

## **Comptroller's Comments On The Terms of the Contract Between Nassau County and The Police Benevolent Association**

October 2, 2003

On September 14, a panel of arbitrators issued its opinion and award concerning the labor contract between Nassau County and the Police Benevolent Association (PBA), the county's largest police union. The county's previous labor contract with the PBA expired on December 31, 2000. This award covers the period January 1, 2001 through December 31, 2006.

On September 15, County Executive Thomas R. Suozzi presented to the Nassau County Legislature his revised Multi-Year Financial Plan (the Plan) for the years 2004 through 2007. As in the county executive's previous financial plans, the Plan identifies certain targeted union concessions to be used as gap-closing measures against the county's structural budgetary deficit. For the PBA, the County Executive projects annual savings that will reach \$35 million by FY 2006, a level consistent with the assumptions included in his May 2003 multi-year financial plan.

The Comptroller's office has examined the PBA arbitration award and has concluded that it will achieve the savings identified by the administration, subject to the resolution of two open issues: civilianization and minimum staffing.

While we have projected savings of approximately \$5 million per year for civilianization, a final analysis of the savings will have to await an additional agreement between the county and the PBA specifying the positions to be civilianized. If no agreement is forthcoming, the issue will be resolved by arbitration. Also, although we project savings of approximately \$3 million per year from minimum staffing provisions, the provisions are not yet resolved. This is due to the arbitration panel's decision to issue its award in two parts, in order to facilitate the fiscal 2004 budget process. The personnel provisions are subject to the second part of the award.

The following schedules present the results of our analysis. Schedule A compares the estimated cost of the PBA contract included in FY 2001's and 2002's audited results with the actual cost of the contract. Schedule B presents a comparison between the administration's May 2003 savings goal for the PBA contract and estimates of actual contract savings by the administration and the Comptroller's office.

During fiscal years 2001 and 2002, reserves were established for the potential costs of the unresolved PBA labor agreement. The amounts reserved were based on the last contract awarded to Suffolk County's PBA. As presented in Schedule A, the actual PBA award resulted in savings of \$17.6 million for FY 2001 and FY 2002, which will be included in the 2003 operating surplus. We understand that the administration plans to use these savings to fund potential police retirements.

### ANALYSIS OF 2001- 2006 PBA CONTRACT

(\$'s in millions)

#### Schedule A

Audited Financial Results	Additional Estimated Cost of PBA Contract	Actual Cost of PBA Award	Savings
2001	\$ 7.8	-	\$ 7.8
2002	17.7	\$ 7.9	9.8
<b>Total</b>	<u>\$ 25.5</u>	<u>\$ 7.9</u>	<u>\$ 17.6</u>

#### Schedule B

	Administration's May-03 PBA Savings Goal	Administration's Analysis of Projected Savings under PBA Contract	Comptroller's Analysis of Projected Savings under PBA Contract	Difference between Administration's and Comptroller's Analysis of PBA Savings
2003	-	\$ 8.1	\$ 8.2	\$ 0.1
2004	9.8	19.4	23.7	4.3
2005	25.5	30.0	32.8	2.8
2006	35.0	34.9	34.8	-0.1

Subject to the resolution of the personnel issues concerning civilianization and minimum staffing, our analysis concludes that the PBA award will achieve the savings projected by the administration for the fiscal years 2003 through 2006. Although we do not yet know the amounts, by union, to be included in the proposed financial plan for 2007, we have examined total personnel costs for the Police Headquarters and Police Districts Funds for 2007 and believe that the Plan contains reasonable projections of these expenditures. In addition, while the Comptroller's office will be preparing a separate analysis of the 2004 budget and multi-year plan, we believe the impact of the PBA award has been accurately reflected therein.