

SUFFOLK COUNTY LEGISLATURE

PUBLIC HEARING

OCTOBER 2, 2012

**MEETING HELD AT THE SUFFOLK COUNTY WILLIAM H. ROGERS LEGISLATURE
BUILDING, ROSE Y. CARACAPPA AUDITORIUM
725 VETERANS MEMORIAL HIGHWAY
SMITHTOWN, NEW YORK**

PRESENT:

D.P.O. Wayne Horsley - District Office 14
Legislator Lou D'Amaro - District Office 17
Legislator Jay Schneiderman - District Office 2
Legislator Lynne Nowick - District Office 13
Legislator Tom Muratore - District Office 4
Catherine Stark - Aide to Leg. Schneiderman
Justin Littell - Aide to Leg. D'Amaro
Gail Vizzini - Budget Review Office
Robert Lipp - Budget Review Office
Dr. Jeffrey Reynolds - L.I. Council on Alcoholism and Drug Dependence
Ruth A. Reynolds - VIBS Family Violence and Rape Crisis Center
Allen Kovesdy
All Other Interested Parties

MINUTES TAKEN AND TRANSCRIBED BY:

Gabrielle Skolom, Court Stenographer

D.P.O. HORSLEY:

All righty. Good morning, everybody, and welcome to the public hearing on the budget at Hauppauge. Today is the second of October, and we have several cards. Did we get yours? I don't have an agenda, but Dr. Jeffrey Reynolds is our first speaker.

DR. REYNOLDS:

Good morning. I know you have a packed house here, so I'll go as quickly as possible. I hope you'll take note of the organizations that are here and begging for their dollars back, and I hope that earns them some grace in the process. I'm Jeff Reynolds. I have the privilege of running the Long Island Council on Alcoholism and Drug Dependence. I have come before you a number of times regarding the opiate crisis facing Long Island and a huge number of overdose fatalities and wreckage happening in our community. Last year, I came before you at about this time to beg for our money back, and this year, I'm here to do exactly the same thing. Two years ago, we came to the County for the first time in 57 years as a not-for-profit and said we need help. There was no way we can continue to meet the demand of the families that are being impacted by substance abuse. So for 55 years, we did it on our own using private sector dollars. Two years ago, we decided it was time to raise the flag and cry for help. It's \$35,000. That \$35,000 supports a whole variety of services in our Ronkonkoma and our Riverhead offices. Last month, LICAD set a record in its 57-year history for providing services to Suffolk County residents.

Now, two or three years ago last month, we broke all records in terms of the demand for services. Some of the services that \$35,000 paid for are family education; workshops in terms of how to deal with a loved one who's struggling with addiction, family interventions which is the only resource you have if your loved one says, *No, I'm not willing to get any help*; crisis counseling sessions for kids who are knee-deep in addiction and beginning to experience withdrawals; and then screening brief intervention and treatment placements for young people. In our 2012 contract, we promised to deliver 425 units of services. Through the end of last month, meaning yesterday or the day before, we had served 882 folks, more than twice what we promised we'd do, and that's nine months into the year. Suffolk County recently came in, did a site visit in our Riverhead office; said, *This is absolutely wonderful. You guys are doing great work.*

I understand the way things work and that the County Executive, of course, has the option of not putting into the budget moneys that were added by the Legislature, and you guys added the money two years ago. However, the threat of losing these services for us is very, very significant. We have no way to provide these services without County support. I will need to lay off the social worker that works on this project and stop doing my Saturday support groups and begin instituting a waiting list. One of the things we've said as an agency for 57 years is when somebody calls for help, they should be able to come down right then and there because that window closes very quickly. We'll lose that option, and we'll lose that option precisely at a time when Suffolk County needs these services more than ever before. The numbers have continued to grow, and we know that when we don't fund these services, we wind up paying for it another way. We pay for it through medical costs; we pay for it through police costs. You know, this issue over time has gotten progressively worse. I'm here today, as you map out your list of priorities for restoration, that you take a look at this project. It's focused specifically on opiates and the services that are in the contract were crafted specifically to fill some of the existing gaps in services for adolescents in Suffolk County. There is no other organization that provides these particular services, and they are designed to complement the existing services that are funded in Suffolk County.

So I hope you'll take a look at this. I hope you'll add it to your list of priorities. I welcome any comments or questions you might have.

D.P.O. HORSLEY:

Jeffrey, thank you very much -- Dr. Reynolds, rather; and I appreciate what you have done for Suffolk County. I know you have worked with me in the past as well as Legislator Nowick in the heroin reports and what a good job I thought you did. You went way out on the limb for us and spent a lot of hours in it that you didn't have to do, and I appreciate that. I have Legislator D'Amaro would like to ask Dr Reynolds...

LEG. D'AMARO:

Good morning.

DR. REYNOLDS:

Good morning.

LEG. D'AMARO:

So there was \$35,000 that was restored by the Legislature in the 2012 budget; is that correct?

DR. REYNOLDS:

Correct.

LEG. D'AMARO:

What is your total -- is that the total amount you received from the County?

DR. REYNOLDS:

Yes, that's the total grant we get from the County, period.

LEG. D'AMARO:

Right. And what are your other sources of funding.

DR. REYNOLDS:

Vast majority of them are private sources. Less than three percent of our money comes from government. We get some foundation grants. We get some member items -- New York State member items, and other than that, it's privately raised through fundraisers.

LEG. D'AMARO:

So it's mostly privately-funded?

DR. REYNOLDS:

Yeah. Our total annual budget this year is \$1.3 million.

LEG. D'AMARO:

That was my next question. So that's through fundraising efforts that you raised most of it?

DR. REYNOLDS:

Yeah.

LEG. D'AMARO:

Yeah. That's commendable. Okay. Thank you.

DR. REYNOLDS:

Thanks.

D.P.O. HORSLEY:

Are there any further questions from the Legislature? Thank you very much. We appreciate you

being here, and we'll keep you in mind. Thanks. Ruth Reynolds.

MS. REYNOLDS:

I do have copies of my presentation --

D.P.O. HORSLEY:

Sure.

MS. REYNOLDS:

-- for the Legislators.

D.P.O. HORSLEY:

Our esteemed Chief-of-Staff will be glad to assist us with this.

MS. REYNOLDS:

Good morning. I'm here representing Pamela Johnston, who is the executive director of VIBS Family Violence and Rape Crisis Center. I'm the director of advocacy. She unfortunately had a conflict this morning. I appreciate the opportunity to speak before you today. In 2012, this year, VIBS lost over \$104,000 from our contracts with Suffolk County. And the specific numbers are in the testimony. I don't think I'll actually read them out loud to you again. The point is we lost a large chunk, and the main piece that we're coming before here today and asking you for is our core rape crisis funding which comes from the county health department. \$51,353 was cut entirely from the 2012 budget, and this has been in the budget -- the contract has supported our rape crisis intervention since the 1970s. We are the primary, if only, rape crisis organization within Suffolk County. We provide rape crisis services for the entire population, from children, adolescents, adults, as well as the elderly. So if there's any way that you can restore these funds, we would be greatly -- greatly appreciate it.

In 2011, we provided trauma-informed ed counselling to 258 adult adolescent and child survivors of rape and sexual assault. Our advocates provide court accompaniment and safety planning to 96 survivors of sex crimes. We also coordinate the sexual assault nurse examiner program, and in that, we provided 226 forensic exams. We also have volunteer emergency room companions which meet the victim at the hospital to provide emotional support for the victims and their loved ones.

*(*Legislator Kennedy entered the meeting at 9:21 a.m. *)*

We, of course, would like all of our funding restored, but we're primarily concerned with the rape crisis. As I said, it is the only rape crisis funding we received from the County, and that is what we're really hoping that you will be willing to restore to the budget this year.

D.P.O. HORSLEY:

Thank you very much, Ms. Reynolds. Are there any questions from the Legislature? Thank you very much. We do appreciate you being down here this morning.

MS. REYNOLDS:

Thank you for your time.

D.P.O. HORSLEY:

All right. Mr. Kovesdy.

MR. KOVESDY:

Good morning.

D.P.O. HORSLEY:

Good morning, Al.

MR. KOVESDY:

Here as a private citizen this morning, and I kind of waited until about two years after I left the County before coming to this austere group, but I wanted to make a few comments. First, I would just hope that Presiding Officer Lindsay has a full recovery and many years of good health. I think that will be my number one comment coming here today. I just have just a general comment before I get into this budget. Nineteen -- 2013 -- 2012 marks the first time in over 40 years that the County of Suffolk did not publish an adopted budget. I think in your legislation, when you pass a budget, there's a clause that says the County Exec's Office must put a budget together in writing. We don't have a budget. There is no document that I could go to for an adopted budget for the County of Suffolk. You can actually look at it now with the 2013, but this is the first year since John Klein took office in 1972, I think, that the County of Suffolk does not have an adopted budget written. I just took the webpage from the County Exec's, and it shows 2013 recommended budget, 2012 recommended, but there's no adopted budget. So you basically have had no printed budget for the past 10 months -- 9, 10 months, and I think this is an oversight that you should correct, so it doesn't happen again. I would like to show you -- Terry. Same thing is true with the Capital Budget. There's no capital budget. When I send my students to look at the adopted budget of Suffolk County, they said there's no adopted budget of Suffolk County. I said, *Of course there's an adopted budget. Go to the Legislature. Look up the law when they pass the budget. Look at the vetoes. Put the thing together.* But realistically, this is October. The budget was passed in November. You still don't have an adopted budget for 2012 that's printed. I think that's a crime.

Really, what I'm here tonight -- this morning is really simple. The County has unique opportunity to try to correct a structural imbalance that's in the budget. With all the steps you've taken, how hard you've worked together, the budget for 2013 still is structurally imbalanced and uses a series of one-shots to correct the problem. Good budgeting, the first thing you're taught is that you should correct the structural imbalance. All you have to do is look at Nassau County. Nassau County's had a structural imbalance since they sold the medical center to a private group and then leased it back, and every year, they fight hundreds of million dollars of deficits to correct it. In this year's budget, there are a series of one-shots. I quickly did it because there's not too much to -- over a hundred million dollars in one-shots to try to resolve; very difficult problem. So what I did is I came up with this.

*(*Timer sounded*)*

Do I have more than three minutes?

D.P.O. HORSLEY:

Go ahead, Al.

MR. KOVESDY:

Okay. I came up with some recommendations on how to make the budget document a little more transparent and how to deal with some of these things. The first thing is the Police Department. I have no qualms with the numbers in the Police Department. I don't have the budget request. But I did notice that in the general fund of the Police Department, they are requesting 34 new positions, and in the police district, they are requesting 40 new positions. Whether those positions are needed or not, that's for you to determine. They are all high-ranking officials. If you counterbalance that with the fact that there is over \$40 million of turnover savings in the police budget, \$13 million in the general fund, over 27 -- actually, 28 million in the police district, another adjustment for seven, you are close to \$50 million of unfilled positions. I think it would behoove you when you discuss the budget -- is you don't have to put new positions in. Why create 50 new

positions in the Police Department when you have hundreds and hundreds of vacancies. Take a vacancy, reclassify a police officer to a lieutenant, reclassify a police officer to a sergeant, and you don't create it. It's the height of folly to add new positions in a budget when you have \$40 million of unfilled positions. It flies in the face. Why create more positions when you have tons --

The second -- of vacancies. I did an average. If you took \$70,000 is the average police officer salary. You have 192 vacancies in the general fund and 400 in the police district. If you took \$42,000, which is the new starting salary, you have a thousand vacant positions in the police department, the funding for a thousand vacant positions. I think this time when you have a structural imbalance, when you are trying to correct a budget that was put in last year, that wasn't worth the paper -- I'm talking about the budget request last year that wasn't worth the paper that it was written on.

Do the right thing: Start to eliminate vacancies. Give the people of Suffolk County a true calling of how many positions you need to run the budget. I looked at some of the other departments here or there. Between the County Executive and the Legislature, there's \$1.3 million in turnover savings. The Health Department is \$1.4 million in turnover savings. The Parks Department is over \$600,000 in turnover savings. In this financial climate, you're never going to fill these positions. Why have positions in the budget that are unfunded. Show the true amount of positions in the budget, and once and all, people can see what it is to take to run the government.

The net effect on the budget is minimal, but what you do is present a clear, concise picture. The gentleman -- I guess I'm the only person here. It's like talking to a schoolboard. There's \$6 million in contract agencies funding which was taken out, which you're going to have to deal with. I'm sure you knew that ahead of time. And I did have a question that I'm sure is answered. I understand that there's \$70 million put in the budget for the sale of the Dennison Building, sale and leaseback. I was just wondering two things about that that you may bring up and Budget Review might bring up. Number one: Does something like that have to be bid out? The sale of a building with only one choice of a person, I thought from my years, is that you have to have at least three bids for doing something like that. So it might behoove the County before it approves the sale and puts a number to at least to get other bids. And second: I didn't see anything in the budget as to the dollar rent it'll cost per year to put in the budget as an additional cost. The rent side of the budget had a million dollars increase, but it is impossible to tell if that was for the Health Department or if that was for this.

The only other thing is I just wanted to bring to your attention when you're reviewing the budget, and I'm sure Robert will bring it to your attention also, is there are a few overstatements of revenue in the budget that you might want to look at and not leave past. OTB has a half a million dollars of revenue that they are never going to get, historically, so that's overstated. And real property has over \$2 million of revenues -- additional revenue. So I just wanted to point that out. I thought that the presentation that the County Executive did this year was clear, concise. It showed (inaudible) things. I have confidence that this year you will be able to take the budget and make it a better document than you had to deal with last year.

D.P.O. HORSLEY:

Okay. Thank you very much, Allen. Appreciate that. Hi, John. Welcome.

LEG. KENNEDY:

Are we allowed to ask questions?

D.P.O. HORSLEY:

Go ahead. You can see our crowd here.

LEG. KENNEDY:

Allen, look, for somebody who's been 30 years with the budget process, you have some sense and some understanding that the average person doesn't have. There's a recommended consolidation in this budget for right across the street here with Labor Department and Consumer Affairs. Do you have any sense of that as to how it's portrayed in the budget and whether or not it's just a physical shuffling of the chairs or is it something that may be a particular benefit? Did you see it at all or look at it?

MR. KOVESDY:

All I can tell you is that when I left the County, Consumer Affairs was not functioning. It had no administrators. They were incapable of doing a budget. The Commissioner, who is no longer there, wasn't effective. So I think this may be some kind of steps to look at it. My only question was that you don't endanger the revenue streams which is the licensing and the testing and the inspections. As long as those are done on a timely basis and the public doesn't have to keep waiting. I don't know. Consumer Affairs was unique. It had the oldest building and most disrepair of any building in the County, and the vacancies that they needed to do the jobs were never.

LEG. KENNEDY:

Okay. Good. Thank you.

D.P.O. HORSLEY:

Legislator Schneiderman first and then Legislator D'Amaro.

LEG. SCHNEIDERMAN:

First, I guess, on the vacant positions, your comments there, and I understand that there's positions in the budget that are funded. We don't fill them. It leads to turnover savings which gets applied to the next budget. You are saying to be more honest, so to speak, is basically to say we're not going to fill those positions, so we wouldn't have them in, but we also wouldn't be able to program the turnover savings, either, but it will give a more realistic picture of where the County finances are. I'm using the Police Department as an example. You have hundreds of vacant positions in the Police Department. You are creating a class, hypothetically, of 80 a year. You have 400 vacancies. You are not funding 320 positions. Why show positions in a budget and say the Police Department has 2,000 police officers when you are only funding a much smaller amount. What you do is you eliminate the positions and you reduce the turnover savings, and over time, you get a much clearer and concise picture of what it takes to run. It's not -- it doesn't provide us any additional funding anywhere, but it's just a more accurate picture. It's easier for the person on the outside to be able to follow the money, so to speak.

MR. KOVESDY:

And, second point, when you do that, you're going to get a listing of positions that haven't been filled in 5 and 10 years. And when you get that listing of positions that haven't been filled in 5 and 10 years, you can abolish those positions, and that's where the real savings comes from. First thing I would do is I would ask -- well, you actually can get this -- is all the vacant positions, how long have they been vacant? If they've been vacant for three or four years, you don't need the positions. Just take those positions --

LEG. SCHNEIDERMAN:

So I see what you're saying. As a tool in terms of operating the County, you could see which positions aren't needed and, therefore, eliminate those positions.

MR. KOVESDY:

Calculate the savings, and you'll pick up millions of dollars doing that.

LEG. SCHNEIDERMAN:

Well, you're not actually picking up millions of dollars because you are knocking it down in turnover savings.

MR. KOVESDY:

I'm just giving that as an example. If you get that listing -- see, I don't know what \$14 million --

LEG. SCHNEIDERMAN:

It doesn't help our situation. It just makes the budget a little more clear to an outsider in terms of what is going on, what the County's needs are.

MR. KOVESDY:

That's the first thing, but when you get the listing, you'll be able to identify additional savings in staffing.

LEG. SCHNEIDERMAN:

Let me ask you, too, about the use of nonrecurring revenue, because this is something I've been highly critical of in the past feeling that the County's budget wasn't sustainable because we were covering reoccurring (sic) operating expenses with nonrecurring revenue, meaning that the following year, we would have to come up with another \$100 million, \$130 million in nonrecurring revenue to cover the recurring expenses. What seems different about this budget is the nonrecurring revenue is being used to cover one shot expenses so that you have a sustainable budget. That hole that's there from the past gets filled with the nonrecurring revenue but doesn't repeat itself in the next year. Can you comment on that? 'Cause I think that's fine. If you were to say we're not going to use non-reoccurring revenues to cover a one-shot expense, then you're going to create a new kind of imbalance in the wrong direction because you're going to have to raise tax revenues to cover a hole that won't be there in the following year, and now you have too much revenues. You follow what I'm saying, right?

MR. KOVESDY:

You stated it absolutely perfectly. You're using a one-shot or a nonrecurring revenue to close a hole. It's been done in the past. The problem is each year, you're using up more and more of the available nonrecurring one-shots, selling off assets, and as you sell off assets, you are creating the same problem. So, hypothetically, in 2014, you're going to have to save \$120 million to get to -- on day one to balance the budget, so you just -- you're covering today at the expense of tomorrow.

LEG. SCHNEIDERMAN:

Well, maybe covering yesterday at the expense of today. I mean, to me, there's a fundamental difference in this budget than in prior year's budget. Nonrecurring revenues, yes, there's still \$100 million, but it's being used to fill in something that's not going to repeat itself, whereas last year, it was filling in things that would repeat itself. Don't you see that difference? To me, that's an important distinction.

MR. KOVESDY:

I really don't, and I read the -- I don't want to get to the police report, but I did read the report, and in their report, they mention the same thing: the fact that the County is using a -- has a -- has a balance that it's not going to meet over time.

LEG. SCHNEIDERMAN:

Certainly, whatever our nonrecurring revenues are, they run out. There's a limit that's a finite -- I know Legislator Barraga maybe disagrees with me in terms of that finite nature of our nonrecurring revenue. But you run out of things to sell. It's like paying your mortgage by selling garage sales;

you run out of furniture at some point. You got to go earn some more income somehow.

MR. KOVESDY:

It's just the point that you have a structural imbalance. They noted it in their report. You have an opportunity this year to start to eat into that structural imbalance. That's all I'm saying. I'm just trying to bring that forward, that there are \$100 million, for better or worse, of nonrecurring one-shots selling of lease, a leaseback of a building and so forth, and if you don't take that steps to clean up this problem next year, you are going to be sitting and facing the same problem under a different scenario. I really feel a lot more confident because you have Fred Pollert in the County Exec's Office, who is a very good budget person. He's honest. He doesn't play with numbers. But I think that at some point the County has to deal with a structural imbalance and to keep on using nonrecurring revenues to deal with an structural imbalance, we'll never get out of this problem.

LEG. SCHNEIDERMAN:

At some point, I'm going turn to BRO on this question, too, because I believe that this budget, for the first time, does change that pattern by using the nonrecurring revenue to deal to deal with one-shot expenses, not reoccurring expenses. Robert, can you chime in on this? Am I right in my read that this is a shift in terms of the way we've been budgeting, even though there's still \$100 million in nonrecurring revenue?

MR. LIPP:

I think it's more of a shift towards one-shots -- towards one-shots. In other words, I mean, we have a lot of work to do on the budget as a broad stroke, and, you know, there probably is some, you know, problems with expenses in revenues, but it appears to be better than it was last year; in that sense, excellent, but to make up the difference, there are a lot of one-shots there, which, structurally, is a huge problem.

LEG. SCHNEIDERMAN:

But isn't -- so the \$70 million or so that's programmed for the sale on leaseback of Dennison, which is something, obviously, we're going to debate. Is -- that money's being used to cover the old hole, right, that structural hole from the year before, the old hole, which isn't going to repeat itself. If today's budget is balanced, we're not going to end up with that same \$60- or \$70-million dollar hole; is that correct?

MR. LIPP:

Well, it is true that there is \$60 million, almost, from 2011 deficits, so another \$10 million estimated from '12, so in that sense, yes, but there are big looming problems in terms of 2014 is going to -- once again, we don't have the \$60-plus million dollars for advertising in 2013. The retirement bill, we'll have to borrow for that, that's advertising, and the preliminary in 2014 is over \$80 million for that piece. In addition to that, assuming that there are contract settlements for the public safety, you have a big increase in structural costs there. So and on top of that, both 2013 and 2014 will see increasing issues associated with elimination of relief from tobacco securitization that'll create other holes, so 2014 doesn't look good at all.

LEG. SCHNEIDERMAN:

Right, but we're doing a budget for 2013, so we have a whole 'nother year to figure out 2014. My point is this: You've talked about that 60 -- \$70-million-dollar hole from the deficits; this year, \$10 million, \$60 million from last year. Let's say you were to raise revenues to cover that hole. You'd be using a reoccurring source of revenue to cover non-reoccurring holes, so the next year you would have excess money. To me, that's very different than what we've been doing in the past which is -- and you've said, I think, something like half a billion dollars of nonrecurring over the last 10 or so years. It's been a heavy reliance on nonrecurring revenues and they've been used to cover yearly operating expenses that would recur every year. This is different because that money is

being programmed to fill in a hole from last year primarily.

MR. LIPP:

I hear what you're saying.

LEG. SCHNEIDERMAN:

So you're not creating a structural problem.

MR. LIPP:

I disagree.

LEG. SCHNEIDERMAN:

Then I'm not understanding why you disagree. I think what you're saying is, basically, we should fix it with a reoccurring revenue because in 2014, we're going to have new expenses that this new money could be used to cover, right?

MR. LIPP:

Correct. And we will address that in our review. We're still looking at the budget, so it's hard for me to explicitly talk about various items, other than I gave you a sampling of big looming costs, not only for 2013 but for 2014 also.

LEG. SCHNEIDERMAN:

Right. So you want to almost intentionally build up a surplus so that we can deal with that situation.

MR. LIPP:

No. There is no surplus in the budget.

LEG. SCHNEIDERMAN:

I know, but by putting in a reoccurring source of revenue to cover that old hole, you would be creating something for the future, which, we don't know, maybe the economy will bounce back in sales tax will cover that or maybe there'll be some other changes that will cover that.

MR. LIPP:

We're not seeing improvement in the economy. Even if it happened, we don't see the increases in revenue being sufficient to fill a structural problem.

LEG. SCHNEIDERMAN:

It just seems to me that the use of a nonrecurring revenue to fill a nonrecurring expense is valid, and that's, to me, is what's different about this budget than the past budgets because the nonrecurring revenues were being used to fill recurring expenses. I don't want to beat a dead horse here, but I see that as a fundamental shift.

D.P.O. HORSLEY:

All righty. Allen, just some of these issues that you're bringing forward to us today, just trust us. We recognize them as well. You are not shocking us. But, anyway, Legislator D'Amaro.

LEG. D'AMARO:

Well, I wanted to first make exactly that point. Thanks, Allen, for coming down. I appreciate that you took the time, but in my tenure here, we are completely and fully aware of the fact that it's not the best practice in putting together a budget to rely on nonrecurring revenue, but then again, we're in the worst recession since the great depression and very, very difficult economic times, and what I've been trying to do in using some of those one-shots is to get through a really bad economic

storm and protect taxpayers at the same time. So, you know, it's fine to talk theory that, you know, we should use this as an opportunity to get off the one-shots and the structural imbalance, and I think our County Executive is committed to doing that and has spoken at length about doing that. But at the same time, I think we also need to look at these one-shots and use them if they are available and they're prudent and they make sense after a full debate so that we don't have to raise taxes, which, in my mind, is also very unproductive for people that are on borderline-foreclosure situation or maybe unemployed.

As far as recurring revenue, we've done it. We've raised the police district tax several times. We've raised fees. We've done red light cameras, although that's more for safety traffic, but it is a revenue source recurring. Traffic Violations Bureau's coming online. Foley reoccurring savings. I mean, I can go on and on. The problem we're having is that we can't raise enough recurring revenue to keep pace with this recession and the economic gloom that this County had nothing to do with in causing. So I appreciate you highlighting that here today, but I can assure you in response to your comments that I am fully aware of that problem. It is not news to me that we shouldn't be using one-shots. I would prefer not to. But we have to walk a balance between using those one-shots or hitting taxpayers at a time when they can least afford to pay increases in taxes, and we've been looking for other ways to do it.

I'm sitting on the Operating Budget Working group again this year. We are going to be walking that same line once again, and looking at all of these things that you mentioned here today as far as the sale leaseback, the vacant positions, and things like that. So I appreciate your comments, but I can assure you, as our Chair did, I believe every Legislator at this horseshoe is fully aware of what's happening.

*(*Legislator Kennedy exited the meeting at 9:45 a.m. *)*

But I think there is a reason for it as we've been told over time that hopefully the economy will come back. What we are trying to do is use one-shots more as a stop-gap means of budgeting to protect taxpayers, and I'm going to continue to do that. I would like to do it to a lesser extent in this budget than I have done in the past, but I'm going to do whatever I have to do to protect taxpayers, and I think that's where're coming from.

MR. KOVESDY:

I don't have any qualms, Legislator D'Amaro --

LEG. D'AMARO:

That's a good point. And also layoffs that Legislator Horsley brings up. I'm not taking what you're saying as criticism; I'm really not. But I do want to assure you since you chose to raise the issue today in a public forum, which is fine, that, you know, there are justifications for using those one-shots because, you know, I had to sit here in an auditorium with 200 people, as all my colleagues did, and watch them and look them in the eye when I laid them off. So there are reasons that we do things like that, and, yes, on a policy level, and, yes, on a theoretical level, we'd like to have no one-shots, but that is just not reality right now.

MR. LIPP:

If I could, point of information.

CHAIRMAN HORSLEY:

Point of information.

MR. LIPP:

Just to clarify. What I said before -- I actually I agree with what Legislator D'Amaro says. I was

speaking specifically to is there a structural deficit in a vacuum; yes, there is. That being said, we spent a lot of time -- "we," being Budget Review Office as well as the Legislators -- going over a laundry list that we prepared of potential solutions during the year, and I'll be perfectly honest with you. Putting together this recommended budget was very, very, very difficult, so in that sense, I don't think we could've done a better job in terms of structuring it. That being said, there's still a structural deficit. It's just that, you know, we're dealing with such a large problem associated with the Great Depression and things like that. Without pointing fingers or anything that, here we are at a position that's very difficult and we're trying to do a very fine balancing act. The problem is, you know, sort of balancing the short-run with the long-run, and that's easier said than done.

D.P.O. HORSLEY:

When we look at our overall record from the last year realizing these problems, we've gone from \$400 million in the hole to approximately, as you just said, \$100 million, and realizing we're plugging up the holes with those one-shots after that. It's not "but"; we're getting there. So, Allen, we recognize what you're saying, and we're doing the best we can in a very difficult situation. Legislator Barraga.

LEG. BARRAGA:

Bob, I want to utilize you while you're sitting there. First of all, I would like to commend Budget Review with reference to the analysis you did on the PBA contract. I thought it was very straightforward, especially in terms of capsulating the additional amounts that would be in for the pension system and Social Security and the additional dollars associated with the recent class that just graduated. As I take a look at the analysis and take a look at the contract as a whole, and certainly taking a look at the front page of Newsday this morning and seeing that \$260 million figure, it seems to me that one of the problems we face, and I may have to make a decision with reference to this particular contract within a week, is the length of the contract. When you take a look at it, huge amounts of money are sort of backloaded at the end in 2017 and 2018.

Now, in 2017, if I recall correctly, the cost of that contract is \$75 million, and in 2018, \$86 million. Yet at some point in time, as we all recall, this was a 10-year contract then reduced to 8 years, but actual increases reduced to 2016. If this contract could be reeled in to 2016, you eliminate like \$161 million of the 268 because '17 and 18 total approximately \$160 million. And it gives everyone the opportunity of renegotiating the entire contract in 2016.

Now, I don't see a problem, from the administration's point of view, doing that. Certainly, it could be a problem for those representing the PBA. By the same token, if they agree to bring everything down to 2016 and you reduce now the cost during that six-year period -- because there's still a six-year contract to about \$107, \$110 million; that's the cost because those two back-years are so expensive -- then maybe we should consider taking a look, if they are in agreement to go to 2016, and giving them something for '11 and '12, whether it be point two five .25 or point five 0.50 for those two years. The bottom line is at least we would all get together, those who are still here in 2016 to renegotiate the entire contract. I think it makes it much more palatable for taxpayers in Suffolk County to see that there's been a reduction. They still have a six-year contract. The overall cost is reduced rather dramatically because it's six years as opposed to eight years. In fact, realistically, I thought we were moving in that direction when it went from 10-year to 8-year, and I thought eventually all other aspects would be reduced to 2016 so we would be able to renegotiate the whole thing. But the offset could well be giving them something, a morsel for '11 and '12, which would have an effect certainly on the police district taxes, but we raised it four percent less than 12 months or at 2.6 percent now, I don't know how much more it would have to be increased to give them .50 for '11 or '12 just to make that whole thing doable.

MR. LIPP:

Are you asking me a question?

LEG. BARRAGA:

I want to get your comments generally. That's the problem with this contract. It is just too long. The previous two contracts that were done in arbitration, I believe were for well more than four years. Each one was for four years?

MR. LIPP:

The stated arbitration is for two years, unless the Administration wants to grant --

LEG. BARRAGA:

I understand. But the previous two, I believe, were each for four-year periods.

MR. LIPP:

I believe so.

LEG. BARRAGA:

I believe so.

MR. LIPP:

I think part of the problem in what you're saying is the big increases are in '14 and '15 in this agreement, and in terms of the effective increase, because of that, it's '15 and '16 the way it's phased in. So the problem in terms of growth -- in terms of the cost -- I shouldn't say "problem," but in terms of the cost is really in those middle years.

LEG. BARRAGA:

The growth is in the middle years, but the real heavy dollar figures come up with '17 and '18 as a result of that growth.

MR. LIPP:

That's right and so, in other words --

LEG. BARRAGA:

And all I'm saying is that even the increases occur in the midyears, once you limit the contract of 2016, you can always renegotiate that. There's always something that can be done to maybe ameliorate those increases in '17 and '18, even though they, in essence, went into effect in '14 and '15.

MR. LIPP:

Part of the problem is that the base has increased significantly through '16, so that whatever the growth rate or increase would be for '17 and '18 --

LEG. BARRAGA:

'17 and '18 is another three and a half percent each one of those years.

MR. LIPP:

Yes, but you're doing it off, A, a higher base, and, B, you're looking at arbitration awards that three percent --

LEG. BARRAGA:

Okay. Let me ask you a question. If we eliminate '17 and '18, how much of that 268 figure is reduced? I'm looking at a \$75 million increase in 2017; an \$86 million increase in 2018. If the contract doesn't go to those two years, I think those amounts are open to negotiation in 2016.

MR. LIPP:

Okay. That's an excellent question. We'll have to do some calculations and get back to you on that. So basically what we're saying is the growth in '17 and '18 is a combination of the higher base and the --

LEG. BARRAGA:

Yes.

MR. LIPP:

-- and the increases, and I'll -- we'll give you the breakdown.

LEG. BARRAGA:

The other thing, if we chose to give the police some sort of an increase in '11 and '12, .25, .50, can you tell me what that cost would be for each year based on those, a quarter percent and a half percent?

MR. LIPP:

Okay. So what increases are you suggesting right now?

LEG. BARRAGA:

Right now, they are not getting anything for '11 and '12. In order to get them to come down from '18 to '16, what I'm asking is that we may want to consider giving them something for '11 and '12; maybe a quarter percent or a half percent for each of those two years. What's the cost, and what's the effect on the police district tax rate?

MR. LIPP:

Okay. We'll get back to you on that, obviously. The modelling is a little tricky on this, so it will take a few hours to give you a definitive answer.

LEG. BARRAGA:

Because I can see the Administration not having a problem reducing it to 2016, but I can see the police, unless there's an offset, they want something. And the only something you can give to them is something short-term. It's going to have a negative impact on the budget, but a quarter of a percent or a half percent for each one of those two years, I'm not so sure how great that is.

MR. LIPP:

So basically we'll look at, just to make sure I understand you, we'll look at a tradeoff of eliminating '17 and '18 and giving them something in '11 and '12 and what the difference would be.

LEG. BARRAGA:

Based on .25 or .50 for each one of the two years.

LEG. D'AMARO:

I'm so glad I'm sitting next to you today.

*(*Laughter*)*

D.P.O. HORSLEY:

Yeah. I'm not sure what this session is. This is free-wheeling budgeting.

LEG. D'AMARO:

Can we just delay the entire police contract now? Because I've got a lot of thoughts.

D.P.O. HORSLEY:

This is an interesting session. I'm not sure what we're doing here.

*(*Laughter*)*

LEG. D'AMARO:

I would say we're ready to start the Budget meeting.

D.P.O. HORSLEY:

We're moving towards the Budget Committee, yes, exactly. Any further questions, comments? Allen, thanks for providing us a forum. You did a good job in doing that. But you understand some of our issues, as far as our concerns. We recognize those issues that you brought up. It's just we've got to deal with reality, and we've got to deal with keeping our taxes as low as we can.

MR. KOVESDY:

I do appreciate it, and over the years, I know how the Legislature works hard on doing that. I did have one possible revenue source that you guys might want to investigate.

D.P.O. HORSLEY:

Oh, please. We'll take it, whatever it is.

MR. KOVESDY:

I think Tom might have more of an insight because it may affect changing State law. I think the fourth most expensive program is providing services to children with disabilities, early intervention, and things like that. By law, the County, through the State, has to provide these services for the young people. They provide the services whether somebody has an income of one dollar or a million dollars. It might behoove you to look if there's a sliding scale as far as some of type of revenue we can get for people who have a substantial income to pay for a service they're getting for nothing. So you go in for some child that has a speech defect --

LEG. D'AMARO:

So you're talking about a Means test?

MR. KOVESDY:

No, they do a needs test --

LEG. D'AMARO:

No, a Means test. Means test for that type of assistance.

MR. KOVESDY:

Over a certain amount, they start to pay into the system because you have people who are earning a considerable amount of money using the County to pay for something which they're getting for --

D.P.O. HORSLEY:

This is with children with disabilities; is that what you're referring to?

MR. KOVESDY:

Yeah, the early intervention program.

D.P.O. HORSLEY:

Early intervention. Okay.

MR. KOVESDY:

Right. So if there was some kind of a test, wherever you set it out, that the County could recoup some of funds. Very, very expensive program even though you get 59 percent reimbursement, but a lot of people have insurance which would cover some of these costs, and a lot of people earn a significant amount of money which they could contribute to it. Right now, the County pays the whole thing and gets reimbursed by the State, so it might be worth looking into, and you save a considerable amount of money.

D.P.O. HORSLEY:

Okay. Thanks. We'll appreciate that.

MR. KOVESDY:

Thanks a lot for your time.

D.P.O. HORSLEY:

All right. I don't have any further cards, so with that, I'll close the public hearing on the budget. I think that's what we're doing here. Motion to close by Legislator D'Amaro. I'll second the motion. All those in favor? Opposed? So moved.

*(*The meeting was adjourned at 9:58 a.m. *)*