

Labor: The Need for Fiscally Responsible and Fair Contracts

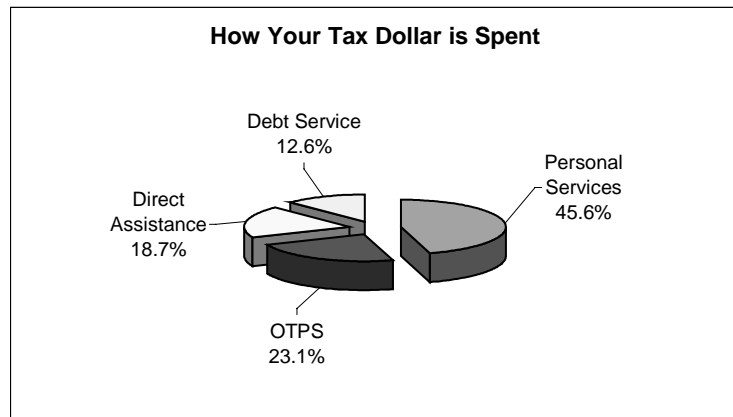


**A Report by the Republican Caucus
of the Nassau County Legislature
March 2001**

INTRODUCTION

Despite efforts to reduce the size of the workforce over the past decade, Nassau County continues to dedicate 45.6% of its entire budget to pay for employees (wages and benefits). Employee headcount has been reduced from 11569 full time employees in 1991 to the current headcount of 10091 (as of 3/1/01).¹

Nassau County employs a dedicated, professional workforce that performs tasks important to the everyday lives of our residents and the business community. In order to maintain service levels through the current workforce fundamental



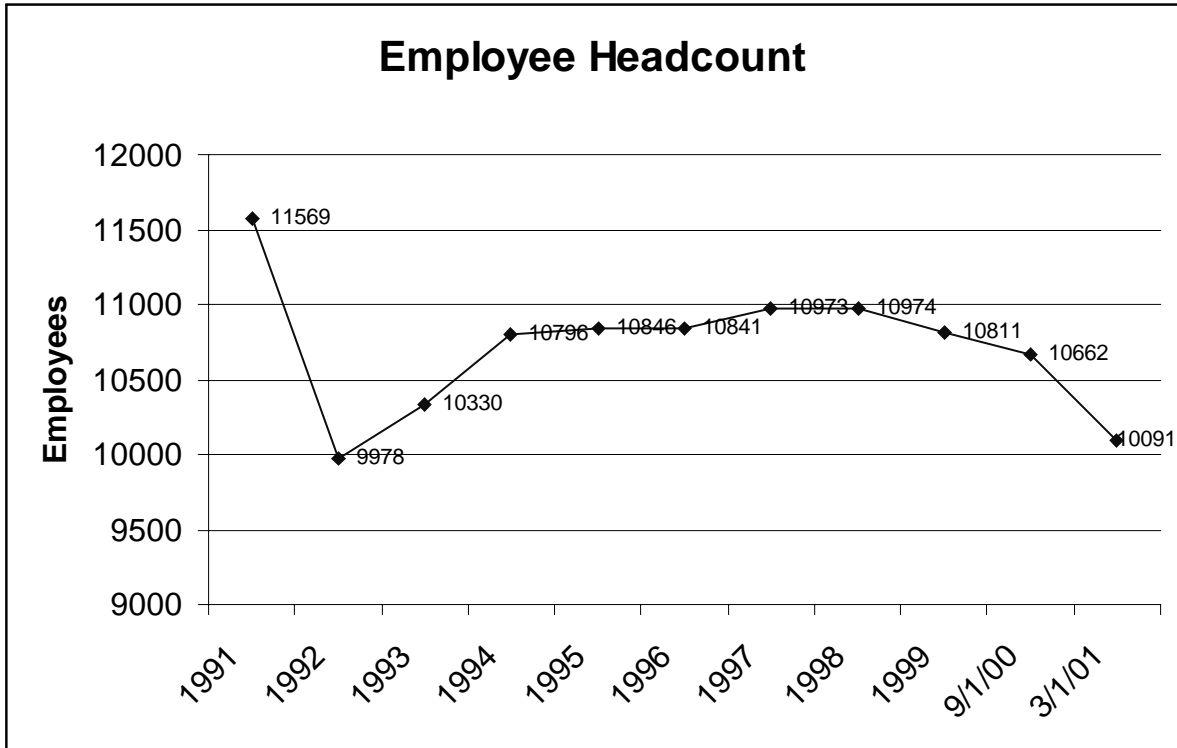
changes must be made to the labor contracts negotiated by the Administration in order to achieve the savings necessary to provide structural reform to the County's budget for both the short and long-term. This will help stabilize the County's finances while at the same time provide stability to the workforce as well.

The Administration has been in negotiations with two of the major public safety unions, the Sheriff Officers Association (ShOA) and the Police Benevolent Association (PBA), for the past several months. Recently, the County Legislature rejected a proposed settlement with ShOA by a vote of 15 to 4. According to the Independent Legislative Budget Review Office (Office) the cost to taxpayers of the ShOA pact over the course of the contract would have been \$54 million. Similarly, the Office has estimated that the cost of the proposed settlement for the PBA over the life of the contract would cost \$91.3 million.

The bottom line with all labor contracts is what will be the property tax impact on the taxpayer. The purpose of this report is to make clear the property tax implications of these two

¹ Excludes the 3706 employees which were transferred to the Nassau Health Care Corporation.
Source: Legislative Budget Review Office

agreements and to reiterate our position with respect to cost saving measures that are necessary to be achieved in the proposed and all future labor settlements to bring structural reform to the County's budget.



THE PROPERTY TAX IMPACT

According to the Independent Legislative Budget Review Office the proposed contracts for both ShOA and the PBA would cost taxpayers \$145 million.

The impact on taxpayers would be as follows:

SOURCE	% Property Tax Increase	Dollar Value
All from Property Taxes	24.03%	\$267.93
Property Taxes & Sales Tax ²	15.38%	\$171.47

FISCALLY RESPONSIBLE AND FAIR AGREEMENTS

It is clear, from the impact of these contracts upon the taxpayer, for the need for fiscally responsible and fair agreements. The Republican caucus has put forward proposals as a guideline from which the Administration should work to achieve such agreements. These proposals include:

Health Insurance

In FY1999, Nassau County spent over \$63.6 million on employee health benefits. The County needs to begin to address the issue of employee participation in paying for the cost of health insurance. It is therefore proposed that all **new** employees begin to pay 10% of their health insurance premium. This can be imposed in such a way that the deduction is made pre-tax for the employee.

Other governmental entities that require an employee contribution towards health insurance include:

- New York State
- Metropolitan Transportation Authority
- New York City
- Federal Government

² As sales tax collections represent 36% of the County budget, this projection assumes using a mix of 36% sales tax and 64% property tax to pay for the contracts.

Holidays

According to the Administration's financial consultant, Public Financial Management (PFM), Nassau County provides employees with 13 paid holidays. PFM further highlights the fact that in national comparisons the average private sector employee receives only 9 paid holidays per year, the average state and local government provides 11 paid holidays, and many municipal governments provide 10 ten days or less.

It is time for the Administration to negotiate contracts that permanently eliminates some holidays. PFM had calculated that by eliminating three paid holidays that the County of Nassau would save \$4,324,901 annually.

Sick Leave and Vacation Leave Accrual

Nassau County permits employees to accrue unused vacation and sick leave. In 2000, retirees from the Police District left employment with separation pay that averaged \$200,000. In Police Headquarters retirees left employment with separation pay that averaged \$254,000. For all other employees it was \$22,068.

It is recommended that new employees may not carry over more than three weeks of vacation time any given year. With respect to sick leave, it is recommended that the Administration examine providing unlimited sick leave combined with a strengthened sick leave management policy. This would eliminate the accrual of any sick leave by an employee while providing a seriously ill employee with the appropriate sick time.

Wage Levels

The recently achieved wage settlement for the Nassau Community College full-time faculty sets an important pattern with respect to cost of living adjustments (COLA). The ratified contract contained COLA increases as follows: 1% in 2000; 1% in 2001; 1.75% in 2002; 2% in 2003 and 2% in 2004. Compounded this is a wage increase of 7.99%.

If this wage pattern is adopted by both ShOA and the PBA, the savings to taxpayers would be more than \$81 million.

The savings for the ShOA contract are as follows:

Year	SHOA	Modified	Savings
98-00 Retro	\$ 4,419,025	\$ 542,541	\$ 3,876,484
2001	\$ 60,757,748	\$ 55,344,608	\$ 5,413,140
2002	\$ 63,913,055	\$ 56,313,139	\$ 7,599,916
2003	\$ 67,201,696	\$ 57,439,402	\$ 9,762,294
2004	\$ 69,721,760	\$ 58,588,190	\$ 11,133,570
Total Cost	\$ 266,013,284	\$ 228,227,880	\$ 37,785,404

The savings for the PBA contract are as follows:

Year	PBA Proposed	Modified	Savings
2001	\$ 145,613,907	\$ 144,545,451	\$ 1,068,456
2002	\$ 150,742,889	\$ 145,990,906	\$ 4,751,983
2003	\$ 157,477,015	\$ 148,545,746	\$ 8,931,269
2004	\$ 164,169,788	\$ 151,516,661	\$ 12,653,127
2005	\$ 171,733,242	\$ 154,546,995	\$ 17,186,247
Total Cost	\$ 789,736,841	\$ 745,145,759	\$ 44,591,082

Civilianization

We urge the Administration to take the discretionary management steps necessary to civilianize positions that it deems appropriate and necessary.

CONCLUSION

It must be reiterated that Nassau County employs a highly professional and dedicated workforce. To maintain that workforce and provide essential services to our residents, savings must be achieved through the collective bargaining process to bring structural reform to the budget. By doing so, we limit our turning to the taxpayer for additional resources while at the same time bringing stability to the workforce and the important work that they do for our residents.