

STATE OF NEW YORK
PUBLIC EMPLOYMENT RELATIONS BOARD

IMPROPER PRACTICE CHARGE

INSTRUCTIONS: File an original and four (4) copies of this charge with the Director of Public Employment Practices and Representation, New York State Public Employment Relations Board, 80 Wolf Road, Albany, NY 12205-2604. If more space is required for any item, attach additional sheets, numbering item accordingly.

DO NOT WRITE IN THIS SPACE

Case No.

Date Received:

1. CHARGING PARTY

- a. Name (If employee organization, give full name, including affiliation and local name and number): Police Benevolent Association, Police Department, County of Nassau, New York, Inc.
- b. Address (No. & Street, City and Zip Code, County): 89 E. Jericho Turnpike, Mineola, New York 11501 Telephone Number: (516) 294-6230
- c. Name and title of the representative filing charge: Gary DelaRaba, President
- d. Name, address and telephone number of attorney or other representative, if any, to whom correspondence is to be directed: Harry Greenberg, Esq. Solomon Richman Greenberg, P.C. 3000 Marcus Avenue, Lake Success, NY 11042 516-437-6443

2. PUBLIC EMPLOYER AND/OR EMPLOYEE ORGANIZATION AGAINST WHICH CHARGE IS BROUGHT

- a. Name and Address (No. & Street, City and Zip Code, County): Police Dept., County of Nassau 1490 Franklin Avenue, Mineola, NY 11052 Attn. Chief Robert Bishop County of Nassau, Office of Labor Relations, 1550 Franklin Ave., Mineola NY 11502 Attn: Dir. Frank Fazzio
- b. Telephone Number: (516) 573-7100 Chief John Costello (516) 571-3930

3. Is the charging party filing an application for injunctive relief pursuant to §204.15 of the Board's Rules of Procedure?
 YES X NO

VIOLATIONS ALLEGED

4. Pursuant to Article 14 of the Civil Service Law, as amended (Public Employees' Fair Employment Act), the charging party hereby alleges that the above-named respondent(s) has (have) engaged in or is (are) engaging in an improper practice within the meaning of the following subsections of Section 209-a of said Act (check the subsection(s) allegedly violated):

If by a public employer

If by an employee organization

- (x) 209-a.1(a)
() 209-a.1(b)
() 209-a.1(c)
(x) 209-a.1(d)
() 209-a.1(e)

- () 209-a.2(a)
() 209-a.2(b)
() 209-a.2(c) *

- * If the charge alleges a violation of Section 209-a.2(c) of the Act based on an employee organization's processing of or failure to process a claim that a public employer has breached its agreement with such employee organization, identify the public employer:

- a. Name and address (No. & Street, City and Zip Code, County):
- b. Telephone Number:

DETAILS OF CHARGE

5. Specify in detail the alleged violation(s). Include names, dates, times, places and particular actions constituting each violation. Use additional sheet(s), if necessary. Failure to supply sufficient factual detail may result in a delay in processing or dismissal of the charge.

SEE "ATTACHMENT A"

6. If the charge alleges a violation of Section 209-a.1(d) or 209-a.2(b) of the Act, has the charging party notified the Board in writing of the existence of an impasse pursuant to Section 205.1 of the Board's Rules of Procedure?

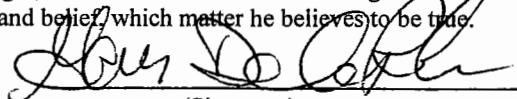
Yes No

7. Is the charging party available immediately to participate in a pre-hearing conference and a formal hearing?

Yes No

STATE OF NEW YORK)
COUNTY OF NASSAU) ss.:

 , being duly sworn deposes and says, that he is the charging party above named, or its representative, and that he has read the above charge consisting of this and five additional pages, and is familiar with the facts alleged therein, which facts he knows to be true, except as to those matters alleged on information and belief, which matter he believes to be true.



(Signature)

president

(Title)

Subscribed and sworn to before me
this 10 day of Jun., 2000.

HARRY GREENBERG
Notary Public, State of New York
No. 492008
Qualified in Nassau County
Commission Expires January 25, 192007

Attachment "A"

1. In or about November 1999 the Nassau County Legislature voted to override the real estate transfer tax portion of Nassau county's budget for the calendar year 2000, thereby reducing County revenue.

2. The value of the real estate transfer tax has been reported to be approximately \$60 million annually.

3. On or about Friday December 17, 1999, a County representative informed Gary DelaRaba, President of the Police Benevolent Association, Police Department, County of Nassau, N.Y., Inc., (hereinafter "PBA"), that representatives of Wall Street investment firms informed the County that unless the \$60 million loss in revenue, due to the elimination of the real estate transfer tax, is replaced Nassau County's bond rating will be dropped to junk status.

4. At the December 17th meeting a County representative further informed Mr. DelaRaba that unless the PBA and other employee organizations representing County employees agree to a two week payroll lag by Wednesday December 22, 1999, the day the County Legislature is scheduled to be in session, that the County will request and expects approval from the Legislature for hundreds of layoffs which will include police officers.

5. At the December 17th meeting a County representative further informed Mr. DelaRaba that the Wall Street investors were only concerned with the \$60 million short fall for the year 2000 and not the rest of the budget.

6. On or about Tuesday December 21, 1999, at approximately 8:30 PM representatives of the PBA and four other employee organizations representing County employees meet with Peter A. Bee, Esq. representing the County and Mr. Martin F. Scheinman, Esq., acting as a mediator, to determine if an agreement, such as proposed by the County, could be reached. This meeting concluded at approximately 5 AM on Wednesday December 22, 1999 with a tentative two week lag payroll agreement between the County and the PBA and the four other employee organizations representing County employees. The tentative agreement is attached as Exhibit 1.

7. At all times during the December 21st meeting the County representatives maintained that the only budget problem that needed resolution to avoid layoffs was the replacement of the \$60 million gap created when the Legislature eliminated the real estate transfer tax.

8. Upon information and belief the County Legislature approved the tentative agreement subject to each employee organization's ratification procedures.

9. The PBA on December 22, 1999 immediately began having meetings with its officers and delegates the purpose of which was to inform these individuals of the substance of the tentative lag payroll agreement. Shortly thereafter the PBA scheduled and held membership meetings to inform the membership as to the substance of the tentative lag payroll agreement.

10. During these informational meetings the officers, delegates and members expressed anger over the tentative lag payroll agreement and voiced their opinions which was to vote down the tentative lag payroll agreement. This information was conveyed to County and Police Department representatives immediately after each meeting and at a meeting between County/Police Department and PBA representatives on or about January 4, 2000.

11. Present at the January 4, 2000 meeting were Second Deputy Commissioner Andrew Mel Kenny, Assistant Chief Robert Bishop, Assistant Chief John Costello, Inspector Lawrence Mulvey, Deputy Inspector Karen O'Callaghan, Lieutenant Michael Crawford, Second Vice President, P.O. Allen Unterweiser, PBA 2nd Vice President, and P.O. Richard Goetchius, PBA 6th Precinct Trustee and P.O. Kevin Tobin, 7th Precinct Trustee. At the January 4th meeting County/Police Department representatives stated that the lag payroll agreement would have a negative effect on a police officer's pension.

12. At the January 4th meeting PBA representatives informed County/Police Department representatives that the vote as to whether to approve or disapprove the tentative lag payroll agreement was probably going to be sent out on or about mid February and finalized by February 25, 2000, to ensure that the PBA membership will be afforded the most accurate information available concerning the tentative lag payroll agreement and to permit emotions to subside.

13. After the January 4th meeting PBA members began calling the PBA office indicating they were further upset by information they heard from County/Police Department sources that the lag payroll would reduce their pensions if they were to retire.

14 On December 28, 1999 the PBA contacted the New York State Local Retirement System and inquired if the tentative lag payroll agreement would have a negative effect on a police officer's pension. Attached as Exhibit 2 is the December 28, 1999 inquiry.

15. By letter dated January 5, 2000, attached as Exhibit 3, the Retirement System responded, in pertinent part, "Retirement benefit calculations are based on the period in which the salary is earned; not the period it is paid. Therefore, the move to a lag payroll will not have any effect on benefit calculations."

16. On or about the December 30, 1999 newspaper reports, attached as Exhibit 4, indicated that New York State Comptroller Carl McCall issued a 10 page report that in substance states the Nassau County budget deficit for 2000 is approximately \$200 million, which amount is tens of million dollars more than was reported to the PBA by the County during the negotiations on December 21st and December 22nd that led to the tentative lag payroll agreement.

17. In the same newspaper article Nassau County Comptroller Fred Parola substantially agreed with New York State Comptroller Carl McCall.

NASSAU COUNTY FAILED TO BARGAIN IN GOOD FAITH

18. Paragraph 1 through 17 are incorporated as if fully stated herein.

19. The information disseminated by County/Police Department representatives to police officers, that indicated a police officer's pension will be negatively effected as a result of the lag payroll agreement, undermines the ratification procedures of the tentative lag payroll agreement and violates the County's duty to bargain in good faith which includes supporting the approval of the tentative lag payroll agreement. These acts violate the Taylor Law.

20. The information relied upon by the New York State and Nassau County Comptrollers, Mr. McCall and Mr. Parola respectively, to issue their separate and substantially similar findings must have been obtained from County records. These reports, as reported in newspaper articles, indicate a substantially higher budget gap than was reported by County representatives at the December 21st and 22nd negotiating sessions. Therefore the County's position during the December 21st and 22nd bargaining session that the only budget problem that needed to be resolved was the \$60 million gap created by the elimination of the real estate transfer tax, was not only inaccurate, wrong but intentionally misleading.

21. The intentionally false and inaccurate information conveyed by the County representative to the PBA representatives, as well as conveyed to the other four employee organizations representing County employees, during the December 21st and December 22nd meeting was bad faith bargaining in violation of the Taylor Law.

22. The budget deficit reported by New York State Comptroller Carl McCall and Nassau County Comptroller Fred Parola make it impossible for the County to perform the agreements contained in the tentative payroll agreement. Such conditions not only are bad faith bargaining but are also an anticipatory breach and thereby violate the Taylor Law.

23. Furthermore, the timing of the negotiation session called by the County to negotiate a two week lag payroll or face layoffs was schedule to leave the PBA with no alternative but to agree to a lag payroll without the ability to offer other options to resolve the then reported budget gap of \$60 million for 2000 which is now reported to be approximately \$200 million. The negotiating session called by the County for 8:30 PM on December 21st just 17 hours before the deadline imposed by the County to either agree to a two week lag payroll or face layoffs, was a gun to the head tactic. This resulted in the PBA not being able to explore other good faith options to resolve the County's budget gap and through due diligence to determine the bona fides of the County's representations.

24. The aforementioned acts by the County/Police Department resulting from the dissemination of inaccurate pension information do not support the approval of the tentative agreement and therefore violate section 209a 1. (d). See City of Saratoga Springs 20 PERB 3031 (1987); Bethlehem Police Benevolent Ass'n, 19 PERB 3044 (1986).

25. The remaining acts indicated above by the County/Police Department violate section 209a 1. (d).

NASSAU COUNTY INTERFERED WITH RESTRAINED AND
COERCED PBA MEMBERS IN THE EXERCISE OF THEIR
RIGHTS GUARANTEED IN SECTION 202 FOR THE
PURPOSE OF DEPRIVING THEM OF SUCH RIGHTS

26. Paragraph 1 through 25 are incorporated as if fully stated herein.

27. Section 202 Right of organization, in pertinent part, provides that "Public employees shall have the right to form, join, and **participate in**, ...any employee organization of their own choosing." (Emphasis added).

28. When the County/Police Department representatives disseminated inaccurate information regarding the effect of a lag payroll on a police officer's pension such inaccurate information negatively tainted the voting atmosphere and thereby polluting the voting period in which a ratification was to have taken place.

29. Approving a collective bargaining agreement, such as a lag payroll, is required to be approved by the PBA membership. Such approval of a collective bargaining agreement is a right provided by the "participate in" language of section 202.

30. The aforementioned acts by the County/Police Department violate section 202 and therefore section 209a 1. (a).

31. WHEREFORE, it is respectfully requested that the respondents be declared and ordered to:

- A. have bargained in bad faith;
- B. have violated the members rights to participate in the PBA in approving a collective bargaining agreement;
- C. void the tentative lag payroll agreement;
- D. delay the approval period pending the outcome of the instant petition;
- E. post a notice of these violations in the workplace;
- F. Any other remedy as PERB deems appropriate.

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5.

Memorandum of agreement this _____ day of December, 1999, by and between the County of Nassau (a public employer within the meaning of Article XIV of the New York State Civil Service Law, and hereinafter referred to as the "County"), and the Police Benevolent Association (PBA), the Superior Officers' Association (SOA), and the Detectives Association, Inc. (DAI), the Civil Service Employees Association (CSEA), and the Sheriff's Officers' Association (ShOA) (all of which are employee organizations within the meaning of Article XIV of the New York State Civil Service Law, and are hereinafter collectively referred to as the "unions")

WITNESSETH

WHEREAS, each of the unions has a collective bargaining relationship with the County under Article XIV of the New York State Civil Service Law; and

WHEREAS, the County and the unions have engaged in collective bargaining with respect to the avoidance of layoffs and a certain topic generically referred to as a "lag payroll"; and

WHEREAS, neither the aforesaid recitals nor this agreement shall be construed to affect the claims of either the CSEA or the ShOA with respect to the status of either as the bargaining agent of any employees of County; and

WHEREAS, the County and the unions have reached agreement, subject to the terms hereinafter recited, with respect to the avoidance of layoffs and a lag payroll, now, therefore, it is

AGREED as follows:

1. Each of the undersigned unions, on behalf of its unit members, does hereby agree that County may, during calendar year 2000, institute and maintain a "lag payroll" as that term is hereinafter defined.

2. A "lag payroll" shall mean such payroll changes (to be made on or after April 1, 2000) in the timing and amount of regular base pay as shall result in the deferral of ten days' pay (one full bi-weekly paycheck)(pro-rated, if and where applicable, for less than a full years' service) for each unit member during the fifty-two calendar weeks of calendar year 2000. The deferred ten days' pay (or pro-rated amount) shall be deferred until the unit member separates from County service, at which time payment shall be made at the then-current rate. The methodology of implementation shall be to pay 10 days pay in an 11 day period. Any disputes about this methodology shall submitted to Arbitrator Scheinman.

3. The "lag payroll" shall be construed so as to be compliant with local, State and Federal Law; so as to effectuate the intent of the parties that annual pay rates, daily rates of pay, hourly rates of pay, etc., shall be unchanged and unaffected for contract calculation purposes; and so as to effectuate the parties' intent that the deferred monies be deemed deferred but pensionable salary;

however, the parties' further intent is that said deferred pay shall not be deemed to be a part of the County's year 2000 budget.

4. The County shall initiate and/or support by Home Rule Message and otherwise the passage of any State or County legislation necessary to effectuate the foregoing. In the event that such legislation is not passed, and it is further determined by competent authority that the deferred monies are not pensionable, Arbitrator Scheinman shall have jurisdiction to determine a "make whole" remedy.

5. It is the desire and goal of the County and the unions to avoid the layoff (e.g., separation from service, or demotion by "bump and retreat") or furlough ("relief from duty") of personnel. The County shall not terminate (or "bump & retreat" demote) ~~any~~ personnel by lay off (nor "relieve from duty") in calendar year 2000. In the event the County does terminate (or "bump & retreat" demote) ~~any~~ personnel by lay off (or "relieve from duty") prior to 12/31/02, then the County shall forthwith thereafter terminate the lag payroll program by paying to all ~~unit~~ personnel whose salary has been deferred, the full amount of such deferred salary (at the then-current rate).

6. There is hereby established a Committee of the undersigned five union Presidents (or their designees) whose purpose shall be to investigate more efficient and cost-effective methods of County governmental operations. The County shall reasonably cooperate with said Committee in the production of information. The Committee shall make advisory recommendations to the County Executive.

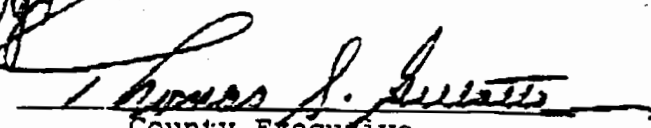
7. A breach of the terms of this Memorandum shall be a grievance under each respective union collective bargaining agreement, but the processing of such grievance shall be on an expedited basis with a right of the union to proceed to the arbitration stage of their respective union contract grievance procedure within ten days of the filing of the grievance, under the binding jurisdiction of Arbitrator Scheinman).

8. Arbitrator Martin Scheinman is empowered to act as the binding arbitrator for a grievance by the PBA or DAI or SCA that the memoranda of agreement between the County and the PBA dated September, 1999, and/or the memoranda of agreement between the County and the DAI dated December, 1999 and/or any comparable memoranda of agreement between the County and the SCA (which will be executed upon ratification of this MOA), are not comparable with respect to their economic terms.

9. This Memorandum is subject in all respects to the internal ratification procedures of each of the unions, the County Executive and the Nassau County Legislature; however, each of the undersigned union representatives agrees to recommend the terms of this Memorandum to their respective Executive Boards. This Memorandum shall be inoperative as to any union which fails to ratify within 45 days, except that in the case of the ShOA, such ratification is contingent upon execution of a further Memorandum of Agreement for the terms and conditions of an initial County/ShOA Collective Bargaining Agreement.



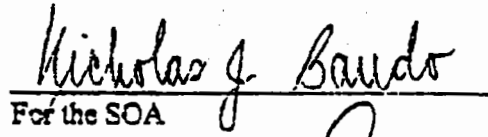
For the County Labor Relations



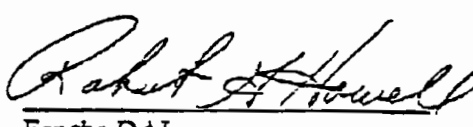
County Executive



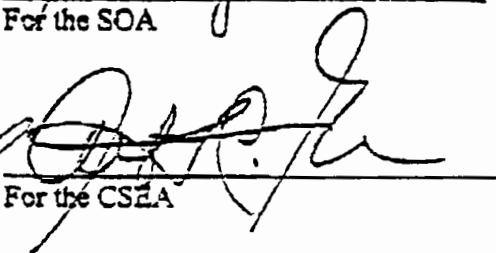
For the PBA



For the SOA



For the DAI



For the CSEA



For the ShOA

Dated: December 22, 1999
Mineola, New York

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LAW OFFICES
SOLOMON RICHMAN GREENBERG P. C.

SIDNEY N. SOLOMON
THEODORE C. RICHMAN
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HARRIS D. KANTOR

3000 MARCUS AVENUE
LAKE SUCCESS, NEW YORK 11042
(516) 437-6443
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SUZANNE DARROW-KLEINHAUS
ALSO ADMITTED IN NEW JERSEY

December 28, 1999

Fax (518) 486-3106
Steven Lillienstein, Esq.
Assistant Counsel
New York State Local Police and Fire
Retirement System
Governor Smith Office Building
Albany, New York 12244

Re: Nassau County - Lag Payroll

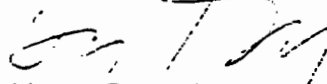
Dear Mr. Lillienstein:

In accordance with our telephone conversation today enclosed is the tentative agreement reached between five employee organizations and Nassau County regarding lag payroll.

As I indicated in our conversation today there is a concern that the attached lag payroll tentative agreement will have a detrimental effect on an employees pension. Upon review of the attached tentative lag payroll agreement please inform me of the effect, if any, the lag payroll will have on the calculation of an employees pension.

If you need any further information please do not hesitate to contact me.

Very truly yours,



Harry Greenberg

cc: Gary DelaRaba
Ken Long
Al Unterweiser

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5.

Memorandum of agreement this _____ day of December, 1999, by and between the County of Nassau (a public employer within the meaning of Article XIV of the New York State Civil Service Law, and hereinafter referred to as the "County"), and the Police Benevolent Association (PBA), the Superior Officers' Association (SOA), and the Detectives Association, Inc. (DAI), the Civil Service Employees Association (CSEA), and the Sheriff's Officers' Association (ShOA) (all of which are employee organizations within the meaning of Article XIV of the New York State Civil Service Law, and are hereinafter collectively referred to as the "unions")

WITNESSETH

WHEREAS, each of the unions has a collective bargaining relationship with the County under Article XIV of the New York State Civil Service Law; and

WHEREAS, the County and the unions have engaged in collective bargaining with respect to the avoidance of layoffs and a certain topic generically referred to as a "lag payroll"; and

WHEREAS, neither the aforesaid recitals nor this agreement shall be construed to affect the claims of either the CSEA or the ShOA with respect to the status of either as the bargaining agent of any employees of County; and

WHEREAS, the County and the unions have reached agreement, subject to the terms hereinafter recited, with respect to the avoidance of layoffs and a lag payroll. now, therefore, it is

AGREED as follows:

1. Each of the undersigned unions, on behalf of its unit members, does hereby agree that County may, during calendar year 2000, institute and maintain a "lag payroll" as that term is hereinafter defined.
2. A "lag payroll" shall mean such payroll changes (to be made on or after April 1, 2000) in the timing and amount of regular base pay as shall result in the deferral of ten days' pay (one full bi-weekly paycheck)(pro-rated, if and where applicable, for less than a full years' service) for each unit member during the fifty-two calendar weeks of calendar year 2000. The deferred ten days' pay (or pro-rated amount) shall be deferred until the unit member separates from County service, at which time payment shall be made at the then-current rate. The methodology of implementation shall be to pay 10 days pay in an 11 day period. Any disputes about this methodology shall submitted to Arbitrator Scheinman.
3. The "lag payroll" shall be construed so as to be compliant with local, State and Federal Law; so as to effectuate the intent of the parties that annual pay rates, daily rates of pay, hourly rates of pay, etc., shall be unchanged and unaffected for contract calculation purposes; and so as to effectuate the parties' intent that the deferred monies be deemed deferred but pensionable salary;

however, the parties' further intent is that said deferred pay shall not be deemed to be a part of the County's year 2000 budget.

4. The County shall initiate and/or support by Home Rule Message and otherwise the passage of any State or County legislation necessary to effectuate the foregoing. In the event that such legislation is not passed, and it is further determined by competent authority that the deferred monies are not pensionable, Arbitrator Scheinman shall have jurisdiction to determine a "make whole" remedy.


5. It is the desire and goal of the County and the unions to avoid the layoff (e.g., separation from service, or demotion by "bump and retreat") or furlough ("relief from duty") of personnel. The County shall not terminate (or "bump & retreat" demote) ~~any~~ ^{any} personnel by lay off (nor "relieve from duty") ~~in~~ a calendar year 2000. In the event the County does terminate (or "bump & retreat" demote) ~~any~~ personnel by lay off (or "relieve from duty") prior to 12/31/02, then the County shall forthwith thereafter terminate the lag payroll program by paying to all ~~unit~~ personnel whose salary has been deferred, the full amount of such deferred salary (at the then-current rate).


6. There is hereby established a Committee of the undersigned five union Presidents (or their designees) whose purpose shall be to investigate more efficient and cost-effective methods of County governmental operations. The County shall reasonably cooperate with said Committee in the production of information. The Committee shall make advisory recommendations to the County Executive.


7. A breach of the terms of this Memorandum shall be a grievance under each respective union collective bargaining agreement, but the processing of such grievance shall be on an expedited basis with a right of the union to proceed to the arbitration stage of their respective union contract grievance procedure within ten days of the filing of the grievance, under the binding jurisdiction of Arbitrator Scheinman).

8. Arbitrator Martin Scheinman is empowered to act as the binding arbitrator for a grievance by the PBA or DAI or SCA that the memoranda of agreement between the County and the PBA dated September, 1999, and/or the memoranda of agreement between the County and the DAI dated December, 1999 and/or any comparable memoranda of agreement between the County and the SCA (which will be executed upon ratification of this MOA), are not comparable with respect to their economic terms.

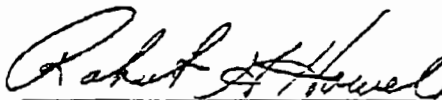
9. This Memorandum is subject in all respects to the internal ratification procedures of each of the unions, the County Executive and the Nassau County Legislature; however, each of the undersigned union representatives agrees to recommend the terms of this Memorandum to their respective Executive Boards. This Memorandum shall be inoperative as to any union which fails to ratify within 45 days, except that in the case of the ShCA, such ratification is contingent upon execution of a further Memorandum of Agreement for the terms and conditions of an initial County ShCA Collective Bargaining Agreement.

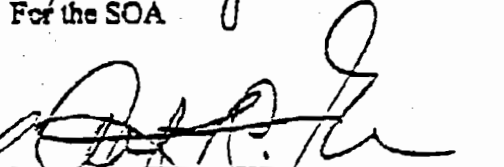

For the County Labor Relations


Thomas J. Curran
County Executive


For the PBA

Nicholas J. Bardo
For the SOA


For the DAI


For the CSEA


For the ShOA

Dated: December 22, 1999
Mineola, New York

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New York State and Local Retirement System
Employees' Retirement System
Police and Fire Retirement System

H. Carl McCall, State Comptroller

Gov. Smith State Office Building, Albany, New York 12244

Steven A. Lillienstein, Assistant Counsel
Telephone: 518-473-1968

Fax: 518-486-3106
<http://www.osc.state.ny.us>
E-mail: Steve_Lillienstein@NYSLRS.osc.state.ny.us

January 5, 2000

Harry Greenberg, Esq.
Solomon Richman Greenberg P.C.
300 Marcus Avenue
Lake Success, New York 11042

Re: Lag Payroll

Dear Mr. Greenberg:

This letter will respond to your letter dated December 28, 1999, in which you inquire about any pension consequences that would be attributable to the institution of the lag payroll, as set forth in the December 22, 1999, agreement you forwarded to me.

Retirement benefit calculations are based on the period in which salary is earned; not the period it is paid. Therefore, the move to a lag payroll will not have any effect on benefit calculations.

Very truly yours,


Steven A. Lillienstein
Assistant Counsel

SAL/rs



State Comptroller McCall cites "fiscal recklessness"



Nassau Comptroller Parola warns of "financial disaster"

Bad Forecast GROWS WORSE

State, county watchdogs see Nassau deficit closer to \$200M

By Celeste Hadrick and Al Baker

STAFF WRITERS

Two financial watchdogs warned yesterday that Nassau County's budget deficit could reach nearly \$200 million next year — far more than the \$115 million projected less than a month ago — despite frantic attempts by Republican officials to balance the books by increasing property taxes while cutting spending.

In separate reports, State Comptroller Carl McCall predicted that Nassau could wind up \$190 million in the red by the end of 2000 and County Comptroller Fred Parola calculated the likely deficit at \$150 to \$180 million.

The two officials, who said they did not consult each other in analyzing Nassau's \$2.1 billion budget, each blamed Nassau's continuing fiscal problems on

unrealistic revenue and spending estimates, financial gimmicks that provide one-time infusions of cash to cover recurring costs and overreliance on borrowing to pay operating expenses.

"Hardworking county employees and all taxpayers are paying the price for years of fiscal recklessness by the county executive and legislature," McCall, a Democrat, said in a news release accompanying a 10-page report to County Executive Thomas Gulotta. "This is a pain that could have and should have been averted."

At a news conference in Mineola, Parola, a Republican, released a three-page report that concluded, "If sweeping reform is not undertaken immediately, Nassau will be confronted with financial disaster and restricted access to financial markets."

Wall Street dropped the county's credit rating to just-above junk-bond status during the summer because of the county's fiscal problems and warned that further downgrading is possible.

Attempting to solve the budget woes, the Republican majority on the county legislature reworked Gulotta's proposed 2000 budget, which Parola calculated was \$120 million out of balance, and declared it sound after increasing county property taxes by 10.5 percent and enacting a 1 percent real estate transfer tax.

But after voters revolted in November and gave Democrats a 10-9 edge on the legislature next year, the lame-duck Republican majority repealed the unpopular transfer tax. Republican legislators have since worked frantically with Gulotta to close a resulting \$60 million budget hole by enacting service cuts, a

payroll lag and other measures.

Deputy Presiding Officer Peter Schmitt (R-Massapequa), who will become minority leader when the new legislators take office next week, yesterday rejected both comptrollers' reports, calling their estimates meaningless.

"It's just projections," Schmitt said. "From the information we have, the budget is substantively balanced."

Carolyn Smith, a spokeswoman for Gulotta, said she had not seen McCall's report and couldn't comment on it. But she criticized Parola for not offering "any positive or constructive suggestions to resolve the issue," though Parola said in his report that he has repeatedly suggested cost-saving measures. Most recently, he suggested streamlin-

See DEFICIT on A42

Newsday 12/30/99

DEFICIT from A3

ing the county's handling of tax refunds as a way to save millions of dollars.

Meanwhile, Minority Leader Judy Jacobs (D-Woodbury), who will become presiding officer next week, said Democrats had suspected that the county's financial problems were worse than they or the public had been told.

"If ever there was a time for us to roll up our sleeves and get to the bottom of this mess, this is it," she said.

McCall's projected \$190 million deficit includes the \$60 million loss in revenues from the transfer tax. His report also contends that appropriations for overtime expenses are \$37 million short, questions the reality of \$26 million in undetailed "budget reductions" listed in the spending plan, and doubts whether \$22 million in aid from New York State will be received. The report calculates that Medicaid expenses are underestimated by \$12 million and sales tax revenues are overestimated by \$11 million, and projects another \$22 million in potential shortfalls because of the need to subsidize police spending through general taxes.

As he has in the past, McCall also

criticized the county's borrowing to finance tax refunds, noting that the county borrowed \$147.2 million in 1998 to pay the refunds and other court-ordered judgments.

Without being able to review McCall's report in detail, Parola said his projected deficit is slightly smaller than McCall's because he credits Gulotta and the legislature with some of the spending curbs they have recently enacted, such as the service cuts. "That measure is expected to save \$10 million next year."

If all assumptions in the budget came true, the best-case scenario is a \$125 million deficit, he said. But a hole between \$150 million and \$180 million is more likely, he added.

Parola projects shortfalls of various amounts in police and parks spending as well as in general operating costs. He also agrees that the budget underestimates Medicaid costs, though he puts the difference at \$10 million.

Parola said, "It is my hope that this report... will be utilized to get down to brass tacks and get down to real solutions that will finally end this nightmare of red ink that has plagued this county."

Jerry Markon contributed to this story.

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