERLINGS:

So it's a vicious circle what happens.

CHAIRMAN ALDEN:

Yeah, you can't have it both ways.

MR. TUERLINGS:

Exactly.

CHAIRMAN ALDEN:

One way or the other. Okay.

LEG. NOWICK:

Just a quick question.

CHAIRMAN ALDEN:

Oh, go ahead.

LEG. NOWICK:

Just a quick question. You're going to give us another report, right?

MS. FELICE:

Correct.

LEG. NOWICK:

That would be •• will you pinpoint •• obviously all the positions we know in the County are never granted, but you will pinpoint all the most important positions that you feel ••

MS. FELICE:

We will establish a priority list.

LEG. NOWICK:

Because it sounds like Social Services is right up there and especially since you are telling us, and you are right, that we can save money with the investigations into Medicaid fraud.

MS. FELICE:

Absolutely. It makes perfect sense that if there is fraud taking place and now you're limiting the capabilities of the unit that investigates that fraud. The biggest issue in the unit I'm told is that they used to have five clerks. Those clerks would set up the caseloads for the investigators to go out on. Now there are two clerks, so the investigators themselves, which we're paying a much higher salary to, has to prepare their cases before they actually go out in the field. Makes no sense. We absolutely will give you the priority list in detail. If you have specific requests I'll take them now and make sure that our report includes that.

LEG. NOWICK:

But that's something that I have felt all along is very important. How are you going to save money if you don't fill the positions to do the proper investigation, and that's what a lot of people don't understand. So that's what I would like to see on that report. And the other ••

MS. FELICE:

We'll make sure that you have that.

LEG. NOWICK:

Thank you. And the other thing is not Social Services •• health, Department of Health. They're short staffed there all around as well, the nurses and ••

MS. FELICE:

Absolutely. I didn't mention it but it will be in the final report. And BRO supports putting in more investigators, which are your public health sanitarians, because you have the underground tank approval, removal and approval, that has to take place and that is also severely backlogged.

LEG. NOWICK:

These are the things.

MS. FELICE:

Now that's a public health threat ••

LEG. NOWICK:

In order of really high importance. Exactly.

MS. FELICE:

•• if there's contamination in the groundwater. And we control that unit. We ••

LEG. NOWICK:

And just as an aside. I'm just going to ask how about the shortage, is there a shortage in the Medical Examiner's Office as well?

MS. FELICE:

The Medical Examiner actually is pretty much up to par.

LEG. NOWICK:

They are.

MS. FELICE:

Yes.

LEG. NOWICK:

All right. We'll be looking forward to that. Thank you.

MS. FELICE:

You're very welcome. Thank you.

CHAIRMAN ALDEN:

Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. Legislator Nowick and I actually had a meeting in her office ••

LEG. NOWICK:

Yes.

LEG. LOSQUADRO:

•• regarding the Medicaid fraud issue and we discussed with the Commissioner of that department some of the remedies that we sought to put in place and obviously we have seen over the course of the past year either that department's or the administration's unwillingness to implement some of those initiatives that we had discussed that had day. There were laid out very clearly. My background in the insurance field and fraud investigation, we brought up number of initiatives ••

LEG. NOWICK:

And may I just add and I ••

LEG. LOSQUADRO:

Please.

LEG. NOWICK:

We also had with us at my office, gratis I might add, a consultant that was a former Medicaid fraud prosecutor willing to help us, but we didn't get anywhere and that is why this is sticking in our minds.

CHAIRMAN ALDEN:

That wasn't Crecca, was it?

LEG. NOWICK:

Not Crecca.

MS. FELICE:

I'm glad this created an awareness because it's absolutely devastating what is happening out there. I'm sorry, Legislator Losquadro, you were saying?

LEG. LOSQUADRO:

No, that is quite all right. I mean, this is something that we discussed early beginning of this year or end of last year.

LEG. NOWICK:

End of last year.

LEG. LOSQUADRO:

Yeah. I mean, this was, you know, a year ago and ••

LEG. NOWICK:

Nothing.

LEG. LOSQUADRO:

We've yet to see any of these initiatives implemented.

Secondly, on the subject of the vehicles, this is something that •• another thorn that sticks in my side. I have yet to see a criteria set forth by the Department of Public Works either. There are cost saving initiatives that we could put in place through fuel economy simply by changing vehicles. The latest order that I saw was to reorder Ford Taurus's for the County fleet. This is a vehicle that is obsolete. Ford is no longer making it for the commercial market. For the life of me I cannot understand why in the world Suffolk County would be buying these for fleet vehicles.

I'm very well aware of the additional durability that is needed for fleet use. But you look at other parts of the country, you look at even within our own Police Department and Police Departments in our neighboring counties, that use Chevy Impalas. Very durable vehicles. We can pick up eight to ten miles a gallon just by switching vehicles.

I'm absolutely appalled by the unwillingness of these departments or this administration to address these simple concerns. And I have been asking this issue on the vehicles since I took office. It has been two years now. And we're still ordering the same vehicles. I've refused to vote for the replacement of those vehicles on a number of occasions because I disagree with the policy.

MS. FELICE:

Thank you, Legislator Losquadro. And I have two comments to what you said. First of all, I would like to thank both and you Legislator Nowick for making the initiative to look into welfare issues and the caseload issues that we raised consistently over the last two years. And I'm glad that we're here back to report to you that you are right, the changes have not been made.

Secondly, I would like to also mention to you that our request to put together a Smart Government Task Force, to involve the employees. You put it perfectly that you can't understand why these vehicles are still being purchased. Because input is not being received from the very people who do the jobs. Bobby's a lifelong mechanic and he has been in that department for his entire career, which is •• we're rounding out about 30 years now.

If you took input from the employees, that's all you need. And I'm pleased to see that you did bring in a consultant. The best consultants you have are the very workers who perform the job. And that's who you need to hear from and that's who you need to take advice from on what are the solutions that are out there. They have the answers.

LEG. NOWICK:

And part of your report to us also could be if we hired the appropriate

people, if that's what it takes, what could we save.

MS. FELICE:

Exactly.

LEG. NOWICK:

And I'm sure •• I'm sure that the fraud is rampant, so ••

MS. FELICE:

I have to •• in talking about the Information Technology Department, whether or not you make the decision to create the department or just give the tools to the current division that now exists in the Information Services, that unit and those programmers, who are key to the transition from Vytra, the old health insurance provider, to Empire Blue Cross Blue Shield, the new provider, in creating all the computer programs that are needed to transfer information on people's health insurance benefits and their eligibility benefits. That unit single handedly was able to make the changes and the accommodations that we need to see that our provider is going to have a smooth transition on November 1st.

They are a very, very talented group. They have also been decimated with vacancies over there. And the group that remains is doing the work of two and they're getting it done. That's half the problem because our staff is so dedicated. And they are getting it done. They are working through their lunch. They are coming in early, they are going home late. They are not putting in for overtime. And they are enduring threatening acts by supervisors to produce more.

We know •• we knew that it was essential we hear directly from the employees in this budget analysis and that's why we commissioned our unit presidents to go directly to the members. And we were amazed at some of the reaction we got back from them and that is why we're sharing it with you. And we would love to share even more. And can't stress enough how a smart government initiative and task force would be the answer that many of you are seeking right now.

LEG. LOSQUADRO:

Just one final thought on the vehicles. We were talking about the efficient maintenance of them. And I certainly do not fault the mechanics or the staff at the fleet garages because I know they are terribly overworked. But there are simple efficiencies that could be put in place.

Now, I'm a car person. You know, maybe I go a little extra step that other people don't, but every time I get a County car, the first thing I do when I get home, after I let the tires cool down, is I check tire pressure and I adjust it as necessary. And I have not gotten a County car once that has had properly inflated tires. And someone who knows cars knows how much a simple thing like that can improve fuel economy. Maybe that is something we need to make employees aware of, but we need the proper amount of staff in place to efficiently maintain these vehicles, make sure that they are on a proper maintenance schedule with air filter changes, tires properly inflated, all sorts of other things that we can do to improve the fuel economy of these vehicles ••

CHAIRMAN ALDEN:

Important, polish, too. Right?

LEG. LOSQUADRO:

Ford polish.

CHAIRMAN ALDEN:

Get the air flow going.

LEG. LOSQUADRO:

Another car guy next to me. But I firmly believe that this is an area where we are just throwing a lot of money down that intake manifold. And we can certainly do a lot better in this regard. So, I do agree we need the staff in place to help do this because this is just •• this is money wasted.

MR. TUERLINGS:

Actually, when you speak about that, in the old days there was a preventive maintenance manager and that's what they did. When the cars came in for

service there was a checklist. Because of job cuts there is no more preventive maintenance manager, so now it's up to the driver. So that is a very good point, but you need the people to do it.

LEG. LOSQUADRO:

Absolutely. Thank you.

CHAIRMAN ALDEN:

Are you going to want to them to stay up?

LEG. CARACCIOLO:

Well, do you have any questions?

LEG. MYSTAL:

You're running the show.

CHAIRMAN ALDEN:

I'm turning it over. Just to point out to the other two Chairmen, that's it on the cards. Anybody else that wants to address us should just fill out a card or raise your hand in a few minutes after we are done with Cheryl and Bob and we'll try to accommodate you. But as of this point, the Consumer Protection show is over. So, I'm going to hand it over to Ways and Means and Budget. There you go, guys.

LEG. O'LEARY:

Thank you, Cameron.

WAYS AND MEANS

LEG. CARACCIOLO:

Peter, since you arrived just shortly before I did, I'll let you take over.

CHAIRMAN O'LEARY:

Thank you, Mike. Cheryl, I just have a couple of observations. And quite succinctly you have put it, the problem is personnel staffing. And that in a nutshell presents a whole load of situations that have evolved in this County with respect to the staffing of personnel in the various County departments.

You know as well I do, as well as my colleagues do, that we fund for the appropriate positions. And the SCIN forms are the problems. Is the problem. That is beyond our control. The County Executive is the one who signs the SCIN forms. The County Executive is the one who fills those positions. We can fund those positions, which we have done in the past. And a thing called turnover savings is the driving force with respect to these positions not being filled.

So, in a nutshell I fully concur with BRO's assessment that one of the major problems within the departmental County •• departmental structure as far as personnel staffing goes, is the lack of response on the part of Executive Branch to sign those SCIN forms to fill those funded positions.

MS. FELICE:

We are well aware of the dilemma that's created with SCIN forms. And we're also reminding the Legislative Branch that when your resolutions are passed to fund these positions, that you need to take whatever means necessary to see that these positions are filled.

We refer back to the DSS positions where the 44 positions were created last year. And all but six of them will remain in this year's budget, the rest are wiped out. It's my understanding that those six are going to go to a Medicaid fraud team, but again, we're reinventing the wheel. We knew what had to be done then and yet we wait until it gets to a crisis situation. And the Legislature is absolutely right, that it is the Executive Branch and we make sure that we are on the phone constantly with the financial department of the County Executive Branch to get those SCIN forms signed.

But there's an even bigger problem. As the lawmakers, as the budget people in this County •• that both sides have to take a responsibility. And simply approving a resolution and sending it off to the County Executive to not fill is not enough to get the job done because the crisis is getting worse out there.

We're inviting you to join •• we keep hearing about smart government.

Smart government, smart government. And when we made the suggestion to put a task force together so that all the minds can come together and talk about it in an open forum, it should have been done and it wasn't. And that's what we're here for today to stress again because now you have a true crisis on your hand.

Last year BRO reported out adequately that you also did not have enough DSS positions to adequately fund •• staff the mandated programs. And now the situation is worse. I don't know how clearer it has to be that in DSS alone we are at a five year staffing low. That's insane. Our population in Suffolk County increases. The needs for Suffolk County increases and I think arguably we can point out that government's role is to fight for those who can't fight for themselves. And in DSS that is ever evident.

And we have a true crisis on our hands. We have heard directly from the members. We're bringing it to you and we're asking for your intervention so that we can address this problem before someone gets hurt out there. Safety is absolutely being compromised.

CHAIRMAN O'LEARY:

As I recall, Cheryl, with respect to that Smart Government Task Force initiative that was brought to our attention that we voted for and as you have indicated was vetoed by the County Executive and the override, his veto was sustained. In his message, as I recall, did he not indicate in his opinion that he didn't want the input of the unions with respect to this task force?

MS. FELICE:

I don't have any recollection of that per se but I would say that the mere fact that it was rejected would say that input was being stifled. And again, I say that's counterproductive. It's counterproductive to really take in a hard look at what is going on in this County and the true problems that exist. We're well aware of the need for turnover savings. But we think it's unfair to put positions in the budget but then stipulate how much turnover savings has to be realized in a County agency. So, on one hand you are giving, their giving positions, but on the other hand they are taking it away. Because you can't •• if the positions aren't funded they can't fill them.

CHAIRMAN O'LEARY:

Okay. I have a list here. Legislator Mystal, then Nowick.

LEG. MYSTAL:

Good morning, Cheryl.

MS. FELICE:

Good morning.

LEG. MYSTAL:

What I'm not hearing, you know, and I'm a union person so I can say that publicly I don't care, but what I am not hearing, though, is a number. How much money would it cost the County to fund this program adequately? That's number one.

MS. FELICE:

To fund ••

LEG. MYSTAL:

To fund •• all this various program from all various departments, you know, whether it be Public Works or Health or DSS or, you know, custodial, whatever, to put the County on the right track, so to speak. How much money would it be. That's number one.

Number two, what would be the tax impact in terms of, you know, how much, you know •• because the money have to come from somewhere.

MS. FELICE:

Well, the ••

LEG. MYSTAL:

Let me finish the whole thing. What would be the turnover savings if we fill these positions versus what we have to pay to fill them versus the turnover savings and when you manage those two, that will give you what we have to come up with in terms of funding to some source, most likely through

taxes.

And I don't know if BRO or if AME can more or less give us a scenario, you know, a plausible scenario. If we were to do a, b, c, d and x, y and z, it will cost the County that much money and we would accrue that much turnover savings and what is •• whatever the difference is would be what we would have to go to the taxpayers and say okay, this is what it is going to cost the County, you know, to make the County act the right way. I don't know what those numbers are.

Smart government, see, this sounds good. You know, this and that, this and that. I just want to hear a number in my head saying okay, this is what it is going to cost the County \$100 million, whatever, to do this, and we're going to save \$75 million or we're going to have to come up with 25 million dollars and •• do you see where I'm going with this?

MS. FELICE:

I understand your request. And I would say that our report has to become a little more detailed and we would probably have to sit down with members, probably from BRO and the departments, to come up with a true value of that number.

What I would point out is the fact that the •• we have huge surpluses right now in this County which means we're not spending the money. And we don't know what that true figure is.

In our report today that you have we ask you to look at the needs of the custodial services because in the Cohalan Court Complex, a complex that does not have County employees working there, that contract for custodial services is still to be renewed. We're asking you to look at the cost of that particular program and versus putting County employees in there that are much more reliable, much more dependable and much more trustworthy to get the job done.

So we can take a look at those figures and come up with the specifics that you are looking for so we have a true dialogue. But this is part of the task force that we were looking for.

LEG. MYSTAL:

What I don't understand is that I know I voted for 44 more employees in DSS last year.

LEG. NOWICK:

Yes.

LEG. MYSTAL:

I know I voted for that. Was it this year?

LEG. NOWICK:

It was just recently.

LEG. MYSTAL:

Recently. I was a cosponsor. I voted for it. I was happy to cosponsor it. What happened to it? You told me that only six people are going to be in there, right?

MS. FELICE:

I'm telling you that according to our information six people were appointed from those 44 positions and that in this budget 38 of those positions are abolished.

LEG. MYSTAL:

Gail just picked up the microphone. I guess she has some kind of an answer.

MS. VIZZINI:

No, just to confirm that Resolution 513 created those additional 44 positions in Medicaid. The 2006 recommended budget abolishes 36 of them •• 38 of them. Six of them constitute the positions that will create a Medicaid Fraud Team, but of course those positions will have to be filled.

LEG. MYSTAL:

The Lord giveth and the Lord taketh away.

MS. VIZZINI:

Yes. Unfortunately ••

MS. FELICE:

Amen.

MS. VIZZINI:

Unfortunately, two of the positions that were abolished are filled. But I believe that would come up in the Social Services Committee.

LEG. MYSTAL:

Thank you, Mr. Chair.

CHAIRMAN O'LEARY:

Legislator Nowick.

LEG. NOWICK:

Yeah, two things. Number one, in reference to your task force, and it is good sometimes that you come up in front of us. I have just spoken to Counsel. I am going to reintroduce that because maybe everybody now understands the importance of it. That's number one.

Number two, those six positions that are being created in the recommended budget, aren't those three from the DA's Office? Or are they •• that's what I thought I read. I mean, you need somebody to prosecute. Isn't that what I remember that was in that budget?

MS. FELICE:

I'd have to ask for ••

LEG. NOWICK:

Maybe not. Maybe ••

MS. FELICE:

Gail could probably speak to that. Other positions we were looking at were

strictly the AME positions. But I do think there were additional attorneys that were requested.

LEG. NOWICK:

I thought it was a unit and there were six people and three of them •• is that •• Ben, is that •• maybe you know the answer to that?

MR. ZWIRN:

I believe you are correct, yes.

LEG. NOWICK:

So, what is it? Three District Attorney positions?

MR. ZWIRN:

I think they're all going to be •• I think they are all going to be Civil Service positions but three are going to be assigned to the District Attorney's Office to work with the District Attorney.

LEG. NOWICK:

But they'll be attorneys.

MR. ZWIRN:

No.

LEG. NOWICK:

No.

MR. ZWIRN:

No.

LEG. NOWICK:

So, there will be three Civil Service and three actual ADA's.

MR. ZWIRN:

No.

LEG. NOWICK:

No.

MR. ZWIRN:

No. These six people will be in this unit, but I believe three of them will be assigned to work with the District Attorney on preparing cases.

LEG. NOWICK:

Work with the District Attorney. So just to •• I'm getting confused. Is that three ••

MR. ZWIRN:

They're all going to be Social Service employees. They will not be in the District Attorney's Office.

LEG. NOWICK:

Okay.

MR. ZWIRN:

I mean they will not be Assistant District Attorneys.

LEG. NOWICK:

They will not be attorneys at all. Those six come out of the •• okay.

MR. ZWIRN:

There might be an attorney who went back into, you know, gave up law and went ••

LEG. NOWICK:

But then is he also putting in ••

MR. ZWIRN:

•• to a different field. But they will not be •• they will not be Assistant DA's.

LEG. NOWICK:

Then are there three more coming in, three more attorneys that are going to be handling these or am I ••

MR. ZWIRN:

I have to go check. I think the District Attorney's made a request for additional personnel and I think ••

LEG. NOWICK:

That's what I thought.

MR. ZWIRN:

•• that he's getting ••

LEG. LOSQUADRO:

Different budget.

MR. ZWIRN:

Right.

LEG. NOWICK:

Right. Okay. All right. Same money, right?

LEG. MYSTAL:

Same back.

LEG. NOWICK:

It might be from another line but doesn't it all come out of the same ••

LEG. MYSTAL:

Same hide.

LEG. NOWICK:

Okay.

CHAIRMAN O'LEARY:

Legislator Lindsay.

LEG. LINDSAY:

Just to clarify what Legislator Nowick was talking about. I think there is,

and Gail maybe can bear me out, but there is a different line in the District Attorney's Office for white collar crime that's going to investigate Medicaid fraud, school district fraud and that, so I think there's additional lines there.

But what I wanted to mention, and it goes back to Legislator Mystal's answer about the cost, a lot of the cost is already there. I mean, if we got the funded positions filled, it would certainly provide a tremendous amount of relief in the numerous departments that you are talking about. It isn't even a matter of adding more positions. It's a matter of filling the positions that are already there.

And the second point that I wanted to make is the capping of Medicaid in •• Gail is that this year, '05? So that it really behooves us to fill some of those positions now and BRO pointed that out, I underlined it, that the more positions we fill in the Medicaid area now, the more advantageous it is to us because the state is going to pick up the those costs. So it really doesn't transfer on to our annualized budget lines.

MS. FELICE:

You're absolutely right. Because those positions are reimbursable it is absolutely incumbent upon the County to fill those positions to the level that you have right now budgeted in the budget. Absolutely.

CHAIRMAN O'LEARY:

Is that it?

LEG. LINDSAY:

Yes.

CHAIRMAN O'LEARY:

Okay. Before I turn the Chair of this meeting over to the Chair of Budget and Finance, Legislator Caracciolo, I just want to make certain that there is no one in the audience representing the departments that come under the Ways and Means Committee, such as Audit and Control or Civil Service and from Technology, Law and Real Property Tax who want to come forward and say anything with respect to the proposed budget.

LEG. ALDEN:

These are the only two cards we got.

CHAIRMAN O'LEARY:

Okay. I'm just double checking. All right. I'll turn over the meeting now to the Chair of Budget and Finance, Legislator Caracciolo.

CHAIRMAN CARACCIOLO:

Thank you, Legislator O'Leary. First, Cheryl, I know I speak for everyone at the horseshoe, we appreciate very much your ongoing effort to assist the Legislature and really County government in highlighting a number of shortfalls in the way the County manages its finances. It's clear from your presentation today and on previous occasions that you and the members of AME really do care that the taxpayer gets their bang for the buck.

Let me also note that as you are well aware, as the Chair of the Budget Committee I have said from the beginning of this year and I'll continue to say, that this administration talks a good game, but doesn't play a fair game. And the reason why I say that is I have highlighted all along where we have had this tremendous discrepancy in budgeted positions and the lack or the desire not to fill those positions. And I have cautioned you on many occasions to monitor that very carefully and you have.

The question becomes, and I heard your plea that you'd like the Legislature to do more than it has done besides budgeting these positions. I noted a few moments ago Legislator Lindsay pointed out, you know, in the area of Medicaid fraud, that there appears to be an interest on the part of legislative members to address that need. But when all is said and done, we do not have the enforcement means to force the Executive to follow through on those actions.

So the question I want to ask out loud, to Counsel and Budget Review is, is there any way going forward the Legislature's will can be implemented as opposed to the ongoing effort by this administration to just ignore the Legislature's will with respect to task force and other actions? Is there any way we can do that? I heard a month or so ago about the possibility of a lawsuit being filed against the County Executive. Is there anything

happening on that front? Because it is something I certainly would like to explore with the unions if the Legislature isn't going to step up to the plate. Counsel?

MS. KNAPP:

Well, there are certain measures that would require Charter revision. And to the extent that Charter revisions would reduce the power of an elected official, in some instances they would be subject to referendum. There has been some talk of a lawsuit, but to my knowledge no resolution has been filed as yet.

Beyond that, certainly, you know, consistently overriding vetoes would certainly send a message to the Legislature and to the extent that the Executive has clearly exceeded his executive authority in issuing budget memoranda, those budget memoranda that purport to nullify Legislative action, certainly those are something that might be the subjects of a lawsuit at some point. Beyond that, I'm not sure that I can offer legal ••

MS. FELICE:

Well, once again I'm here as the representative of over 8,500 active and retired workers in Suffolk County who are all taxpayers. That's why we have taken an interest. Our families are taxpayers, our neighbors are taxpayers. So we're not interested in just presenting to you the means for funding salaries. We're interested in presenting you the means for providing better government because we are the ones who deliver those services to your constituents. We are all in this together. Every single one of us, no matter where we come from, whether it's the unions, the Legislature or the Executive Branch, has a responsibility to the government of Suffolk County. And we're here to say to you we need to partner together and get that job done in whatever means we need to do.

But if we can explore those means in open, non•threatening dialogue, and a forum with a non•threatening dialogue, then I think we can accomplish great things. Not to say that the both branches haven't already. But when we have a report from your own Budget Review Office that consistently says you have a department that does not have the amount of positions necessary to fulfill it's mandated programs, that's a crisis. And it's a crisis

that cannot be ignored. And Legislator Lindsay is absolutely right. Those positions are 100% funded. It doesn't cost the County anything. And in the situation with the cap on Medicaid relief, the cost for 2005 will be capped and the state will pick up that portion for the 2006 budget. It behooves you to make sure in whatever means you have to, in whatever caucuses have to, to see that those positions get filled and that the services are delivered, especially when it comes to fraud. Those are huge dollars that should be coming back to the County.

CHAIRMAN CARACCIOLO:

Cheryl, let me, you know, put you right on the spot because I don't think anything is going to change going forward. I really don't. And it's going to come down to who's going to have the courage to step up and challenge this Executive in a court of law and stop some of these practices, these abuses, of torting the will of both the Legislature and the people of Suffolk County through their elected 18 member Legislative Branch. And I hope this Legislature has that courage, this Legislature has that courage sometime in the near future, before I leave at least. Mr. Zwirn, would you come up, please?

LEG. ALDEN:

Remember, Ben, you're still under oath.

MR. ZWIRN:

Always.

CHAIRMAN CARACCIOLO:

Fairness dictates, Ben, that I give you as the Executive representative •• I saw Mr. Sabatino earlier and unfortunately he left before I had this opportunity to request that he come forward. If he is in the building and he would like to join us, Paul, come on in. But in his absence, what would you like to say with regard to this morning's presentation?

MR. ZWIRN:

Well, thank you very much, Mr. Chairman and members of Legislature. You know, just because the County Executive doesn't agree with some of the recommendations that have been made doesn't mean that he doesn't listen

and he doesn't respect where the suggestions are coming from, whether it comes from the Legislature or from the union or from Budget Review Office. I mean, there is a dialogue and there is a back and forth that does work.

I mean, during this year the Legislature said we needed more police officers. There had to be more police officers hired and there's a new class in the new budget that's going to be hired. You needed more helicopters to cover the County. We now have four helicopters when under the prior administration we had three and there is money in the budget to upgrade and improve the fleet of helicopters. That came out of dialogue between the Legislature and the County Executive.

Legislator Caracciolo, you had an issue about getting more funding for the Police Departments on the east end, getting more of the sales tax and the County Executive sat down with you and worked out what he thought was a compromise to phase your recommendations in. And I think if the County Executive was not •• was turning a deaf ear to suggestions, that kind of dialogue and that kind of compromise and that kind of good government would not be happening. So in fact they do.

We have great respect and I personally have great respect for this process. I do. And I have great respect for the union leadership here. They have done a wonderful job. The union leadership wanted a new contract, they wanted a fair contract. And out of respect for both sides, a compromise and good numbers were worked out showing the respect for the County work force that we have, and we have an outstanding County work force. There is no question. They are working hard and they are doing a wonderful job. Because my office is next to the Community Relations Unit for the County Executive's Office, and I know we throw around the words crisis, we have a crisis in the Police Department, we have a crisis in the work force. I think the public and the taxpayers of this County are being served well by County government.

And there always becomes a question of, you know, how many employees do we need here and there and there is a management issue. And the County Executive and the Legislature have to take a broad overview and we have to balance how much money the taxpayers can afford for the amount

of government services and try to make that work so the people who •• because if we provided all the services that people really would want, then perhaps none of us could afford to live here in the first place. So I think that is where the balance comes in. But it's not because the County Executive is just working in a blind •• with blinders on. He is trying to balance all the factors and he is the Chief Budget Officer for the County.

I think Legislator Mystal asked a good question. He said if we get all •• if all the people who are Budget Review Office, and we have great respect for Budget Review, they are doing a good job, how much is it going to cost, what's the fiscal impact. How much more will it cost the taxpayers of this County to have all the employees that they recommend that we should have to make government run even better than it is running today and that number was not in there.

Now, we have •• and we would like to know because we've taken the liberty of trying to run some of those numbers in a fair way, taking into account grant reimbursement and state reimbursement and federal reimbursement for some positions and figuring in benefits, and the number comes to over \$9 million over a nine month period. Not a full year because you can't hire everybody in a full year and we try to make those numbers realistic and fair. But you have to balance that. Can you take \$9 million from somewhere else and factor that in and that number will go up exponentially over time.

So, I think that the process is off to a good start. I know some of the department heads will be coming in later talking about •• they will be answering questions. But generally, you know, just a brief overview, to respond to some of the things that we have heard today, that's all I have to say.

CHAIRMAN CARACCILO:

As we look at this budget we look at 1,438 vacant positions for this year. Budgeted positions, money that was collected from taxpayers to fund positions in County government that have been left unfilled. Can you quantify how much money that is?

MR. ZWIRN:

I don't know those numbers.

CHAIRMAN CARACCIOLO:

Turnover savings. Gail, what's the number?

MR. ZWIRN:

But let me just say, the money that is not spent in the budget goes back to the taxpayers. It's not as if ••

CHAIRMAN CARACCIOLO:

Yeah, but you collected for a year in advance with the intention of •• or at least you are telling the public. This Legislature and the Executive is telling the public when they adopt a budget that we need a work force of X number of people and we are budgeting a work force of X number of people, 10,000 plus, with full knowledge at that time that they are lying to the public. They have no intention •• come on, what do you mean? Don't shake your head. I have been long enough, Ben, and let me tell you, I have yet to see an adopted budget, budgeted positions in the budget rather, that have been filled in any given year.

MR. ZWIRN:

But why do you think that is?

CHAIRMAN CARACCIOLO:

You tell me.

MR. ZWIRN:

It's because you budget for a certain amount and you hope you need less. You hope that you didn't under budget so that you have major deficits.

CHAIRMAN CARACCIOLO:

No. It's called smoke and mirrors.

MR. ZWIRN:

No.

CHAIRMAN CARACCIOLO:

It's called gimmicks. It's a way to bury money in the budget for a variety of reasons. That's what is really going on here. Let's call a spade a spade.

MR. ZWIRN:

The money ••

CHAIRMAN CARACCIOLO:

I think the number we're looking at this year, and Gail just update me, it was about \$24 million? No, we're sitting in a County right now where a year ago the County Executive was crying in March the sky is falling, we're going to have a \$243 million deficit. Interestingly, here we sit in November, almost November a year later, and we have a \$273 million surplus. That's right. 273. And I've been reciting this number. And one day, Emi, I hope you report the damn number. I don't know why you love to run with the negative but when there's positive you don't want the public to know. And there should be huge tax cuts this year.

MR. ZWIRN:

You're talking in large part about the general fund balance which gets rolled over every ••

CHAIRMAN CARACCIOLO:

Oh, yeah, there's another gimmick.

MR. ZWIRN:

It's not a gimmick. That money goes back to the taxpayers to keep taxes •
•

CHAIRMAN CARACCIOLO:

\$110 million last year.

MR. ZWIRN:

And you had to come up that with ••

CHAIRMAN CARACCIOLO:

\$118 million this year. Fund balances.

MR. ZWIRN:

•• and you had to come up with at least that much money this year to keep taxes stable. And it is a very difficult thing.

CHAIRMAN CARACCIOLO:

Smoke and mirrors. The public is being shafted, plain and simple.

MR. ZWIRN:

Well, if you want to get to the tax stabilization fund which has ••

CHAIRMAN CARACCIOLO:

Well, that's another \$110 million which has grown to 118 million.

MR. ZWIRN:

If you want to get there, you have to raise taxes at least 2 1/2 percent to get there. And if you want to raise taxes •• they're just confirming my statement which is ••

CHAIRMAN CARACCIOLO:

What is the dollar amount on the 2 1/2 percent, Ben? You know, people love to run with percentages. Tell me what that means in dollars and cents.

MR. ZWIRN:

About \$1.3 million.

CHAIRMAN CARACCIOLO:

No, no, no. To the taxpayer. The County with one and a half million people.

LEG. ALDEN:

It's less than \$20 a household.

CHAIRMAN CARACCIOLO:

No, it's less than that.

LEG. ALDEN:

I know.

CHAIRMAN CARACCIOLO:

What is it Robert? Robert what is it?

MR. LIPP:

It is about \$2.50.

CHAIRMAN CARACCIOLO:

\$2.50. So this administration is doing what all of the previous administration's did, what Tom Gulotta did in Nassau County. And you were artificially, and you know, you were on the Board of Supervisors in Nassau County, you ran for County Executive in Nassau County.

MR. ZWIRN:

Somebody remembered.

CHAIRMAN CARACCIOLO:

Oh, yeah.

MR. ZWIRN:

Aside my parents, who still have a sign somewhere.

CHAIRMAN CARACCIOLO:

And what did Tom do? For many years he artificially kept the general fund property tax levy lower, along with a lot of other things, okay ••

MR. ZWIRN:

But he did it a different way. He just jacked up revenues. You have to remember, just to digress for one second, there was one year that I think near Mr. Gulotta's end of his career as a County Executive, we had about eight million dollars in the budget for reimbursement from the County inmates to pay for their own stay at the correctional facility and that was a number that was a rock solid number. I think we could count the nickels on one finger what we brought in but that's •• and the other problem was just, which you don't have in Suffolk County because you have a very active two

party government and a checks and balance system, is that we had over 2,000 employees working for Nassau County that were not in the budget, okay. They were not budgeted positions but they were working for the County.

CHAIRMAN CARACCIOLO:

So here we budget 1,400 extra positions that we never fill. Come on, it's the same thing.

MR. ZWIRN:

Oh, no. No, no, no. Nassau County went broke, Suffolk County has a surplus at the end of the year and manages to stabilize taxes. The other big difference ••

CHAIRMAN CARACCIOLO:

For the reasons I just cited.

MR. ZWIRN:

But a big difference is, I don't know off•hand what the general fund tax levy is in Nassau County, but it's not \$50 million like it is in Suffolk.

CHAIRMAN CARACCIOLO:

No, it's not.

MR. ZWIRN:

You have a very low general fund property tax and it's what ••

CHAIRMAN CARACCIOLO:

Yeah. So why is this administration continuing to do •• I can remember Steve Levy sitting at this horseshoe criticizing the previous administration about not properly funding the general property tax fund. It was a \$166 million in 1990. Today it's \$52 million.

(Substitution of stenographer, Alison Mahoney)

MR. ZWIRN:

That's correct.

CHAIRMAN CARACCIOLO:

So all we're doing and continue to do is put more reliance on sales tax revenues which Newsday's editorial page, you know, criticized Tom Gulotta for doing. I guess it depends what political party you belong to is what Newsday's editorial page takes the position on.

MR. ZWIRN:

It depends on who reads Newsday's editorial page.

CHAIRMAN CARACCIOLO:

I know Steve reads it every day, so don't give me that. The reality is •• the reality is, Ben ••

MR. ZWIRN:

Very quickly. I think he just glances through it.

CHAIRMAN CARACCIOLO:

I wanted you to respond to some of the concerns that were raised here by Cheryl. We have this Medicaid Fraud Unit. How do you explain that one?

MR. ZWIRN:

I think the County Executive ••

CHAIRMAN CARACCIOLO:

Why do we have two people when we should have six? The positions that are filled are paid for by state aid. What is the rationale?

MR. ZWIRN:

Allen, you want to talk to that? I think there's some question as to what the state will reimburse this year because of the changes and the way Medicaid is ••

CHAIRMAN CARACCIOLO:

But we have plenty of money in the budget to fund the positions. That's my point.

LEG. LOSQUADRO:

Would you take one point on that?

CHAIRMAN CARACCIOLO:

Yes.

LEG. LOSQUADRO:

Aside from the state aid, there is also the tremendous savings to be realized when •• when we had these meetings, the individuals in these positions routinely save many times their own salary annually. So even if you are only getting half of it back in state aid, these individuals are still saving the taxpayers a tremendous amount of money by their sheer existence.

CHAIRMAN CARACCIOLO:

That's right.

LEG. LOSQUADRO:

So I do not understand the reluctance to put them in place.

MR. ZWIRN:

I think part off it, Legislator Losquadro, is that we are also anticipating the State Attorney General's Office to become much more proactive in this as well. So I think you are going to have it coming from many different levels of government.

LEG. LOSQUADRO:

So we are waiting for someone to say we're from the government and we're here to help.

MR. ZWIRN:

Well, people in Suffolk County can do that and I'll tell you, the County employees responded. I expect the state •• employees in the State Attorney General's Office, which has been very aggressive in other fields, will also respond.

CHAIRMAN CARACCIOLO:

I think the point, Ben, is simple. And that is we have an area where the County perhaps is losing revenue ••

LEG. LOSQUADRO:

Perhaps?

CHAIRMAN CARACCIOLO:

•• and the administration •• we'll give the benefit of the doubt here, and the administration's position is it's okay, we're going to keep staffing levels low and if it cost taxpayer's money, that's okay.

MR. ZWIRN:

Of course not. That's not the attitude of this administration and everybody knows that. Mr. Levy will squeeze every penny out and •• he is a fiscal conservative. Nobody can argue with that. But I think •• let me just say one thing.

CHAIRMAN CARACCIOLO:

Can anybody quantify •• wait, let me ask you this in Budget Review. I have a question. Wait a minute. You can answer it ••

MR. ZWIRN:

For Social Services •• but they do a very good job of screening. I mean, we have a very good screening program in Social Services and the County employees do a good job.

CHAIRMAN CARACCIOLO:

So you deny •• you deny that the County is losing money to welfare cheats?

MR. ZWIRN:

I can't tell you that. I don't think anybody can tell you that.

CHAIRMAN CARACCIOLO:

Budget Review Office have any idea of what is going on there?

MS. VIZZINI:

I can't quantify any dollar amounts without doing any, you know, additional research, but the Undercare Unit, which is the unit that closes the Medicaid cases has historically been understaffed. And unfortunately, it's that unit that they cannibalize in order to cover the other units. So, the units that close the cases and the units that recertify the cases are critical to cost savings. You have to make sure that if it should be closed it should be closed and that they meet the eligibility criteria to be recertified. So this is where we constantly make our recommendations to augment staffing as well as to address the backlogs in the initial eligibility review.

CHAIRMAN CARACCILO:

Legislator Nowick.

LEG. NOWICK:

Back to this Social Services Medicaid fraud. We, Legislator Losquadro and myself know firsthand •• it's just like you said, Cheryl. We spoke to a consultant that prosecuted Medicaid fraud recipients and what's on the other side, recipients and ••

LEG. O'LEARY:

Providers.

LEG. NOWICK:

Providers. It is out there. We were told it is out there. It is out there in ways that us in the Legislature have no idea about, maybe even Ben doesn't or Gail. Taxicabs alone we were told how they abuse taxicab services. There is not enough people to check the little chits that come in. The numbers are incredible.

I intend to meet with Legislator Losquadro again because I think that this should be on the front burner. We're told by the experts in the field, the prosecutors, the money is going out the window because we're not filling positions. And if we don't have the people to do the work and the investigations •• we don't need any District Attorneys to prosecute because

we don't have the groundwork. So this is something that I am going to look to push, as I'm sure Legislator Losquadro is.

LEG. LOSQUADRO:

Yes.

LEG. NOWICK:

And we will meet again with the Department of Social Services and see how we can move this along.

CHAIRMAN CARACCIOLO:

Before I recognize Legislator Alden, can you make any kind of a commitment that this concern will be addressed?

MR. ZWIRN:

I think it has been addressed.

CHAIRMAN CARACCIOLO:

You are saying the positions are •• I mean, there are adequate positions in that department.

MR. ZWIRN:

I think going forward. I expect that if you are going to ••

CHAIRMAN CARACCIOLO:

You're going to wait for the Attorney General?

MR. ZWIRN:

Well, we'll wait for the Attorney General as well, but the County is taking an aggressive position and the County Executive is working with the District Attorney's Office.

CHAIRMAN CARACCIOLO:

So, you're saying, I just want to get this on the record, that the County has been •• has been and is, based on this budget presentation, as proactive as it needs to be to prevent Medicaid fraud in Suffolk County.

MR. ZWIRN:

As proactive as it needs to be at this particular time going forward. If the District Attorney says I need more personnel to do this job because we are uncovering an enormous amount of fraud, then the County Executive will respond and so will the Legislature.

CHAIRMAN CARACCIOLO:

Did you hear what Legislator Nowick just said? How does the District Attorney make a case when the very means by which to make that case, which is through this unit, is not there for him to provide him with that information.

MR. ZWIRN:

He's getting these people now for the •• the County Executive is taking this initiative even before we've had these hearings today in order to move forward.

LEG. NOWICK:

Yeah, but the Social Services has to report their findings to the District Attorney ••

CHAIRMAN CARACCIOLO:

That's the way I understand it.

LEG. NOWICK:

•• if nobody reports it. That's what we learned.

MR. ZWIRN:

They are being •• these people will be working with the District Attorney's Office to help facilitate fraud prosecutions. It's a new unit.

CHAIRMAN CARACCIOLO:

Cheryl, would you like to comment on this because, you know, perhaps we're not knowledgeable enough about the individuals involved and we're getting some lip service here.

MS. FELICE:

I would say you're absolutely knowledgeable. All parties are knowledgeable. You know what the problem is. And both Gail and Legislator Nowick pointed out a process that I did not highlight but certainly exists. It's not only the fraud issues. It's the fact that we don't have enough examiners to open and close cases, especially close cases. So in the event a client is done with services and we don't have the examiners there to say that, they're getting benefits longer than they should be and there is a cost to that that's impossible at this point to quantify.

CHAIRMAN CARACCIOLO:

That was my point.

MS. FELICE:

I would always just leave you with •• also, that if your fees for services for non•employees has gone up over the last two years by 20 percent and your employees are now at a five year low, do the math. Something is wrong. The priorities are wrong there.

Overtime is increasing. In some departments overtime has increased by 50 percent because the staff isn't there to do the job. And especially where we are talking about possible fraud or in the case where we're applying benefits that shouldn't be out, reviewing the providers as you mentioned, absolutely, and we need people in place to monitor that. If it's not there, it's not happening.

CHAIRMAN CARACCIOLO:

Cheryl, we can talk about this at infinitum and not resolve anything because what we just head from Deputy County Executive Ben Zwirn is that they feel these positions are adequately funded. And I don't like to talk in circles. I have been in government too long. I'm tired of people who talk in circles.

So, again, I go back to something I mentioned earlier, and I'll be talking to you about a lawsuit because I think it is unfortunate that the Executive has taken on this air of invincibility that he can do anything he wants and no one's going to stop him. I think where he is wrong he needs to correct his

actions and where he is willing to work with us to correct those actions we should be willing to work with him and we have demonstrated that. But where he refuses, it if requires a court of law to intercede, that's a path, I think, the time has come to seriously consider.

And you can come before this committee and this Legislature for the next two years, I'm telling you, things aren't going to change. I think the proof is in the pudding. I told you back in January and throughout the year on the turnover savings. What he is doing is what his predecessors did. I'm not singling out Steve Levy. I call a spade a spade and the fact is they all play this budget game. Let's over fund the personnel account to the tune of \$24 million this year and not fill those positions. So we have problems like this persist. Taxpayers are not getting the services that they have been taxed for. And it is time to stop that shell game.

MS. FELICE:

Well, I will commit to you that when our administration at AME took over in July of 2003 that we will continue to do our homework and bring those facts and findings here to the Legislature and share them with anyone in the County that needs to listen. And we will continue to do that and we are open to any kind of dialogue that will take place to make sure that this problem is looked at and addressed.

CHAIRMAN CARACCILOLO:

I think it's going to take more than dialogue. Legislator Alden, I wanted to recognize you.

LEG. ALDEN:

This is an example of a small part of a systemic problem that exists year after year. And I think the overall or the bigger problem is the pressure to develop a surplus. And it's nice to always come in under budget but what we have done every year is we have expanded that. At first it might have been five or ten million of dollars under budget and now it's hundreds of millions of dollars under budget so there is a tremendous pressure to out perform what happened the previous year.

And that gets back to one of the points the Legislator Caracciolo just made

and it's deceptive to the people in this regard. If you put a budget out there and you say you are going to have X number of people working and you are going to have X number of dollars spent on maintenance of golf courses and you are going to spend X number of dollars for purchasing vehicles, it's a little bit deceptive when you don't do that because of the pressure on you to go and develop this surplus.

So that's something that, you know, and before Friday we really have to have a big dialogue with the County Executive, and I mean the Legislature and the County Executive, as far as what is his intention for next year. Is he looking for places to end up with turnover savings to add to the bottom line, to add to the surplus that he is going to have for next year. And if he is doing that in his budget then we should shake some of those things out because our goal should be a budget that comes in on budget or slightly under that, not a hundred and something million dollars or two hundred and something million dollars under what we told the people we're going to spend. Even though we are doing the right thing by the taxpayer when we carry it over to the next year, this year we are not doing the right thing by the taxpayer because we told them and they have an expectation for a certain level of services.

I know, for instance, we've heard it in Consumer Protection. The builders come in and they tell us that at one time it was, you know, four or five weeks to get a permit out of the Department of Health. Now it's back up to 16 weeks. That's a kick to our economy. Also to the people that work in Suffolk County. It is indicative that somebody in the Health Department is being asked to do a lot more work than they should be asked to do.

There's a lot of things that contribute to the problem, but the overall systemic problem is the pressure to get this surplus each and every year, this huge amount of money and we have got to turn more and more each year. So that what happens in the future, you know, if you have got a \$2 billion budget, you are going to have to turn a billion dollars because we are up to a couple of hundred million right now.

So that's something that we have to have that dialogue before Friday, I think, as far as where are we going, is it the intention to turn a huge surplus

next year, and are we being a little bit less than honest with the people as far as what we are going to accomplish for them next year.

CHAIRMAN CARACCILOLO:

Thank you, Legislator Alden.

MR. ZWIRN:

May I respond?

CHAIRMAN CARACCILOLO:

Yes. Ben?

MR. ZWIRN:

And a large part of what Legislator Alden says is true. There is pressure. You have a \$118 million fund balance, you have to come up with that next year in order to guarantee that at least you are where you are this year. That is a sizeable number, it has to be done.

The other thing I would just like to say in closing is that Legislator Lindsay, I think, made a very good point when he said do we have enough positions in the budget, do we have to add positions. There are enough positions in there. One of the reasons why not all of them are filled is that it allows the County Executive the flexibility in the event of the Medicaid fraud. If you need more people those positions are in the budget, they are funded, he can add them instantly if it has to be done. But it gives him the flexibility as the year goes forward to try to put the people in the places where they need to be. And if you can do it with less people, you know, I know the County employees are working hard, but that's •• the taxpayers win and we all work for the taxpayers.

CHAIRMAN CARACCILOLO:

I want to pick up on another issue that Cheryl mentioned and that is the issue of civilianization in the Police Department. Where are we almost two years into this administration's term in accomplishing a goal that he made one of his priorities and that is to substantially civilianize the Police

Department. I heard earlier this year in committee when I questioned representations from the administration that it was well on its way. So where are we today in October of '05?

MR. ZWIRN:

I think that the Police Commissioner is going to be in to talk before the ••

CHAIRMAN CARACCIOLO:

Well, I'm sure you are up•to•date. I know Allen's up•to•date on ••

MR. ZWIRN:

I think the number •• I think the number's approximately 65 positions.

CHAIRMAN CARACCIOLO:

Where are we in the pipeline in terms of those people actually being on the payroll.

MR. ZWIRN:

Allen Kovesdy tells me that they're already on the payroll.

CHAIRMAN CARACCIOLO:

When did they come on?

MR. ZWIRN:

Over various periods of time I'm sure, mostly in the past year.

CHAIRMAN CARACCIOLO:

And where is that in terms of meeting the Executive's goal of, you know, providing civilianization in all those positions?

MR. ZWIRN:

I think they're trying to get the numbers up but it's a ••

CHAIRMAN CARACCIOLO:

But what's the target number, 100?

MR. ZWIRN:

I don't know •• I don't know the number off•hand.

LEG. O'LEARY:

Mike.

CHAIRMAN CARACCIOLO:

Yes. Legislator O'Leary.

LEG. O'LEARY:

Ben, is it your statement that the Police Department that was currently filled by police officer positions has now been replaced by 65 civilians?

MR. ZWIRN:

Either they're new positions or that they're •• I believe that they're positions that have been replaced, but the Police Commissioner would be better able to speak to that than I can. I don't know.

LEG. O'LEARY:

Well, I just wanted to clarify. It's your statement that 65 positions of civilians are currently in place that were formerly held by police officers?

MR. ZWIRN:

I believe that's the number.

CHAIRMAN CARACCIOLO:

You sure about that?

MR. ZWIRN:

I said I believe. I can't ••

CHAIRMAN CARACCIOLO:

Formerly sworn positions that have been replaced ••

MR. ZWIRN:

I had said it would be better if the Police Commissioner could tell you

directly.

CHAIRMAN CARACCIOLO:

I don't think that's true.

LEG. O'LEARY:

Yeah, I think that's a stretch.

CHAIRMAN CARACCIOLO:

Yeah, I don't think that's true at all.

LEG. O'LEARY:

By a long shot.

CHAIRMAN CARACCIOLO:

Gail, would you like to answer that question?

MS. VIZZINI:

Yes. On page 289 of our report as of the October 9, 2005 payroll, you know, after the 58 police officer positions, the vacant ones were earmarked to civilian titles which was, you know, a step in the right direction. Twenty of the 65 or 30 percent of the earmarked positions were filled. Forty-five still remain vacant. I know the department has been requested to provide some detail in terms of, you know, their progress. We haven't received responses as yet.

CHAIRMAN CARACCIOLO:

Thank you. Legislator O'Leary, you want to follow-up on that?

LEG. O'LEARY:

Yeah. Well, obviously page 289 of BRO's report makes it a lot clearer that of the 65 positions only 20 or 30 percent have been filled and 45 of that 65 currently remain vacant. The ••

MR. ZWIRN:

Well, they may be •• I don't know. As I said, the Police Commissioner would be better able to answer that question but I can only respond is that

they are sought to fill those positions at the present time.

LEG. O'LEARY:

The problem that we've had in Public Safety, we have been asking the Police Commissioner this question for several months and he has been, for lack of another descriptive phrase, avoiding it. And we are looking to get on top of this issue because obviously if this is correct then the civilianization program, if you will, within the Police Department has been an unqualified failure because it's not even close to coming to the target of 65 positions.

MR. ZWIRN:

Well, it's not a failure in the regard that it's not done yet and it is still moving forward. The County Executive hasn't given up on this, hasn't abandoned the plan. But as you know probably better than anybody up there, the Police Department, it is sometimes tough to move everybody along in an institution that has been, you know, a lot of these positions have been staffed by Police Officers for years and it is just tough to get the civilianization process going, tougher than was originally anticipated but they are still moving forward and they expect it to be a success.

LEG. O'LEARY:

Well, we're not going to be able to •• we're not going to be able to conduct an analysis of whether or not this program is a success or a failure unless we get the input from the department which has not been forthcoming. It's as simple as that.

MR. ZWIRN:

As I said, the Police Commissioner is going to be prepared to speak to that at the budget hearings.

LEG. O'LEARY:

Again.

MR. ZWIRN:

Again.

CHAIRMAN CARACCILOLO:

Gail, could you inform the committee as to where the department stands, Police Department, in terms of sworn personnel? How many retirements have we had this year?

MS. VIZZINI:

There is about 86 retirees, a little less than the normal 100.

CHAIRMAN CARACCIOLO:

And as a result of there being fewer retirees, what is the financial impact in the budget?

MS. VIZZINI:

Well, there is a little •• the 2005 estimated expenses related to pay outs are overestimated in anticipation that there would have been 100 retirements, so we could pick up some money there.

CHAIRMAN CARACCIOLO:

Do you know how much?

MS. VIZZINI:

A million.

CHAIRMAN CARACCIOLO:

Okay. And the new class is now in the academy?

MS. VIZZINI:

Yeah. The class started in September. Total filled sworn is 2,609. Those are active employees.

CHAIRMAN CARACCIOLO:

Okay. Are there any other questions for the panel from the committee?

LEG. ALDEN:

Just one.

CHAIRMAN CARACCIOLO:

Legislator Alden.

LEG. ALDEN:

And it actually goes to Budget Office and to Budget Review. What I was touching on before about the ever increasing surpluses and the need to generate them. Is there any plan or have you discussed a plan with Budget Office to try to wean ourselves from that budget surplus? To get it down to something that's a little more in line with what we present to the public? Because that budget surplus is around 5 percent, right? Roughly?

MR. KOVESDY:

Yeah, roughly.

MS. VIZZINI:

Yeah, these •• you know, this is one of the major policy issues that we highlight in the report, that the County has gone back to being dependent not only on sales tax but on fund balance. It really is a policy issue.

LEG. ALDEN:

Well, actually, you know, it's a mathematical formula we're going to need, too, to actually wean ourselves from that. I think it would be very painful to try to do that in one year or you disagree with that?

MS. VIZZINI:

No, absolutely. I mean, depending on how the policymakers want to approach this, there are several options, none of which are particularly popular. You might want to access tax stabilization reserve but to do that ••

CHAIRMAN CARACCILOLO:

You got to increase taxes by \$2.50.

MS. VIZZINI:

Our view is that you have to increase taxes at least by •• well, you know, the state law requires that you increase taxes by 2 1/2 percent.

CHAIRMAN CARACCILOLO:

Gail, Gail, wait a minute. I want to make it clear that 2 1/2 percent is \$2.50. So let's not play with the percentages because, you know,

Legislators and elected officials get all nervous when you start talking percentages. The fact of the matter is in Suffolk County the average property owners tax bill if you live in my district is 1 percent your County taxes or 1 percent out of 100 percent of what you pay a year. If you live in the five west end towns it is about 15 or 16 percent.

MR. ZWIRN:

Can I ask one question?

CHAIRMAN CARACCIOLO:

Yes.

MR. ZWIRN:

If that's the case, Legislator Caracciolo, why do you always vote against the budget?

CHAIRMAN CARACCIOLO:

I have a variety of reasons for voting against the budget this year. And the way this •• what?

MR. ZWIRN:

But I'm just saying in the past you've always voted against the budget.

CHAIRMAN CARACCIOLO:

Yeah.

MR. ZWIRN:

Because •• why? Because it's an increase in taxes to your constituents? And if it's not such a big deal, why didn't you support it? I just •• it's a question •• I mean, I understand where you're coming from, but I understand it is a sensitive issue. But if the tax increase wouldn't be that much, you know, the County Executive and a number of the Legislators are fighting not to increase taxes ••

CHAIRMAN CARACCIOLO:

Ben, I can answer that question. For the same reason that Steve Levy sat here year after year voting against County budgets. Okay?

MR. ZWIRN:

And now you're mad at him because he's not spending enough money.

CHAIRMAN CARACCIOLO:

No, no, no, no, no.

MR. ZWIRN:

I mean, he's being consistent.

CHAIRMAN CARACCIOLO:

The point •• the point's that highlighted by Legislator Alden and the dialogue we're having now is everyone has known from many, many, years just like Nassau County, that this County relies too heavily on sales tax revenues. And the fact of the matter is consumer spending is what •• is two-thirds of the national economy for those who may not be aware of that. And I would submit here in Suffolk County when we look at a County budget of \$2.6 billion and one billion comes in revenues from sale taxes, that reliance is just increasing and increasing and any •• any, you know, decline is going to severely put this County in a crunch.

So on the one hand we have Executives, Gaffney, Levy, Halpin, as far back as you want to go, that play this shell game with the public by appropriating funds and the Legislature approving those funds. And one of the reasons why I voted against the budget, by the way, is because you are telling the public you need to raise X amount of dollars for services but then you don't fill the positions that you tax people for. Okay.

Then you have this whole issue of not fairly and adequately addressing how the budget should be formulated. We have to stop relying so much on property taxes and start to increase that general property tax fund. 2 1/2 percent is \$2.50. In a tax bill •• an average tax bill in Suffolk County, probably about \$5,500. Much higher in some other •• in a lot of places where people have, you know, a very high value in assessed homes and perhaps a little bit less elsewhere. But the fact of the matter is put it in context. It's one percent of a property owner's tax bill on the North Fork. It's 15 or 16 percent.

I noticed this year, for example, in the Town of Brookhaven, there is going to be about a \$60 property tax increase. I'd like to know from the Budget Review Office why is Brookhaven so high.

MR. LIPP:

It's actually •• it's a little •• the methodology is a little confusing this year as opposed to most years because of the large fund balances, the way it works out. As we know, \$116 million fund balance. The apportionment of taxes are off of three years, 2004 actual taxes get reapportioned based upon 2004 property values, 2005 estimated fund balance gets apportioned based on 2005 estimated, where the actual property values in 2006 stand alone taxes get apportioned based upon 2006 property values. So it's very convoluted the way it works.

To make a long story short, relative to other western towns, Brookhaven is going up in their property values and therefore they wind up with a bigger piece of the action.

CHAIRMAN CARACCILOLO:

What percentage of an increase is \$60?

MR. LIPP:

For Brookhaven?

CHAIRMAN CARACCILOLO:

Yeah.

LEG. ALDEN:

Brookhaven has the Suffolk County police.

CHAIRMAN CARACCILOLO:

Well, so do the other four towns in the west end. Let's get the answer and then we'll continue.

MR. ZWIRN:

If I can just jump in while they're looking for the answer, is that last year

Southold ••

CHAIRMAN CARACCIOLO:

Don't digress on me, Ben.

MR. ZWIRN:

I'm sorry. I was just going to say that Southold last year got a 27 percent increase. And it was ••

CHAIRMAN CARACCIOLO:

That was due to assessments. Another reason why I voted against the budget.

MR. ZWIRN:

But a lot of it was due to the fact that the value of property in the Town of Southold had increased so much and under a state formula, having nothing to do with what the Legislature or the County Executive did. The people in Southold, unfortunately it was a negative benefit from the fact that their values of their property had gone up so high. So it was not anything that the County Exec or the Legislature did that had an impact on that. It was just the way the state has their formula and the fact that their property values •• and the same is true to some degree in Brookhaven this year.

CHAIRMAN CARACCIOLO:

No, it's only 1 percent increase in Brookhaven this year. That's on table six page 37.

MR. LIPP:

The increases for Brookhaven, \$63 dollars or 7 percent on the County tax but 1 percent off the overall Brookhaven average tax bill which includes schools and town and all of that.

CHAIRMAN CARACCIOLO:

So what does 7 percent represent?

MR. LIPP:

Sixty•three dollars.

CHAIRMAN CARACCIOLO:

No. Give us some context. Seven percent increase over last year?

MR. LIPP:

Correct.

CHAIRMAN CARACCIOLO:

So in Brookhaven Town property taxes, the County portion.

MR. LIPP:

Correct.

CHAIRMAN CARACCIOLO:

Will increase by 7 percent.

MR. LIPP:

Correct.

CHAIRMAN CARACCIOLO:

Okay. Legislator Alden.

LEG. ALDEN:

Just to finish up on the thought that I had before, and that's this year or next year actually presents what might be a unique position for us to be in, in that the state might cap our Medicaid and we might end up with not permanent relief on that, but more predictable growth in it because at one time that was one of the largest growing portions of our budget. So going forward, even realizing that overall not that sales tax has decreased, but sales tax, surely the rate of growth of sales tax has either slowed down or is non•existent.

So going forward I think we have to come up with some kind of plan to reduce the reliance on the surplus, on that fund balance going forward so that we can get a little bit closer, what we present and what we pass to the people that work for the County, the people that live in the County. I think

we have to be a little bit closer to what we pass as the actual truth and what we do going forward. So that should be one of our goals even this time for 2006, to take one step towards being a little closer on our numbers and not so reliant on that surplus.

CHAIRMAN CARACCILOLO:

Gail, do you want to respond?

MS. VIZZINI:

That surplus represents 6 percent of the general fund. You had asked earlier.

LEG. ALDEN:

Yes. I was guessing about five, but, you know, six is good. I'm not that good in math, I guess. All right. Thank you.

CHAIRMAN CARACCILOLO:

Legislator Lindsay.

LEG. LINDSAY:

Just to weigh in on this whole topic, I think the need to generate such a large surplus in order to stabilize taxes going forward is something that is troubling to all of us. But I for one would be very much opposed to raiding the tax stabilization reserve accounts in a year that is a year like this year or last year where we're in relatively good shape. I mean, I have sat here where we were looking for ways to mitigate a tax increase somewhat that we don't kill the taxpayer all in one year and I think that's what tax stabilization is meant for.

I would hate to see us dip into it by implementing what Legislator Caracciolo said is a minimal tax increase that it triggers us being able to tap into it. I wouldn't want us to see us tap into that fund in good times. I think the purpose of that is a rainy day fund and we will have rainy day funds. There is no doubt about it. We have seen them in the past and we'll certainly see them again.

LEG. ALDEN:

In response. I'm not for or against tapping into that fund, but I think that we have to transition into a more transparent and a more closely reflective budget to what we're actually spending.

LEG. LINDSAY:

I agree.

CHAIRMAN CARACCILOLO:

With all due respect to my colleagues, I've heard that argument for years. In the meantime, tax stabilization fund goes up and let's be honest, this is all about two years from now when Mr. Levy runs for re•election. He'd love to have a tax stabilization fund of about \$200 million and give the voters a tax decrease. That's what's really going on here. That's •• Ben, look. Time will bear that out but, you know, what I don't understand is for more than a decade every budget analyst, including the rating agencies, has cautioned Suffolk County, including the most recent rating agency reports, that this County relies too heavily on sales tax receipts and, you know, it doesn't take much in a billion dollar reliance on sales tax receipts to see maybe 60, 70, \$80 million decline in sales tax receipts.

LEG. ALDEN:

Energy costs. That's going to force it.

CHAIRMAN CARACCILOLO:

And if that happens, bingo, you injure your tax stabilization fund anyhow. So while I can respect the position that you'd rather wait and use it as a rainy day fund for later on, I think the real motive here is by the administration, is to accumulate it so that it could pretend to pretend to give the voters who will have paid for the three and a half previous years higher property taxes that would have resulted in \$100 million plus fund balance.

See, because there is no way, you know, you and I, we all budget. And when you budget and you build into your budget model what becomes a reality and that is more revenue than you really need, and how do you get that more revenue? One of the ways you do it is you budget more positions than you ever intend to fill. You know, if this happened once, you'd say,

well, that was an anomaly. This is not an anomaly. This happens year in, year out, administration in, administration out. It doesn't matter. It's what Allen Kovesday and others in that Budget Office are directed to do and, you know, they do it. And the public is being shortchanged. So, you can't look at it as a rainy day fund because you already taxed the people, over-taxed them for something that's accumulated.

MR. ZWIRN:

But we were just talking •• you're saying that the general fund property tax is too low at 50 some odd ••

CHAIRMAN CARACCIOLO:

That should be adjusted, absolutely. You know that, I know that, everybody around this horseshoe knows that.

MR. ZWIRN:

So you're saying people are paying too much but then they're not paying enough. I mean, it's ••

CHAIRMAN CARACCIOLO:

I'm saying if you increase two-and-a-half dollars a year, two-and-a-half dollars •• don't put words in my mouth, okay?

MR. ZWIRN:

I didn't put a number in. I just said •• you're saying the taxes are too low.

CHAIRMAN CARACCIOLO:

Rather than keeping it flat or watch it go down which it has actually gone down, and gone down substantially, you maintain it at a level •• let me ask the Budget Review Office. It's a good question. What level should Suffolk County's general fund property tax levy be at today? It was \$166 million 12 years ago.

MR. ZWIRN:

I'm going to go get Gail a helmet right now.

MS. VIZZINI:

The property tax is the last piece of the puzzle that you put, you know, when you do the budget, so it really depends on a lot of factors. You know, the •

CHAIRMAN CARACCILOLO:

We know that Gail. But I'm saying ••

MS. VIZZINI:

What should it be? I don't know what it should be.

CHAIRMAN CARACCILOLO:

As a Budget Director, what percentage of the overall County revenue stream should property taxes be? That's the question. What percentage is it now?

LEG. ALDEN:

Mr. Chairman?

CHAIRMAN CARACCILOLO:

One minute. I want to get an answer to that.

LEG. ALDEN:

Rephrase the question and I think you'll get an interesting answer.

CHAIRMAN CARACCILOLO:

Go ahead. You want to rephrase it?

LEG. ALDEN:

What would you like to see it at? What would be, you know, an ideal situation for Budget Review.

CHAIRMAN CARACCILOLO:

That was my question and Gail wants to avoid giving me an answer but she is not getting away with it. I want an answer.

MS. VIZZINI:

Right now it's 2.7 percent.

CHAIRMAN CARACCILOLO:

What should it be?

MS. VIZZINI:

It should be a little more.

CHAIRMAN CARACCILOLO:

No, no, no, no. No, no, no, no. You make too much money just like Allen Kovesdy to give us straight answers. Okay. What should it be? Should it be 5 percent, should it be 6 percent, 3 percent?

LEG. LOSQUADRO:

Twenty.

LEG. O'LEARY:

What is it in Nassau County?

CHAIRMAN CARACCILOLO:

What is it in Nassau County? What is it in Westchester County?

MS. VIZZINI:

It's distorted by the fund balance. Without the fund balance the property tax levy would be \$167 million.

CHAIRMAN CARACCILOLO:

Thank you.

MS. VIZZINI:

The property •• the fund balance is more the problem.

LEG. LOSQUADRO:

Which would be what percentage?

CHAIRMAN CARACCILOLO:

What percentage would that be? That would take it up to about 7 1/2, 8

percent.

LEG. ALDEN:

Instead of giving gratuitous decreases all these years we really should have been keeping it level.

MS. VIZZINI:

Which is consistent with what Budget Review has said no matter who the Director was.

CHAIRMAN CARACCIOLO:

What has Budget Review said?

MS. VIZZINI:

Well, I don't think that we've put a percentage. We've just cautioned in terms of •• this is the balancing act. So in years where you've had situations where you've had tremendous dependence on fund balance, there have been many of the same arguments.

CHAIRMAN CARACCIOLO:

But budgets that have budgeted the way they have been in Suffolk County for more than a decade, well, particularly the last five years, I think in the last five years my recollection is the least amount of money we had as a fund balance was about 40 or 45 million dollars. So, if you factor in now what is being built •• in other words, you're not fooling anybody. Okay. No one's being fooled with these fund balances so what you're saying is we're artificially holding down the general property tax fund levy at this low percentage, it should be higher. And I want to get back to the question. What should it be? Should it be 5 percent, 7 percent, because if you add in the fund balance, it jumps up to about seven, eight percent. Is that where it should be?

MS. VIZZINI:

Well, if you didn't have the fund balance, the general fund property tax levy would be 8.8 percent.

CHAIRMAN CARACCIOLO:

Okay. So is that the number that people should put in their head going forward to try to incrementally get the general property tax •• I mean, do you have to wait for a crisis when you have a sudden drop in the sale taxes before you react and increase property taxes?

MS. VIZZINI:

That's exactly the caution that we exercise in this report as well as other reports. That if you continue to make it smaller, as you know, shaving a little bit off as we have done last year and this year, when it is time to raise it, it is going to be considerably more percentage wise.

CHAIRMAN CARACCILOLO:

It's living in denial and waiting for the day of reckoning to come and then things really get ugly. And I can tell the Legislators here that Steve Levy will have no problem presenting a budget with no property tax increase and let the Legislature be the villains to raid the tax stabilization fund and whatever else you have to do to balance the budget and he'll just wash his hands of it because it's all about politics. Legislator Mystal.

LEG. MYSTAL:

Thank you. As most of you know, I came here as an immigrant so I had to learn how to speak English watching cartoons. One of my favorites was Dumbo. And as I'm sitting there while a bunch of crows ••

LEG. ALDEN:

I wonder where this is going?

LEG. MYSTAL:

A bunch of crows sitting on a tree and said I never thought I would ever live to see elephant fly. I never thought I would ever live to see a bunch of conservative Republicans sit in here advocating a tax increase. This is the most bizarre thing I have ever heard in my live.

LEG. ALDEN:

Where's the punch, Elie?

LEG. MYSTAL:

The punch is this is absolutely ridiculous. I have done the crossword puzzle, the _Suduco_ , listening to you guys telling us, and Cheryl, this has nothing to do with you guys, okay, this is put you aside. I'm sitting here and I'm going I have been around here for about 17 years and I am going am I seeing elephant fly? Because you guys are sitting here advocating ••

LEG. NOWICK:

Not you guys.

LEG. MYSTAL:

Oh, I'm sorry.

LEG. ALDEN:

Yeah, who's you guys?

LEG. MYSTAL:

The Republican over there.

LEG. ALDEN:

Don't point at me because I'll get the transcript ••

LEG. MYSTAL:

I know.

LEG. ALDEN:

You want it read back?

LEG. MYSTAL:

Alden, you're excused. You're excused. But I don't really believe this. This is somehow, yeah, you know what? I do want the transcript of this whole meeting because this is something, we are in the political season. I need to take this and go to Suffolk Life and say, yo, elephant are flying in Suffolk County.

LEG. ALDEN:

Oh, you mean Mike not getting re-elected?

LEG. MYSTAL:

Anyway, that is my statement. I couldn't resist saying it. I'm going, I don't believe I am hearing this. These people are actually saying how much of an increase should we put on the property taxes. How, why can't we do that, we should be doing that, why we're not doing that. Oh, we're having a •• we should take that money and, Jesus, I'm supposed to be the Black liberal Democrat.

CHAIRMAN CARACCIOLO:

And you are.

LEG. MYSTAL:

Thank you. And I proudly wear it. But I haven't heard me saying please increase the taxes on the people of Suffolk.

MS. FELICE:

Mr. Chairman.

LEG. MYSTAL:

Bye.

MS. FELICE:

Mr. Chairman. With all due respect, and as entertaining as Legislator Mystal gets from time to time, I have another appointment and I would respectfully request that it is time to go.

CHAIRMAN CARACCIOLO:

Thank you, Cheryl, very much.

MS. FELICE:

Thank you so much.

CHAIRMAN CARACCIOLO:

Okay. Legislator Lindsay.

LEG. LINDSAY:

I just wanted to weigh in on the tax policy issue on •• I mean, all layers of government provide services for the taxpayers. The question is how do we raise the money. Is it through real estate taxes? Is it through sales taxes? Is it through income taxes? Is it through use fees? But the bottom line at the end of the day is if we wish to provide the services we have to raise the money. And, you know, it's something that we certainly have to look at. The fund balance is a troubling thing.

Something else that is very troubling, the President's Commission on real estate •• on Tax Relief just came up with a recommendation to cap how much we will deduct on real estate taxes. If that ever comes into place, it will devastate this area. And •• and it would be something at that time that we would really have to take a very hard look at deferring from the real estate tax and looking at another source of revenue. But it's an interesting discussion on how do you balance the needs of raising the money for government.

CHAIRMAN CARACCILO:

Legislator O'Leary.

LEG. O'LEARY:

I'm going to switch gears a little bit and ask Ben a direct question. Ben, if you're able to, can you explain to me why in the proposed budget the pension fund monies were moved from discretionary spending to mandatory spending.

MR. ZWIRN:

I don't know. I don't know why. I don't know. I was asking Allen. I don't know.

LEG. O'LEARY:

You have no explanation as to why the proposed budget moved those monies from discretionary to mandatory?

MR. ZWIRN:

I don't remember. I think •• I tell you the truth, I think somebody explained it to me but I don't recall. I don't recall, Mr. Chairman.

LEG. O'LEARY:

How about your budget guy?

CHAIRMAN CARACCIOLO:

Allen, why don't you come up and explain ••

LEG. O'LEARY:

Does he have an explanation?

CHAIRMAN CARACCIOLO:

•• because I'm sure you were involved in these discussions. This is an important issue and we would like to know what the rationale is because it's a departure ••

LEG. O'LEARY:

It's the first time.

CHAIRMAN CARACCIOLO:

This is clearly a departure from anything we have ever practiced in the past.

LEG. O'LEARY:

Is it my understanding this is the first time this has been done in the history of budgets presented to this Legislature for review?

CHAIRMAN CARACCIOLO:

No, it has been attempted before.

LEG. O'LEARY:

Yeah.

MR. KOVESDY:

I'm sorry. I really don't have the answer to that. But I will get the answer

rather than give you something off the top of my head.

LEG. O'LEARY:

Okay. I'm going to then ask our BRO Director, Gail Vizzini, to give what she perceives to be an explanation on why and how this was done. Do you know what I'm referring to, Gail?

MS. VIZZINI:

Yes.

LEG. O'LEARY:

Okay.

MS. VIZZINI:

Traditionally we have viewed retirement as a discretionary expense. Although we do have to pay the bill, we do have discretion over the number of personnel we hire and therefore we do have discretion over the related cost of their retirement costs.

I know Ben is going back to get a response from the Executive Budget Office, but much like the Executive Budget Office gave us an extensive briefing when the Operating Budget was released, we also gave them an extensive budget briefing when our report was released. And part of their explanation for why this year they are making this retirement a mandated cost has to do with the change in the way we're paying the bill.

As you know, the state allows us to pay the 2005 retirement bill in February of 2006. So their justification has something to do with the accounting •• the change in the accounting for the cost of retirement.

LEG. O'LEARY:

If it was not moved from discretionary to mandatory, what impact would that have had on the General Fund property tax levy?

MS. VIZZINI:

As far as the concerns that we have regarding the continuity of retirement being discretionary versus mandated, I'm going to ask Robert to pick up the

explanation.

LEG. O'LEARY:

Okay.

MR. LIPP:

There is no overall impact on the property tax. It just •• what it does is it shifts some of the presentation from the discretionary side of the budget to the mandated side of the budget. To make a long story short, the way the budget is presented now there is a •• in the General Fund there is a 1.6 percent decrease in property taxes. So, that would not change based upon the presentation. However, there would be a large shift in the portion of the property tax from mandated to discretionary if we change it back so that it shows now, other things being equal, it would show on the tax bills as a decrease in New York State mandated expenses on your residential home owner tax bill or non•residential, and an increase in the County tax which is really the discretionary portion. And if it shifted back, it would be a larger decrease in mandated and a •• or a New York State mandated expense and a larger increase in the County tax.

CHAIRMAN CARACCIOLO:

So it's really an attempt to mask what's really going on.

MR. ZWIRN:

Mask what?

MR. LIPP:

I'm just stating how it would look if it is presented, that's all.

CHAIRMAN CARACCIOLO:

Okay. I think your answer is very self•explanatory. Yes, Ben?

MR. ZWIRN:

When you say mask, the County taxpayer is going to pay it one way or the other but there were two reasons why it was done. And I remembered, it came back to me and actually I have it written down.

One was because philosophically the Budget Office felt it is a state mandate. And the second reason, and more importantly perhaps, is that they want, they think that the success that they had with Medicaid reform was when that Medicaid was on the mandated side and when the County tax bills go out, it indicates mandated expense. And the County Executive wants to keep as much pressure on the state to try to get pension reform the way we got Medicaid reform and that's the reason to identify that as a state, as part of the state mandated cost.

So that's the twofold reason why they have done that, but it wasn't done for •• certainly not for any other reason because the bottom line is it is going to go back to the taxpayers one way or the other.

LEG. O'LEARY:

So then the purpose was just to shift the •• that cost to the state mandated on the portion of the tax bill and not on the County portion?

MR. ZWIRN:

Let the taxpayers know that that is coming down from the state, the state guidelines on pension. We're asking for pension reform the same way we did for Medicaid reform and that was very successful. It brought a little more pressure on to the State Legislators to deal with that issue. And they are hoping to have the same success with this.

LEG. O'LEARY:

Are there •• and I don't know the answer to this and I will defer to Counsel on it, are there any legal restrictions on the County Executive doing this? Moving the discretionary to the mandated, this portion of the budget?

MS. KNAPP:

The division between mandated expenses and discretionary expenses is one that was artificially created. Therefore, it is •• there is no case law that provides guidance, legal guidance. However, I believe that, you know, the Legislators have, you have identified that this is •• was mandated last year and it is mandated this year.

Ben has identified a political reason for it and I think that you probably

should decide how you want to treat it and go forward from there without further legal guidance because my legal guidance would be there is absolutely no reason to treat it differently this year than you did last year except for the political reason that's been identified.

LEG. O'LEARY:

Thank you.

CHAIRMAN CARACCILOLO:

Legislator Kennedy.

LEG. KENNEDY:

Just a couple of follow-up questions in this area. Has there ever been a time where the County has not had to go ahead and pay pension costs into the retirement system? Isn't it a function of the New York State employees retirement system that in fact municipalities in all local entities must go ahead and pay contribution?

MR. ZWIRN:

Can I answer that? As a former town supervisor the answer is no. When Ned Reagan was the Comptroller of New York State his investments, although I might say were risky, were very successful and we did not have to make contributions during the •• in a very tough economic time, the early 90's. It was a blessing to all municipalities in the state we did not have to make contributions at all.

LEG. KENNEDY:

But for the investments in Enron, yeah. As a matter of fact, I'll agree.

MR. ZWIRN:

Well, it was other •• you know, Enron would have been considered secure compared to what we invested in.

LEG. KENNEDY:

But more importantly, I guess what I'd also ask is last year when •• I recall one of the first things that we looked at when we came in was although the state had given localities the option to go ahead and pay their pension bill in

the next year, there is a savings that we actually incur if we pay it in the current year. Is that not correct?

MS. VIZZINI:

That's correct. If we were able to pay it in 2005 we'd probably save about a million dollars.

LEG. KENNEDY:

And we did do that for the liability for 2004.

MS. VIZZINI:

That's correct.

LEG. KENNEDY:

For a savings of how much, approximately?

MS. VIZZINI:

A million dollars.

LEG. KENNEDY:

About a million dollars. So while there's this latitude to go into '06, prudent thinking would be if the expense, if the revenue was there, we effect a million dollar savings by doing it now. So, in fact, as far as mandate, non •mandate, we achieve the savings by taking that action in this current year, correct?

MS. VIZZINI:

Right.

LEG. KENNEDY:

Okay. Thank you.

CHAIRMAN CARACCILOLO:

Are there any other questions?

LEG. LINDSAY:

Just an observation on that if I may, Mr. Chairman?

CHAIRMAN CARACCIOLO:

Yes, go ahead.

LEG. LINDSAY:

And, Gail, correct me if I'm wrong, but I guess it was last year or the year before we passed some kind of legislation that the tax bill would be broken down differently and there would be a line of mandated expenses, mandated New York State?

CHAIRMAN CARACCIOLO:

That's on the tax bill.

LEG. LINDSAY:

Right. But this is going to change that by moving this expense from mandated to discretionary.

LEG. O'LEARY:

The other way around.

CHAIRMAN CARACCIOLO:

No, the other way around.

LEG. LINDSAY:

The other way around.

LEG. O'LEARY:

Discretionary and mandated.

MS. VIZZINI:

You're referring to Resolution 992 of 2002 where we broke the County tax into the mandated portion and the discretionary portion.

LEG. LINDSAY:

Okay. But by doing this isn't this going to show that the state mandated portion is going to drop?

CHAIRMAN CARACCIOLO:

Go up.

LEG. LINDSAY:

Huh? Go up?

CHAIRMAN CARACCIOLO:

It is going to show it go up.

MS. VIZZINI:

Yeah.

LEG. LINDSAY:

Okay.

MS. VIZZINI:

We're making retirement, which is about \$68 million, mandated. So that will keep the mandated up there.

LEG. LINDSAY:

Right. Okay.

CHAIRMAN CARACCIOLO:

Okay. That concludes today's hearing. Thank you.

(THE OPERATING BUDGET CONCLUDED AT 11:32 AM)

DENOTES SPELLED PHONETICALLY