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BUDGET REVIEW



NASSAU COUNTY LEGISLATURE  
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**Inter-Departmental Memo**

To: Hon. Peter Schmitt, Presiding Officer  
Hon. Kevan Abrahams, Minority Leader  
All Members of the Legislature

From: Maurice Chalmers, Director  
Office of Legislative Budget Review

A handwritten signature in black ink, appearing to be "M. Chalmers", written over the "From:" line.

Date: May 11, 2012

Re: FY 12 Staffing and Salary Analysis

The Office of Legislative Budget Review (OLBR) has prepared the following FY 12 Staffing and Salary Analysis. Of all the challenges facing the County, the projected deficit for salaries remains the most daunting and will require additional actions in order to meet the goals set by the Administration.

The FY 12 Adopted Budget for salaries incorporated \$131.6 million in savings from initiatives to be achieved through workforce reductions and/or labor savings. A portion of the savings, \$47.3 million in salary reductions, was included in the budgets of various departments and the remaining \$84.3 million reduction in a central location under the Office of Management and Budget (OMB) as a place holder to be allocated later. Corresponding to the salary reduction is a 725 budgeted full-time headcount decrease also centrally located within OMB. The headcount reduction was placed in OMB rather than allocated to the individual departments since it was unknown how the salary savings would be achieved at the time the budget was adopted. Due to the methodology used in the FY 12 Adopted Budget which incorporates the headcount reduction in a central location and partially reduces the funded dollars at the department level, looking at the headcount by department may be misleading. As such, it is important to focus on the dollars at the department level, and headcount at the County-wide level. The current full-time headcount is 7,488, or 93 heads more than the targeted major funds budget of 7,395, but 394 less than the FY 11 year-end.

From the time the budget was adopted, the Administration has used many tools to achieve the desired savings. They are:

- Not filling open funded vacancies.
- The offering of an incentive to the Civil Service Employees Association (CSEA) union coupled with layoffs in December 2011.
- The extension of the original CSEA incentive in March 2012 resulting in additional savings.
- The Voluntary Separation Incentive Plan (VSIP) offered to the Police Benevolent Association (PBA) union resulting in savings from sworn officer separations.
- The transfer of employees to the grant fund in order to alleviate the operating funds.
- The chargeback of the Department of Public Works (DPW) personnel salaries to capital projects.

The total impact of the actions described above resulted in approximately \$57.0 million in **salary** savings and historically low staffing levels as reflected in Attachment C, Chart-1. Although not reflected in the salary line, another positive impact to the budget is the projected surplus of \$31.1 million in fringe benefits savings resulting from a lower than budgeted health insurance premium growth rate and the reduced headcount. The table below reconciles the major impacts to salaries:

<b>Projected FY 12 Salaries With Contingency Offsets (in millions)</b>		
<b>Budgeted FY 12 Targeted Labor Savings</b>		<b>(131.6)</b>
<u>Gains</u>	Salary Savings (Actions)	55.7
	Other Salary pickups	<u>1.3</u>
		57.0
<u>Offsets</u>	Overtime	(27.6)
	Termination Pay	(24.7)
		<b>(52.3)</b>
<b>Projected FY 12 Salary Deficit:</b>		<b>(126.9)</b>
<b>Contingencies &amp; Reserves</b>		
	Police District Contingency Reserve	13.4
	Police Headquarters Contingency Reserve	10.1
	General Fund Contingency Reserve	1.5
	Employee Benefit Accrued Liability Reserve Fund	<u>10.4</u>
		<u>35.4</u>
<b>Remaining Projected Deficit</b>		<b>(91.5)</b>

Even with the success of the \$57.0 million attained in workforce reduction savings, OLBR is projecting a year-end salary deficit of \$126.9 million in the major funds which includes \$2.2 million from rehiring 39 full-time employees previously laid off. Please refer to Attachment A for details by department of the FY 12 budgeted salaries compared to the FY 12 projected salaries and the projected year-end surplus/deficit. The gains were offset by projected shortages of \$27.6 million in overtime (most of which, \$27.0, million is from the Police Department) and \$24.7 million in termination liability. The FY 12 budget did not include funding for termination

costs since the Administration had planned to bond the liability at the time the budget was adopted. To offset any salary shortfall, the Administration had set aside contingency reserves. As shown in the chart above, the FY 12 budget includes \$13.4 million in Police District, \$10.1 million in the Police Headquarters, and \$1.5 million in the General Fund. In addition, \$10.4 million of the Employee Benefit Accrued Liability Reserve Fund (EBALF) will be used to pay a portion of the termination costs for the police officers who elected to take the VSIP. However, even with the use of contingencies and reserves, the entire salary deficit will not be covered and many departments will not meet their payroll without board transfers and/or supplemental appropriations.

Attachment B provides the FY 12 budgeted full-time headcount compared to the actual on-board full-time headcount as of May 1, 2012. As previously stated, looking at the full-time headcount figures at the department level may be misleading since 725 budgeted full-time heads were removed from OMB's budget; however, the dollars associated with the targeted savings were taken from each department. Attachment C, Chart-1 graphs the full-time staffing for the major funds from year-end 2009 through May 1, 2012. Since year-end 2009, the full-time staffing has decreased by 1,045 employees. Attachment C, Chart-2 graphs the staffing of the CSEA union for the same time frame.

In conclusion, even with the available funding of the contingencies, OLBR projects that a \$91.5 million salary shortfall remains (\$60.4 million if offset by the fringe benefits surplus). Significant measures need to be made, in order to reach the targeted salary savings in the FY 12 budget. The Administration is still considering a variety of options to achieve additional savings, which include implementing a lag payroll, furloughs and/or additional layoffs.

cc: Hon. George Maragos, Nassau County Comptroller  
Frank Moroney, Nassau County Chief Deputy Comptroller  
Tim Sullivan, Deputy County Executive  
Eric Naughton, Director, OMB  
Evan Cohen, Executive Director, NIFA  
David Gugerty, Minority Chief of Staff  
Dan McCloy, Director of Law, Finance & Operations  
Gregory May, Director of Legislative Affairs  
William Muller, Clerk of the Legislature

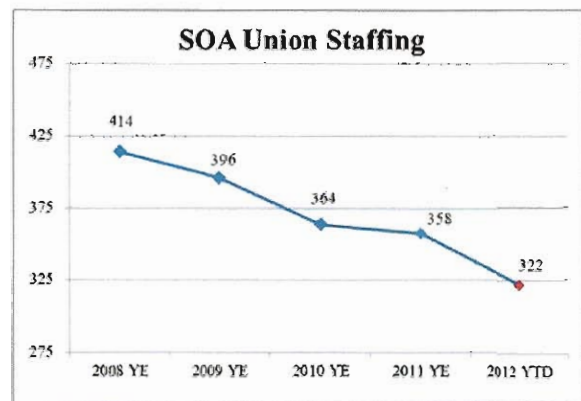


**Police Department**

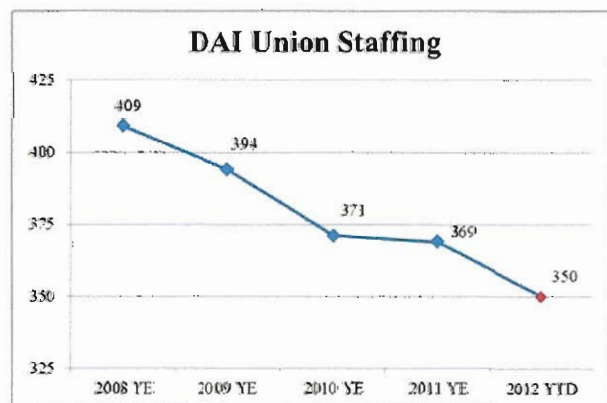
As of May 1, 2012 OLBR projects salary deficits of \$15.9 million in the Police District and \$24.0 million in Police Headquarters. The deficits include the budgeted \$9.3 million and \$6.5 million in workforce reduction savings from initiatives for District and Headquarters respectively. The shortfall in salaries also includes a projected \$1.3 million in Headquarters and \$11.3 million in District for terminal leave. There was no allocation in the adopted budget for this expense. At the time of budget submission, the Administration planned on bonding for these costs but this option is no longer available. Additionally, overtime was budgeted at \$3.0 million in Headquarters and \$19.0 million in District. However, OLBR overtime projections of \$25.5 million for District and \$23.5 million for Headquarters indicate that overtime expense for the Police Department is underfunded by approximately \$27.0 million. OLBR’s salary projection is consistent with last year’s overtime actual of \$48.3 million. To offset a portion of the entire deficit, the Administration plans to use \$23.5 million from a contingency fund and \$10.4 million from the Employee Liability Benefit Fund. Through board transfers and supplemental appropriations, the District Fund should be able to cover the salary shortfall. However, the Headquarters Fund will fall short.

Police sworn headcount has been on the decline. The last recruit class was hired September 3, 2008 and since that time total uniform staffing

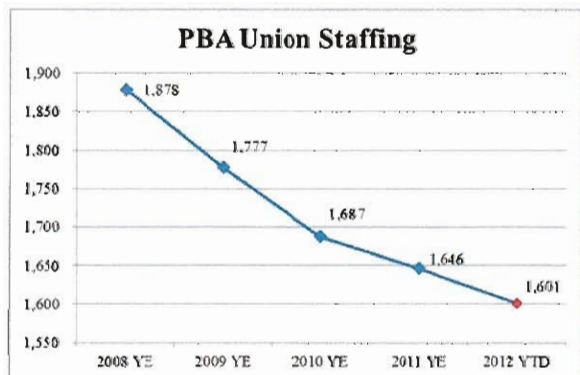
has decreased by 428 heads. The following charts illustrate the impact by each union.



The ranks of the Superior Officers Association (SOA) have shrunk by 92 members since the 2008 year-end as a result of retirement programs offered by the County and the State and a County-wide hiring freeze. It is the greatest percent decline, 22%, of all three police unions. Since SOA members get paid from both Headquarters and District, both funds have been impacted by their decline.



The Detectives Association, Inc. (DAI) has decreased by 59 members, or 14%, since the 2008 year-end. Also affected by the retirement programs, this union is staffed with designations from members of the Police Benevolent Association (PBA), so coupled with the early retirement programs and lack of Academy classes it is difficult to maintain former staffing levels.



The greatest decrease by number in sworn headcount is in the PBA. A total of 277 members, or 15%, have either retired or have been promoted since the 2008 year-end. Directly affected by the hiring freeze, the PBA has seen a sharp decline in the past few years. At this point, it is unclear if the Administration anticipates hiring a new class for the remainder of 2012 so police officer staffing levels will continue to decline.

**Housing & Intergovernmental Affairs**

The Department of Housing & Intergovernmental Affairs budget included sufficient funding for one position, the Executive Assistant to the Deputy County Executive. Additionally, OLBR is projecting a shortfall of \$635,024 in salaries due to the transfer of the Homeless & Employment Program from the Grant Fund to the General Fund. This shortfall will be offset and the salaries of the staff who work on that program will be paid through the state aid

reimbursement line which will show a surplus of \$670,800.

**Medical Examiner**

The budget for the Medical Examiner’s Office is inadequately funded due to the inclusion of \$822,619 in labor savings, which do not appear to be achievable, as well as the required staffing necessary for the Evidence Analysis Unit. This unit is responsible for handling latent fingerprinting. The work performed by this unit was previously outsourced by the Police Department and will now be conducted by the Medical Examiner’s office and therefore will require additional staff.

**Probation**

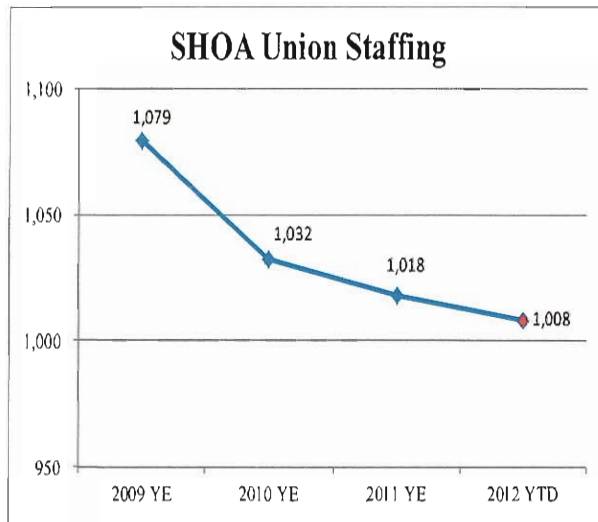
The Office of Legislative Budget Review (OLBR) projects the Probation department will have an estimated deficit of \$593,794. This shortage is directly correlated to additional overtime expenses that the department will incur and the inclusion of \$2.1 million in savings from initiatives. The department has realized the majority of the savings goal through vacancy savings. However it is anticipated that they will incur additional overtime cost due to low staffing levels.

**Correctional Center**

OLBR projects a surplus of \$96,662 for the Correctional Center. The department’s budget included \$2.2 million in labor savings initiative which are projected to be achieved in addition to covering \$2.1 million in terminal pay that was not included in the 2012 Adopted Budget.

Although the Correctional Center ShOA headcount is down by 10 positions from the 2011 year-end, the department continues to work to achieve their goal to maintain overtime levels lower than the 2011 actual of \$20.7 million.

## 2012 Staffing and Salary Update



The Sheriff's Officers Association (ShOA) headcount has declined by 71 members since 2009 year-end as a result of retirement programs offered by the County and the State and a County-wide hiring freeze. It is uncertain if the Administration anticipates implementing a new class in 2012, thus staffing levels may continue to drop.

### **Assessment**

As of May 1st, OLBR is projecting a \$1.2 million salary shortfall in the County Assessor's Office. The Office's current actual headcount is 163 and OLBR finds that it will cost \$9.6 million to fund the current staffing level for 2012.

The Assessment department estimates it has enough salary funding to cover its payroll until the beginning of November 2012. They are not sure how the shortfall will be filled since they have no excess funding available in their other lines. As of June 30, 2011, the office's full time headcount was 208 which is 45 less than the current headcount. The decline is attributed to the layoffs which occurred in July and December of 2011. The funding shortfall is the result of the \$1.4 million savings from workforce reductions included in the budget which, as of now, does not seem achievable.

### **The Board of Elections**

As of May 1, 2012, OLBR is projecting \$14.3 million in salaries which is a deficit of \$2.1 million compared to the FY 12 Adopted Budget. This is mostly attributed to the labor savings initiative of \$3.7 million built into the budget. According to the department, it is unknown how this will be achieved. However, there is a contingency fund of \$1.5 million that can be used to offset this shortfall. This year's salary projection is \$1.6 million higher than last year's actual of \$12.6 million.

### **The Department of Social Services**

OLBR projects a salary surplus in the Department of Social Services (DSS) of \$5.3 million due primarily to lower headcount. The department has been successful in shifting employees to the Grant Fund. From the employees previously laid off, the department has already rehired 26 Social Welfare Examiners to the Grant Fund. These employees were previously paid out of the General Fund. According to DSS, a \$1.2 million grant award, allowed the department to rehire the personnel. Although the department states that staff levels are reasonable based on current caseloads, it plans to hire 28 full-time Multi Keyboard Operators and 11 part-time clerical positions by June 1, which will be charged to the Grant Fund.

## 2012 Staffing and Salary Update

### Grant Fund

<b>Grant Fund Full Time Staffing Analysis</b>			
Department	Jan. 2010	May 2012	May 2012
	Headcount	Headcount	vs. January 2010
Health	94	77	(17)
Housing & Intergov't Affairs	87	69	(18)
Human Services	41	37	(4)
Medical Examiner	0	2	2
Probation	9	3	(6)
Parks, Recreation and Museums	4	11	7
Planning	6	0	(6)
Social Services	75	138	63
<b>Grand Total</b>	<b>316</b>	<b>337</b>	<b>21</b>

the Planning department is due to the transfer of these positions to the General Fund since they were not 100% working on the grant. The department expects to record the reimbursable portion of their salaries as a credit to the General Fund salary line.

The above chart provides the May 1, 2012 staffing in the Grant Fund compared to January 1, 2010. Since January 1, 2010, there has been a net increase of 21 full-time grant funded employees. The increase is due to an additional 63 positions in the Department of Social Services, offset by decreases in the Department of Health, Housing & Intergovernmental Affairs, Human Services, Probation and the Planning Department. Since the last round of layoffs that occurred in December, the Administration has re-hired a total of 28 employees into the Grant Fund that previously worked in the General Fund. These positions include two clerical positions in the Department of Health and 26 Social Welfare Examiner I's in the Department of Social Services. According to the Administration, these positions are 100% reimbursable.

The reduction of 18 full-time positions in the Department of Housing and Inter-governmental Affairs is due to the reduction in Housing and Urban Development (HUD) funding. The loss of 17 full-time positions in the Health department is due to the loss of the Lead Hazard Reduction grant and reduced funding from the Bioterrorism grant. The loss of six positions in

## Attachment A

<b>FY 12 Salary Analysis</b>			
<b>Department</b>	<b>2012 Budgeted Salaries</b>	<b>Projected Salaries</b>	<b>2012 Budget vs. Projection</b>
Assessment	8,434,763	9,629,511	(1,194,748)
Assessment Review Commission	1,800,980	2,167,123	(366,143)
Board of Elections	12,192,047	14,252,775	(2,060,728)
C.A.S.A.	250,950	290,021	(39,071)
Civil Service	3,858,344	4,235,889	(377,545)
Comptroller	6,410,289	6,071,678	338,611
Constituent Affairs	1,703,507	2,355,585	(652,078)
Consumer Affairs	1,690,540	1,668,869	21,671
Correctional Center	121,893,214	121,796,552	96,662
County Attorney	7,786,438	8,782,708	(996,270)
County Clerk	5,412,219	5,136,960	275,259
County Executive	1,751,629	1,751,054	575
District Attorney	28,218,694	27,868,914	349,780
Emergency Management	581,771	510,368	71,403
Health	13,966,902	14,604,656	(637,754)
Housing and Intergovernmental Affairs	82,700	717,724	(635,024)
Human Resources	708,004	569,916	138,088
Human Rights	270,333	558,364	(288,031)
Human Services	6,780,727	7,105,274	(324,547)
Information Technology	6,904,265	7,481,909	(577,644)
Labor Relations	227,000	259,586	(32,586)
Legislature	6,298,656	5,830,832	467,824
Medical Examiner	4,836,109	5,761,351	(925,242)
Minority Affairs, Office of	280,017	461,142	(181,125)
Office of Management and Budget	2,314,399	2,769,489	(455,090)
Parks, Recreation and Museums	13,502,466	13,643,527	(141,061)
Probation	16,672,571	17,266,365	(593,794)
Public Administrator	453,354	504,919	(51,565)
Public Works Department	26,537,741	24,775,118	1,762,623
Purchasing	1,083,245	940,930	142,315
Real Estate	757,249	742,710	14,539
Records Management	758,395	703,453	54,942
Social Services	48,973,297	43,709,722	5,263,575
Traffic & Parking Violations	2,835,441	3,203,221	(367,780)
Treasurer	2,121,810	2,102,124	19,686
Veterans' Services Agency	168,901	343,809	(174,908)
Unassigned Labor Savings	(84,324,037)	-	(84,324,037)
<b>General Fund Total</b>	<b>274,194,930</b>	<b>360,574,147</b>	<b>(86,379,217)</b>
Fire Commission	9,678,789	10,265,763	(586,974)
Police District	210,050,204	225,984,919	(15,934,715)
Police Headquarters	192,749,792	216,743,968	(23,994,176)
<b>Total Major Funds</b>	<b>686,673,715</b>	<b>813,568,796</b>	<b>(126,895,081)</b>
Sewer & Storm Water (SSW)	19,332,216	18,162,101	1,170,115
<b>Grand Total</b>	<b>706,005,931</b>	<b>831,730,898</b>	<b>(125,724,967)</b>



## Attachment B

<b>Full Time 2012 Staffing Analysis</b>			
<b>Department</b>	<b>2012 Budgeted Headcount</b>	<b>May Headcount</b>	<b>Budget vs. May Headcount</b>
Assessment	169	163	6
Assessment Review Commission	29	29	0
Behavioral Services	0	0	0
Board of Elections	143	141	2
C.A.S.A.	5	5	0
Civil Service	53	54	(1)
Comptroller	87	74	13
Constituent Affairs	43	39	4
Consumer Affairs	32	28	4
Correctional Center	1,227	1,175	52
County Attorney	112	109	3
County Clerk	103	81	22
County Executive	21	20	1
District Attorney	361	359	2
Emergency Management	7	7	0
Health	203	170	33
Housing and Intergovernmental Affairs	2	1	1
Human Resources	9	7	2
Human Rights	8	8	0
Human Services	96	84	12
Information Technology	81	72	9
Investigations	0	0	0
Labor Relations	5	3	2
Legislature	94	90	4
Medical Examiner	58	55	3
Minority Affairs, Office of	7	6	1
Miscellaneous	0	0	0
Office of Management and Budget	24	25	(1)
Parks, Recreation and Museums	172	156	16
Physically Challenged	0	0	0
Planning	0	0	0
Probation	236	197	39
Public Administrator	7	6	1
Public Works Department	471	430	41
Purchasing	16	11	5
Real Estate	10	7	3
Records Management	12	9	3
Senior Citizens Affairs	0	0	0
Social Services	816	631	185
Traffic & Parking Violations	46	43	3
Treasurer	35	29	6
Veterans' Services Agency	3	6	(3)
Youth Board	0	0	0
Workforce Reduction	(725)	0	(725)
<b>General Fund Total</b>	<b>4,078</b>	<b>4,330</b>	<b>(252)</b>
Fire Commission	101	97	4
Police District	1,545	1,495	50
Police Headquarters	1,671	1,566	105
<b>Total Major Funds</b>	<b>7,395</b>	<b>7,488</b>	<b>(93)</b>
Sewer & Storm Water (SSW)	304	272	32
<b>Total including Sewers</b>	<b>7,699</b>	<b>7,760</b>	<b>(61)</b>

Attachment C

Chart 1

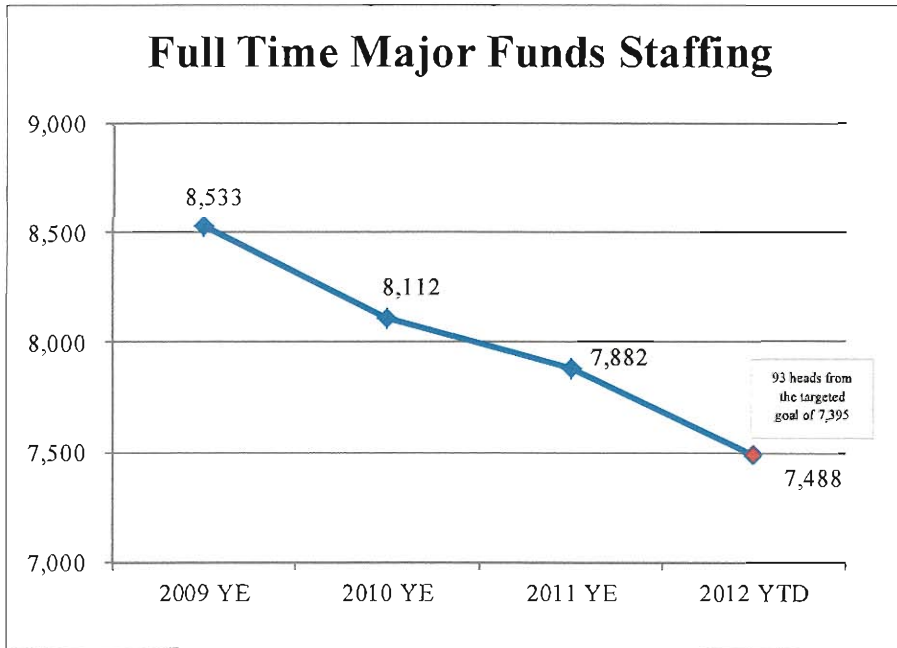


Chart 2

