

**JOINT WAYS AND MEANS COMMITTEE,
BUDGET AND FINANCE COMMITTEE,
and EDUCATION AND INFORMATION TECHNOLOGY COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE**

Operating Budget Minutes

A special joint meeting of the Ways and Means Committee, Budget and Finance Committee, and the Education and Information Technology Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on October 20, 2015 to discuss the operating budget.

MEMBERS PRESENT:

Legislator Lou D'Amaro – Chairman: Budget & Finance
Member: Education & Information Technology

Legislator Steve Stern - Chairman: Veterans & Seniors, Ways & Means
Member: Budget & Finance.

Legislator Robert Trotta - Member: Education & Information Technology, Budget & Finance

Legislator Leslie Kennedy - Member: Health, Human Services, Public Safety

Legislator Monica Martinez - Chairwoman: Human Services
Member: Budget & Finance, Education & Information Technology,
Health, Public Safety

Legislator Robert Calarco - Chairman: Government Operations & Personnel
Member: Health, Public Safety, Ways & Means

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Jason Richberg - Clerk of the Legislature
Debbie Harris - Aide to Legislator Stern
Justin Littell - Aide to Legislator D'Amaro
Greg Moran - Aide to Legislator Trotta
Ali Nazir - Aide to Legislator Kennedy
Katie Horst - County Executive's Office
Robert Lipp - Director, Budget Review Office
Brian Macri - AME President
John Kennedy - Suffolk County Comptroller
All other interested parties

MINUTES TAKEN BY:

Gabrielle Severs, Court Stenographer

(The meeting was called to order at 9:37 a.m.)

CHAIRMAN D'AMARO:

Okay, Ladies and Gentlemen, welcome and good morning. This is a joint committee meeting this morning between the Budget and Finance Committee, the Ways and Means Committee, and the Education and Information Technology Committee with respect to our public hearings for the 2016 operating budget. Please rise and join the committee in the Pledge of Allegiance led by Legislator Robert Calarco.

(*Salutation*)

Please note for the record, of course, that the chair of the Ways and Means committee has joined us this morning, Legislator Steve Stern, and the chair of the Education and Information Technology Committee, Sarah Anker, will be here shortly. The way I would like to proceed this morning is we'll do a public portion first, and then we will go into some presentations that we have planned for this morning, and then we'll go from there.

So the first thing I would like to do is call the first speaker who filled out a card this morning. That's Nelson Andino. When you come to the podium, just give us your name, tell us why you're here, and you'll have three minutes to address the joint committee this morning. Thank you.

MR. ANDINO:

Nelson Andino. I'm the state director of programs for the March of Dimes of New York State. We also cover offices out here in Suffolk County. I'm here to just talk a little bit about -- a couple of minutes, I know I have a couple minutes. That's why I'm early, the benefits of getting early. First of all, we want to thank both Legislator Kara Hahn and Suffolk County for being supportive of the NICU Family Support program. The mission of the March of Dimes, as some of you may know, is to improve the health of babies by preventing birth defects, prematurity, and infant mortality.

One of the programs, the way we fulfill our mission is the NICU Family Support. It does two things: It provides information and referral and comfort to families going through a NICU family support. So for the past three years, just to give you perspective, the county has been supportive of this program, this program is the only program in New York State for family support, and it's housed at Stony Brook University Medical Center's NICU center there, and for the past three years, it's provided information and referral to over 2400 families. It's done over 130 sessions for professional education on the family-centered care principles.

This year alone we expanded our core curriculum to include the county's first ever kangaroo care. Some of you may be familiar. Kangaroo care is skin-to-skin care. It's one of the ways you expedite a baby's development in the NICU center. So for the past three years, we've also provided professional education on other family-centered care principles, and this year, too, we've expanded to include education. Every family that goes through a NICU family support center through NICU family support learns the 10 most important things to prevent their next preterm birth.

So, in conclusion, this has been a program that's been supported by the Suffolk County legislator. It's again housed at the Stony Brook University Medical Center. There's a specialist there that we provide that works closely with the families, both Hispanic families and English-speaking families, just to provide and prepare families for when they are discharged. Any questions?

CHAIRMAN D'AMARO:

Okay. Thank you, Mr. Andino. I had a question for you. This program has been funded by the

county in the past. How is it treated in the county executive's recommended budget?

MR. ANDINO:

I do not know the answer to that question, but it is supported by the the legislator, through her leadership, Kara Hahn.

CHAIRMAN D'AMARO:

How much funding did you receive last year from us?

MR. ANDINO:

49,000.

CHAIRMAN D'AMARO:

And was that all appropriated by your organization?

MR. ANDINO:

All appropriated by our organization to support the NICU family specialist, the person housed at Stony Brook, and materials.

CHAIRMAN D'AMARO:

What is your request for this year?

MR. ANDINO:

Same amount. The total cost of the program is about 60,000.

CHAIRMAN D'AMARO:

So what is the other source of funding for the NICU?

MR. ANDINO:

The March of Dimes.

CHAIRMAN D'AMARO:

So the county is putting in about 50 or 49?

MR. ANDINO:

And the rest is by the March of Dimes.

CHAIRMAN D'AMARO:

And for how many years have you received a portion of the funding for this program from Suffolk County?

MR. ANDINO:

I want to say for about seven to eight years.

CHAIRMAN D'AMARO:

Does anyone have any questions? Mr. Andino, thank you.

MR. ANDINO:

Thank you.

CHAIRMAN D'AMARO:

I don't have any other cards. Is there anyone present who would like to address this joint committee this morning, other than the presentations? For the record, there's no further response.

We have a request for a presentation from John Kennedy, Suffolk County comptroller. John, good morning. Welcome.

COMPTROLLER KENNEDY:

Good morning to the members of the committee and legislators. Thank you. I just wanted to take a brief opportunity to be before you today to speak a little bit about the recommended 2016 budget. The county executive extended our request for some additional positions, two of them being auditors. We had actually requested four auditors. We were provided with two auditors, and we have some additional administrative personnel that were included as well.

Towards that end, the purpose for this was twofold: one, the auditors are essentially basically an investment in returning or increasing the revenue stream that the comptroller's office provides. This year, we were budgeted for approximately 900,000 in audit recovery. Recall this was a budget that was prepared prior to my time there. In fact, we will realize about 1.4 million in audit recovery just from the full range. We have about 19 audits underway at this point including four homeless housing providers at this time. We have a number of different entities, and we also have county departments that under audit.

In addition, as I briefed some of the members on the working group and some other legislators, we have enrolled nine hotel-motel or lodging entities that heretofore had never remitted our three percent lodging tax. That has resulted in an immediate receipt of 25,000 in previously unpaid lodging tax and interest. We have another approximately 75,000 committed in payment plan. We have five audits underway, and we are averaging anywhere between two to three entities per week. It is my assessment of this at this point is we have not to good compliance, to be candid with you, and so this will be an ongoing sustained effort on our part. I am confident that we will increase compliance. Obviously, my goal is that we achieve 100 percent. I believe that we can probably hit between 90 and 95 percent of all the establishments here in Suffolk County within a 12-month period of time.

In addition, we have a number of other areas that we anticipate going into in 2016. The additional staff will be integral to that. I have indicated to the committee that we were budgeted for 1.2 million in audit recovery. I am confident, based on the number of audits that I know are underway at this point, the arrangements that we will be working out, that we will hit 1.5 million in 2016, and I've indicated to the working group that I'm prepared to make that commitment, stand by that commitment. And if we remain on track, as it appears we are doing, I fully expect that by 2017, we will hit two million in audit recovery.

The message is that, unfortunately, there is an element out there that has no reluctance or reticence whatsoever to take advantage of some of the county funding that you legislators struggle mightily to put into place, and we will get it and bring it back and put it where it belongs here in county. So I'm asking that the legislature support my request for the additional two auditors and that they support the additional positions that the executive's office has put in for us.

One final request, Mr. Chairs, is the additional funding in the temporary salary line. We had sought to bring that up to 40,000. That was kept at 10,000. I will tell you I'm taking a page from my old playbook as a legislator. We have been very fortunate with interns. We've been able to bring in both accounting and auditing interns. They are eager for the experience to be able to go out and be

able to work both in-house and out in the field with our seasoned auditors. We pay them at roughly \$11 to \$12 an hour. They are doing substantive, beneficial work, which augments the audits that we prepare, and, quite frankly, it's one of the best deals in town, so I ask that you support that increase as well.

CHAIRMAN D'AMARO:

That increase was included or not included?

COMPTROLLER KENNEDY:

That was not included, Mr. Chair. We had sought it, and the executive's office elected to ration it back down to 10,000.

CHAIRMAN D'AMARO:

What was the 2015 adopted on the temporary?

COMPTROLLER KENNEDY:

I believe it was 10,000.

CHAIRMAN D'AMARO:

So the request is the county executive has placed two additional auditors in the recommended budget; you're looking for two more.

COMPTROLLER KENNEDY:

Yes, Mr. Chair. As a matter of fact, interestingly, the auditors come to us. It is a civil service list. As a matter of fact, we ran through. One of the most interesting things when I took office in the beginning of this year was that we had four funded unfilled auditor positions. I move very quickly. As a matter of fact, the executive's office was very accommodating in that respect. We requested lists. We filled those positions, two of them with grade 20 auditors, one of them a transfer from DSS, one of them a woman who had worked for 10 years out with major accounting firms and wanted to come back into employment, and two auditor trainees. The auditor trainees are grade 17s. They have bachelor's degrees in accounting or finance, and they start with us for \$38,000 a year. In one case, one young woman has a bachelor's in accounting and a master's from Westbury. She is directly involved right now with preschool handicapped audit and also with some of the homeless housing work. They are excited, they are eager. They're our young people that we want to keep here, Mr. Chair.

CHAIRMAN D'AMARO:

Would the two auditors here requested be at the same level as already funded or already proposed in the recommended budget?

COMPTROLLER KENNEDY:

Yes.

CHAIRMAN D'AMARO:

All right. Anything else you would like to add?

COMPTROLLER KENNEDY:

No, just that I appreciate the committee's support. I will continue to come across to talk with you. We had a very successful bond offering. You had given me the authorization for that previously. We put \$260 million worth of paper out on the street. We were pretty well-subscribed and by the end of the year, we will have realized about 14 million in interest savings over these next seven

years. We have bought on 600,000 in debt relief payment for this year. We will go to 850,000 in '16, and by '17, that number will be at 1.3 million in savings. Very shortly, I will be bringing over a resolution seeking authorization to refund 2009 and 2010 paper, if available. I am working with our financial advisors to see if we can continue to take advantage of the unprecedented low interest rates in the market, and it is producing real measurable savings. It is a tremendous amount of work. It is something that, quite candidly, I need to train and bring additional personnel to as well, but that's part and parcel with the ask that I present to you today for the auditors.

CHAIRMAN D'AMARO:

Very good. All right. Thank you. Are there any questions? All right, John. Thank you.

COMPTROLLER KENNEDY:

Thank you, Members, and have a great day.

CHAIRMAN D'AMARO:

All right. Next, we have a request for a presentation from the Association of Municipal Employees, President Brian Macri, and bring up whoever you would like. I'd like to start off by saying welcome and good morning. We appreciate you taking the time to come down this morning and give us your perspective on the 2016 budget, which we're working through presently.

MR. MACRI:

Thank you for giving us this opportunity. I am Brian Macri, the new AME president. I'm here with part of my staff, Daniel Levler, my executive vice president. Directly behind me is Stan Humin and Christina Maher, also behind me. My treasurer Linda brown is here, and we brought two of our consultants, Ed Vogel and Bob Bortzfield, who helped us prepare this budget analysis.

I would like to stress that we represent 6,000 -- approximately 6,000 active members and 1500 retirees. We are the largest union in Suffolk County, but we don't make the money. So based upon both your and our review of the budget, it's obviously not balanced. The prior county executive and the current exec have not addressed the structural fiscal problem that has existed in the general fund for the past 10 years, and this needs to raise a recurring revenue. Sending a message to other taxing jurisdictions has only negatively impacted the county's fiscal standings and has resulted in the general fund being less than one percent of the total property taxes in Suffolk, so when it says that the taxes are not being raised, it's very disingenuous; it's less than one percent of the tax that isn't being raised.

SCME has spawned a negative impact of this policy in taking a no-agreement for no layoffs and a hiring freeze and the deferred payroll. We have done our share already. We cannot do more. I would just like to point out that the average median income of a Suffolk County employee is 83,000. Our AME member's average is 56,000, yet we are always considered the one who has to bear the brunt of the budget. We can't do that anymore. The hiring freeze and prior yearly layoffs has not resulted in the savings anticipated but has seriously impacted the morale and the operating levels of our members.

Again, I'd like to stress that low-paying level jobs, such as DPW, has been devastating. Highways are not being maintained. Roads are not being cleared. The winter is going to be tough to get through if we have, you know, a real strong storm. We don't have the funds to do the streets. 911 operators, as you know, are doing double and triple shifts on a highly stressful job, having to work 16 hours sometimes. That should not be happening. Maintenance workers in the building are down to 64 employees. The buildings are not able to be cleaned. We would like to clean them. It's not our members' fault, but there's just not enough members or custodians to clean the

buildings. This is also mostly county buildings owned so what we're doing is we're reducing our own investment here because long-term the buildings are not being maintained and, again, the highways are not being maintained. So short-term might be saving a little, but long-term, there's going to be high repercussions such as repairing of bridges, repairing of roads, repairing of building.

IT departments are continuously working. The IT departments run the police computers. When they go down, they have to be called in. There are currently, I believe, five IT workers for the entire doing this. They're basically on call 24/7 and are not really allowed vacation time. This is all what our employees have had to handle over the last 5 to 10 years. We cannot take any more hits.

As legislators, you must realize that our greatest assets are our employees, and we represent the largest number of employees in Suffolk County, and again, the numbers are just doing down as the workload increases. It's a disproportionate balance that is continuously getting worse as every year continues.

A quick solution would be to top a reserve account or some other revenue source to offset the current imbalance, but that would just make problems worse in 2017 and beyond. Based on a cost to continue approach, the general fund budget gap for 2017 is estimated to be more than \$86 million and the police district at \$27 million. Since budgets tend to be incremental, the only realistic short-term solution is to increase property taxes. I know that's not something that you guys would like to think about, but it is the only possible way to get out of this mess. The financial impact, although symbolic, is negligible. On an average property tax of \$9,875, an increase of \$50 would be five one-thousandths of a percentage, but it would increase the general fund levy by 56 percent. The property tax burden is not in the general fund. In the long term, it is necessary to focus on those taxing jurisdictions that have created the problem, and we are willing to work with the county in resolving these issues for all the residents of the county, not just AME employees. The state has to bear a big brunt of this problem, as you are well aware. The local government a situation (sic) and should be held accountable in funding viable solutions. Some of the things they have done in the past, as, again, you are aware of, but I just want to reiterate, the closing of state hospitals, 100 percent state funded, resulting in overcrowding of jails, health, and mental health problems, state block grants that are capped in place of sharing costs on a percentage basis, unlike other large states requiring local governments to share Medicaid costs; these are some of the things the state has let us down on, and we would like to see change.

I ask that we follow through on past studies that reduce costs for area-wide consolidations, which was the original intent in establishing a municipal form in 1960. I believe these studies are right at Stony Brook. We should look at them, reinvestigate how to make government work better. Again, I just want to stress that this could be the beginning of some meaningful dialogue in the future for Suffolk County government and AME employees, those who are both taxpayers and service providers. Thank you for your time.

CHAIRMAN D'AMARO:

Thank you, President Macri. Are there any questions? Do you have other individuals that are with you that want to make a presentation as well?

MR. MACRI:

We're good. We just wanted to get this message across.

CHAIRMAN D'AMARO:

I hear your message loud and clear, and I agree with you that recurring revenue is really what should be our goal and our target. Unfortunately, it's difficult to come up with new ways to make

that happen, and I hear you also with your message that you believe the best way to do that would be to increase general fund property taxes. Of course, you're aware of the fact that that increase would also affect your members who live in Suffolk County and many of whom are probably homeowners, but, you know, we all have to walk a line and figure out what's the best way to deliver these vital county services that we need while not taxing people out of their homes, so that's what we're trying to do.

But I wanted to ask you, there's a -- are you suggesting that that county should pierce the tax cap?

MR. MACRI:

Yes.

CHAIRMAN D'AMARO:

You are?

MR. MACRI:

For the general fund, yes.

CHAIRMAN D'AMARO:

Does AME have a recommendation as to what extent we should increase the general fund property tax?

MR. MACRI:

No, but it should be incremental each year and be done immediately. We'll leave the numbers to you, but, as I said, a \$50 increase would be five one-thousandths, and most families can afford \$50 on their taxes.

CHAIRMAN D'AMARO:

What kind of revenue would the \$50 generate for the county?

MR. MACRI:

It would be a 56 percent increase yearly on the general fund tax, so it would be quite a bit. It would be a few million at least.

CHAIRMAN D'AMARO:

Dr. Lipp, do you have --

MR. MACRI:

It would be about 25 million. Again, that would be yearly, and, obviously, if you had increased it for the past five years, we might not be here.

CHAIRMAN D'AMARO:

I appreciate you clarifying that. I just wanted to get a little more of a handle on the numbers that you were suggesting. Are there any questions? Legislator Stern, please go ahead.

LEG. STERN:

Thank you, Mr. Chairman, and welcome to you and to your team. You correctly, of course, point out many of the requirements that Suffolk County is under due to state requirement, state mandates. I'm wondering if in your experience, and I know that your administration is a new one, but I'm wondering if you, Mr. President, or other members of your team have had the opportunity to have conversations with counterparts in other counties throughout New York State, because as you

suggest, it really is a message that we need to send together to New York State that we have tremendous challenges here locally, and mandate relief is something that we certainly look forward to working with our state counterparts on.

So I'm wondering if you or any of the members on your team have had the opportunity to speak with or work with other county employees and their organizations, their leadership organizations throughout New York State in what successes, if any, they've had and conversations that they may have had with state representatives and if you've had any discussions on how leadership organizations at the county level throughout New York State may have the opportunity to work together to send that important message.

MR. MACRI:

No, we haven't. We didn't want to overstep our bounds, but we would like to start a commission here in Suffolk County and begin to work with other county agencies. You know, one of the things off the top of our head has been the sales tax through internet sales tax that I don't believe is being funded properly or the money's being returned to the counties, so we'd be more than willing to do that, especially if there was a commission made through Suffolk County to work as a -- throughout the state, so that's something we would be very interested in doing.

CHAIRMAN D'AMARO:

Legislator Trotta, please go ahead.

LEG. TROTТА:

Did you ask the county executive for a 53 percent sales tax increase?

MR. MACRI:

No.

LEG. TROTТА:

Property tax, I meant.

MR. MACRI:

No, we haven't really spoken to the county executive too much.

LEG. TROTТА:

Well, he proposes the budget. Maybe you want to ask him. As you went through the numbers before, I think we're 87- and \$32 million in the hole, and that would raise about 25, so you'd have a 53 percent tax increase, or whatever you said, and it would still be somewhere in the neighborhood of \$75 million in the hole.

MR. MACRI:

Right, but if you did that every year --

LEG. TROTТА:

Fifty percent increase every year?

MR. MACRI:

Fifty dollars.

CHAIRMAN D'AMARO:

Fifty dollars.

LEG. TROTТА:

Well, \$50 actually equates to about a 50 percent tax increase.

MR. MACRI:

No, because it's 9,875. It's five thousandths of a percentage increase.

LEG. TROTТА:

I'm sorry. What is it?

MR. MACRI:

Five one-thousandths of a percentage increase.

CHAIRMAN D'AMARO:

Well, as a percentage of the general fund, perhaps, but we're talking about --

LEG. TROTТА:

(Indiscernible) there will be a 50 percent increase every year.

MR. MACRI:

As the deficit continues to grow in the millions, something has to be done. This is not working.

LEG. TROTТА:

Clearly, it's not working. Thanks.

CHAIRMAN D'AMARO:

Well, there are other things you can do to create recurring revenue, and this is not a commentary on your suggestion. It's just that we should be looking at all of those different things. We've done it in the past; for example, bringing the revenue out of New York State and into the county with our Traffic and Parking Violations Bureau, for example, and I know the county executive is deeply committed to economic development and using our downtown locations as economic engines to try and spur growth and sales tax especially. But there's, you know, every suggestion needs to be contemplated; you're right about that, because what's happening now is we're victims. We're victims of this economy that's not recovering as quickly as many of us had anticipated and we're left short. I do agree with you, however, that AME members have taken it on their shoulders over time, and there's not much room, if any, left to go in that direction, so it is something that we'd have to keep in mind. Are there any other questions?

MR. MACRI:

May I just respond to one thing?

CHAIRMAN D'AMARO:

Of course. Go ahead.

MR. MACRI:

You mentioned the red light camera district and those fines. They've been removed from the general fund and added to the police tax levy.

CHAIRMAN D'AMARO:

Yeah, but when you take it into the police district, it relieves the general fund to some extent also because we do subsidize our police budget with the general fund revenues as well. But you're right, it has been directed in that direction.

MR. MACRI:

It makes the amount left by AME even less.

CHAIRMAN D'AMARO:

But it frees up funds that otherwise would have been transferred into the police district. It's not an exact match, but it's something to think about. Legislator Calarco.

LEG. CALARCO:

Thank you, Brian, for being here and for your presentation, and I look forward to hearing you guys as we go through the specific committees and the very specific issues in each different department. I'm looking at these pie charts you gave us, and while the sides for expenditures don't really add up because they're not the same categories in the two different charts, your revenues are interesting because you speak about needing to find new revenue sources that are recurring. In 1995, when you add up all of the local revenue sources, be it property taxes, sales taxes, departmental, what have you, and you include the other revenues, which I'm assuming are various types of fees that we may apply or what have you, you're at 75 percent of our total budget. So 25 percent of our budget was coming from state and federal aid.

You look at 2015's numbers and that number is 83 percent, so we're taking far more from the local sources of revenue, and we're getting far less from the state sources of revenue, and that that is certainly impactful. While we have reduced the amount we're taking on property taxes to 23 percent of the budget as opposed to 27 percent of the budget, that other category grows to eight percent, so that that more than offsets that difference, but then our sales tax goes up to 46 percent. And that does highlight, I think, the point you're trying to make that sales tax are, unfortunately, unreliable in terms of knowing what we're going to get year to year. I remember being here when we used to get eight percent. It would go up every year in growth and sales tax, and that was an wonderful thing, but those days are probably not coming back any time soon, and we're going to have to manage that. I appreciate your time coming here.

MR. MACRI:

Thank you.

CHAIRMAN D'AMARO:

Any other questions from committee members? President Macri, I want to say thank you. Is there anything you'd like to add in conclusion?

MR. MACRI:

Again, I'd just like to thank you for letting us have this time, and hopefully this is the beginning of a new relationship, and we do want to work with you and whatever we can do to help, if that's a commission, whatever it takes, we want to work with you and help.

CHAIRMAN D'AMARO:

I want to thank you for coming in this morning. I agree with you that we're all kind of in the same boat together here, and we have to keep the dialogue going, and I think especially doing it this way so everyone can participate and hear what we're thinking is the way to go, and I'm very encouraged by that, so I want to personally thank you for coming down with your staff today, and we'll keep that dialogue continuing.

MR. MACRI:

Thank you again, Mr. D'Amaro.

CHAIRMAN D'AMARO:

Thank you, sir. Is there anyone else who would like to address the joint committee this morning? All right. So we'll move on now to Legislator Stern. Is there anyone who wanted to address the Ways and Means portion of our joint committee meeting or the Education and Information Technology? Okay. So if there's no one else who would like to be heard, we're adjourned. Thank you.

(*The meeting was adjourned at 10:10 a.m.*)

(*The meeting was re-opened at 10:12 a.m. without a stenographer present.
Stenographer present for following portion of proceedings*)

CHAIRWOMAN ANKER:

I want to thank the folks for being out here today and speaking on our budget. I also just want to make a point that with the education component, how important it is to support our not-for-profits that are supporting our kids. I know we have a very tough budget to deal with this time, as always, but we've talked about investing, and I think the most important thing we can do is to invest in our future, and that's the future generation that will be inheriting our county and our government. So again, I just want to thank everybody for coming out and speaking up. Thank you. And as chair of Education, I will now adjourn this meeting. Thank you.

(*The meeting was adjourned at 10:13 a.m.*)