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BARRAGA: NEWS FROM THE 11TH DISTRICT

THE CANARY IS GASPING FOR AIR IN SUFFOLK'S DEFICIT COAL MINE

By Suffolk County Legislator Tom Barraga

Just as canaries were used in coal mines to warn miners of danger from toxic coal gas, the canary in the coal mine of Suffolk County is chirping and gasping for air. It is trying to warn those who will listen, of the danger of the County's deficit coal mine.

In reviewing a report issued by the Office of the Comptroller dealing with a computation and analysis of "Contract Agency Disclaimer Form Data", a number of statements by the Comptroller's Office are worth reviewing.

The Comptroller points out that contract amounts for non-mandatory programs during 2014 totaled $107,101,710 with a net cost to the County of $66,005,757, while mandated programs totaled $6,727,278 with a net cost to the County of $2,452,243. Of the 510 contracts entered into the Comptroller's data base, 472 contracts were for non-mandated programs and only 38 were for mandated programs. The Comptroller further states "that although a large percentage of County funding that is spent for non-mandated programs is reimbursed to the County through Federal and State aid, the net cost of these programs is still significant ($66,005,757) and the opportunity may exist, to reduce or eliminate funding of non-mandated programs."

Both the Legislative and Executive Branches should take the Comptroller's suggestion based on the grave fiscal plight of the County very seriously. At the beginning of May 2016, the Legislature was advised that the three year total deficit for 2015, 2016, and 2017 totaled $186.2 million. At the time, there was no discussion dealing with additional borrowing from the Pension and the Assessment Stabilization Reserve Fund although it was anticipated borrowing would again take place. Unfortunately, the borrowing is classified as revenue in closing the budget. Very similar to the situation where a homeowner takes out a second mortgage and declares the amount received as revenue, conveniently forgetting that it is a debt that must be paid back with interest. If one takes a look at the three year deficit of $186.2 million and adds what has been borrowed from both funds, the real county deficit is closer to $400 million. In addition, with the reduction in sales tax receipts for the first half of this year, the County's three year deficit is approximately $425 million. Not only will additional borrowing from both of the funds end in the short term, but a commitment has been made to pay back what was borrowed from the Stabilization Assessment Reserve Fund commencing in 2017 and continuing for a ten year period.

The overall point is that Suffolk County's fiscal condition at this stage is no longer improving and the future currently does not hold promise for a positive change unless dramatic steps take place, and quickly. Recently, Moody's, in reviewing the County's fiscal condition, changed its outlook on the County from stable to negative citing the structural deficit. Last year, Standard and Poor's lowered the County Bond rating citing the failure of the County to generate additional revenue and reduce expenses.

If a program is mandated, so be it, but if it is non-mandated, each and every program falling into this category must be reviewed with the goal of cutting a minimum of 20 percent across the board. Based on a net cost to the County of $66,005,757, the annual savings would be approximately $13 million. The percentage cut should be dictated by the amount of Federal and State aid received for a given program – if the amount received totals 60-70-80 percent, that program should well survive. If on the other hand, the County is receiving only 10-20-30 percent reimbursement, or none at all, that program should be downsized accordingly.

I agree that each non-mandated program has value, but the County does not have the revenue to sustain them. A 20 percent across the board cut would be better than the complete elimination of a program or programs because we in the Legislative and Executive Branches did not take the appropriate fiscal action when we had time to do so.

The canary is chirping, but the sound is getting weaker and weaker – who is listening and who is willing to act?