

**NASSAU COUNTY
OFFICE OF THE COMPTROLLER**

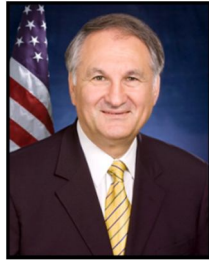


**AN ECONOMIC VISION TO CONFRONT
NASSAU COUNTY'S DEMOGRAPHIC TRENDS**

**George Maragos
Nassau County Comptroller**

November 18, 2014

**NASSAU COUNTY
OFFICE OF THE COMPTROLLER**



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1.0 EXECUTIVE SUMMARY

An analysis of United States Census data shows that Nassau County's population is stagnant, aging rapidly and a significant percentage of college-bound young adults do not return to the County, pursuing career opportunities elsewhere. Nassau County's population has been relatively stagnant between 2000 and 2013, growing only by 1.3%, far below Queens County, Suffolk County, New York State and the national average. Projections indicate that over the next 10 years, by 2024:

1. Nassau County's population will decline by approximately 3.0% from 2012 to 2024.
2. The senior (60+) segment will increase to 27.4% of the County population, up from 22.2% in 2012.
3. The County will continue to experience a decrease of 11.1% of those aged 10-19, who will go on to college or move elsewhere and do not return to Nassau County.
4. The 0-9 year old segment will have approximately 60,000 fewer children or about 30% less than in 2000.

Nassau County's demographic trends should be cause for significant concern. They can be anticipated to have serious future economic ramifications for our schools, taxes and real estate prices.

Many theories abound to explain the decline in our youth populations ranging from the high cost of living, lack of affordable housing and diminishing career opportunities to dull neighborhoods. While we find that these hypotheses may have some merit, they do not fully explain why other regions with a higher cost of living and higher unemployment rates or fewer entertainment options are growing faster and are attracting our youth. For example, Washington, D.C., New York City and San Francisco have a higher cost of living and higher unemployment rates but are attracting youth and continue to grow. It is interesting to note that over a decade ago D.C. and Long Island were comparable in terms of average age, now it is almost ten years younger.

We find that the regions and cities that are growing the fastest have one common element. They each have one or more world leading industry concentrations or "clusters" that are self-sustaining and regenerating through innovation.

We propose that Nassau County and Long Island focus on emulating successful youth-oriented examples such as Austin, Texas, Silicon Valley, California and Raleigh, North Carolina in order to reinvigorate our local economy. We offer a grand vision for Nassau County to become the Healthcare capital of the world, supported by a high-speed public transportation system to link major areas of the County with New York City.

Healthcare is our biggest local industry; we have some of the best hospitals and healthcare professionals, buttressed by some of the best universities and a highly educated work force. For example, St. Francis (ranked #6) and North Shore University (ranked #10) hospitals are both ranked in the Top 10 of the 180 hospitals in the highly competitive New York Metro Region with another four in the Top 25: Winthrop (ranked #14), South Nassau (ranked #19), John

Mather Memorial (ranked #23) and Long Island Jewish (ranked #23). Together, these six local hospitals have Nationally Ranked Specialties in the fields of Cardiology, Gastroenterology, Geriatrics, Orthopedics and Neurology- with another 44 high performing specialties as ranked by US News and World Report. We need to harness all of these resources and talents to become world leaders in healthcare and medical research. Employment statistics show that over 20% of the jobs in Nassau County are already in Healthcare and Social Services.

Nassau County and Long Island should be the domestic and global destination for people to come to receive the best treatment, where new revolutionary medicines of the future will be discovered to cure major diseases, such as cancer, diabetes, Alzheimer's, dementia and others. Where new high-tech instruments will be conceived and Information Technology will be at the forefront of controlling healthcare costs. Such a vision will attract the best talent; invite huge investments and spawning vibrant economic growth.

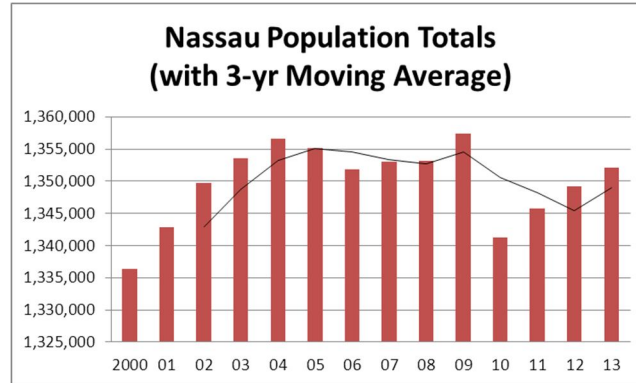
High-speed public transportation and ultra high-speed communication networks are essential components in revitalizing economic growth. Linking these networks with New York City will make Nassau County an extension of the financial, advertising and entertainment industries. Combined with Long Island's excellent schools, Nassau County can again become one of the best places in the United States to live, have an exciting career and raise a family.

We hope that this Study stimulates a public debate on what economic future we want for Nassau County and Long Island.

2.0 NASSAU COUNTY LAGGING YOUTH AND AGING POPULATION TRENDS

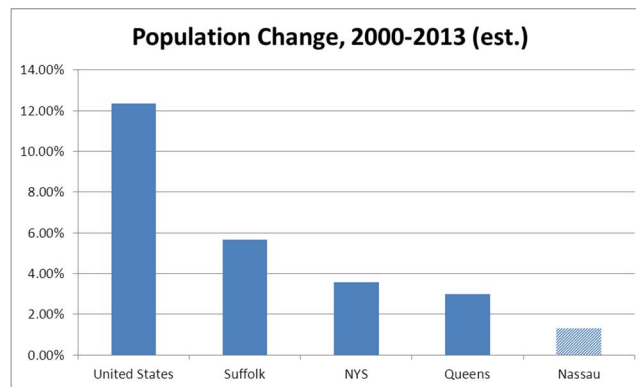
Nassau County's ("Nassau" or "County" interchangeably) population has marginally increased from 2000 to 2013, increasing by a net of just over 17,600 total residents or 1.32%.¹ However, it is still less than the levels reached in 2009 (Figure 1).

Figure 1 (*scaling adjusted to show population volatility*):



Comparatively, the County lags behind both Suffolk County's ("Suffolk") thirteen-year growth rate of 5.7% and that of Queens County ("Queens") at 3.0%.² Nassau also lags behind New York State ("NYS") and the United States ("US"), which have seen population increases of 3.56% and 12.33%, respectively over the same period (Figure 2).³

Figure 2:



¹ Google.com, *Public Data*, https://www.google.com/publicdata/explore?ds=kf7tgg1uo9ude_&met_y=population&idim=county:36059&dl=en&hl=en&q=nassau%20county%20population, (accessed on November 27, 2013; citing (U.S. Census Bureau, Last updated: September 25, 2013)).

² *Id.*

³ *Id.*

In addition to stagnant growth, the County's population is aging. According to the 2000 Census, the County had a youth population (less than 20 years old) of 358,900, working-age population (20-59) of 718,700 residents and a senior population (60+) of 256,900 (as of the most recent estimates by group from the 2012 Census Update; the 2013 Census Update has not yet been released as of the date of this Study)).⁴ The population of those younger than 20 has decreased by about 18,900 or 5.3% to 340,000 and a reduction in the working-age population (20-59) of over 9,000 or 1.3% to 709,700. At the same time, the senior population (60+) has increased by 42,600 or 16.6% to 299,500 (Figure 3).⁵ This Office recognizes that the Senior population comprises a large percentage of wealth in Nassau and that many in this Cohort continue to be employed after 60; however, we assess the class of "Seniors" based on when a majority of public and retirement benefits become available to residents, which varies between 55-65 years of age.⁶

Nassau also has the oldest population on a median level when compared to other jurisdictions.⁷ The median age in Nassau in 2012 was 41.5, which was higher than neighboring Suffolk (40.8) and Queens (37.7) and higher than that of NYS (38.2) and of the US (37.5).⁸

Figure 3: Nassau County Aging Population Trends

Age Range	2000	2010	% Change 2000-10	2012	% Change 2010-12
0-19	358,923	344,970	-3.9%	340,007	-1.4%
20-59	718,696	710,952	-1.1%	709,697	-0.2%
60+	256,925	283,610	10.4%	299,530	5.6%
TOTAL	1,334,544	1,339,532	0.4%	1,349,233	0.7%

In order to better understand the County's demographic trends, the age groups need to be dissected into smaller age ranges and tracked as they age. The Census Bureau calls this age tracking analysis of individual population groups, "Cohorts."

In absolute terms, during the period 2000-2012, when the County's population remained stagnant, certain age groups actually increased. Comparing each age group horizontally, it can be seen that the age groups 10-19, 20-29, 50-59 and 60+ experienced large percentage gains. Similarly, there were declines in the age groups of 0-9, 30-39 and 40-49. The largest increases in the older age groups were a 25.9% gain in the 50-59 age group and a 16.6% gain in the 60+ age group. The largest declines were in the 30-39 age group, with a 25.4% decline, and in the 0-9 group with a 16.6 % decline. Column D in Figure 4 on the following page shows the percentage change between 2000 and 2012 in absolute terms of each age group.

⁴ United States Census Bureau, AGE, GROUP & SEX, *American Fact Finder*, 2000, 2010 and 2012 (est.), <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>, (accessed October 2012).

⁵ *Id.*

⁶ Certain New York State Retirement System public employees may retire at age 55, senior discounts for parks and museums in New York State and Nassau start at 62 and New York State Enhanced STAR program starts at 65.

⁷ *Id.*

⁸ *Id.*

However, looking just at absolute demographic changes can be deceptive, as it does not adequately account for aging. Aging or “Cohort” analysis provides greater insight into demographic trends by describing more accurately the demographic dynamics of the County. Aging allows the tracking of individual demographic age segments within the community. Cohort analysis compares a population using age groups before and after that population is aged (assuming migration exists and death factors are not significant). This Office recognizes that a margin of error exists when using 10 year Cohorts over a 12-year period.

When aging is factored into the demographic profile of each Cohort, the population trends appear quite different than the absolute comparisons. The “Aging %” change shows quite different results from the “Absolute %” change as shown in Figure 4. The absolute results are almost inverted. The age groups of 20-29 and 50-59, which had the largest absolute percent gains, now actually reveal the largest declines. The decline clearly reflects that each younger group in aging by 12 years has lost population from what it would have been assuming no out-migration or significant deaths. The 30-39 age group which had the largest absolute population decline of 25.4%, now actually shows a healthy gain of 8.8%. The only other Cohort showing a small gain is the 10-19 age group because of the larger 0-9 group aging into the 10-19 group. The increase in the 60+ age group under both calculations confirms the further aging of the County’s population.

Aging of the Cohorts confirms a decline of 11.1% in the critical young adult 20-29 population from 2000 to 2012 (Figure 4, Column E) from what it could have been without migration and deaths. The young adult population may be a reflection of young adults 10-19 going to college and many not coming back because of lack of opportunity, the high cost of living and the attraction of other more exciting areas with greater perceived career potential. In addition, negative population changes were noted in the age groups 40-49 and 50-59 of 2.8% and 4.3%, respectively from what it could have been from natural aging. The decline in absolute growth in the 0-9 Cohort from 2000 to 2012 will also have significant negative implications over the next 10 years, as it will filter in declines in the 10-19 age group, with negative ramifications for schools and further declines in the 20-29 age group. **Overall, the County’s population is projected to decline by approximately 3.0% from its current level in 2012 (1,349,233 in 2012 to 1,309,129 in 2024).**

Figure 4:

NASSAU COUNTY POPULATION TRENDS						
Generation	Age Cohort	A	B	C	D	E
		2000	2012	2024	Absolute % 2000-2012	Aging % 2000-2012
1	0-9.	182,820	152,463	121,434	-16.6%	-33.6%
2	10-19.	176,103	187,543	156,402	6.5%	-11.2%
3	20-29.	138,946	156,511	166,679	12.6%	-11.1%
4	30-39.	202,609	151,114	170,217	-25.4%	8.8%
5	40-49.	214,300	196,988	146,922	-8.1%	-2.8%
6	50-59.	162,841	205,083	188,516	25.9%	-4.3%
7, 8, 9	60+.	256,925	299,530	358,959	16.6%	16.6%
TOTAL		1,334,544	1,349,233	1,309,129	1.1%	-1.9%
7	60-69.	108,432	147,066	185,217	35.6%	-9.7%
8	70-79.	98,100	85,002	115,288	-13.4%	-21.6%
9	80+.	50,393	67,462	58,454	33.9%	-31.2%

The decline in the 0-9 Cohort is the result of fewer children being born or moving into the County. In 2000, children between the ages of 0-9 composed 13.7% of the population. In 2012, this number was reduced to 11.3% of the County's population and in 2024 is projected to be approximately 9.3% of the population. This would represent an overall decline in this age group of approximately 61,400 children or 33.6% from 2000. The trend is clearly illustrated in the reduction of state education funding allocated to Long Island.⁹ As Governor Cuomo has publicly stated, since school year 2008/09 to the end of the 2012/13 school year, enrollment of Long Island's student population has decreased by about 17,500 or 3.8%.¹⁰

If the same aging and demographic trends continue as experienced during 2000-2012, then by 2024, we can project that (Figure 5);

1. The County's population will decline by approximately 3.0% from its level in 2012,
2. The senior (60+) segment will increase to 27.4% of the County's population, up from 22.2% in 2012,
3. All other age groups of the County's population will shrink except for age groups 20-29 and 30-39 which will experience increases.
4. The County will continue to experience an overall decrease (after aging) of 11.1% of 10-19 going on to college or elsewhere and not coming back, and
5. The 0-9 age group will continue to see significant declines of approximately 31,000 children from 2012 to 2024 on top of approximately 30,000 decline from 2000 to 2012.

Figure 5:

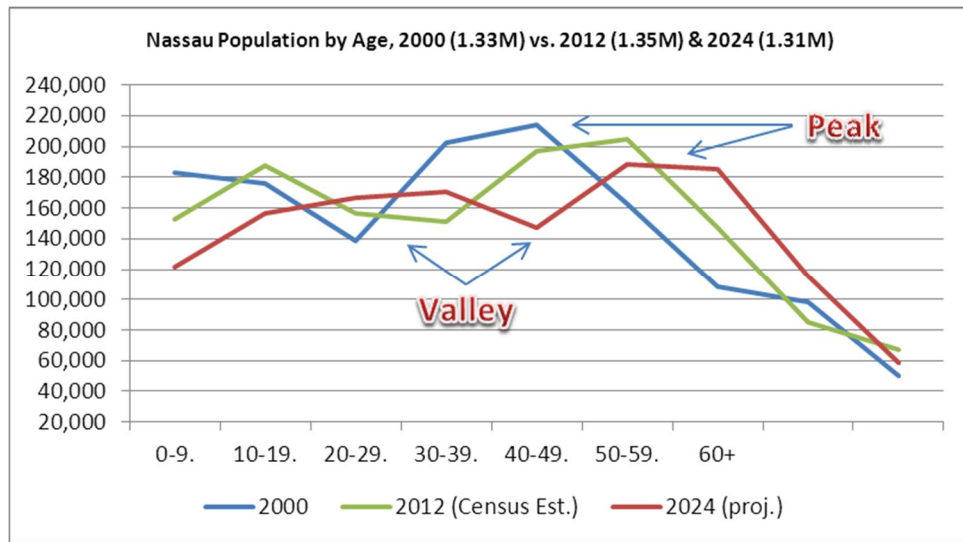
Cohort as % of Total Population, 2000-2024				
Age Cohort	2000	2012	2024	% Change 2000-2024
0-9.	13.7%	11.3%	9.3%	-32%
10-19.	13.2%	13.9%	11.9%	-9%
20-29.	10.4%	11.6%	12.7%	22%
30-39.	15.2%	11.2%	13.0%	-14%
40-49.	16.1%	14.6%	11.2%	-30%
50-59.	12.2%	15.2%	14.4%	18%
60+	19.3%	22.2%	27.4%	42%
Total	100.0%	100.0%	100.0%	

⁹ John Hildebrand, *LI Schools See NY Aid Slipping*, NEWSDAY, February 7, 2014 at A2-3.

¹⁰ *Id.*

In summary, it would appear that the County's population is declining and aging. This is visualized in Figure 6 below, which charts the population in each Cohort in 2000, 2012 and projected for 2024. Notice the aging shift to the left and reductions in amplitude and trailing population decline. With some minor exceptions, the population line from 2000 could almost perfectly be superimposed with the 2012 line if it were aged exactly 12 years. For example, notice how the baby boomer "bubble" from 2000 and trailing youth "pocket" is almost perfectly distinguishable in the 2012 population line. Superimposing the demographic projections for 2024 further shifts the population curve lower and to the right, clearly revealing the declining population with aging.

Figure 6:



This Office compared the above model to 2025 projects from Cornell University's Program on Applied Demographics ("PAD") and noted that both showed a decrease in the County's population and that total population estimates varied by 0.5%.¹¹ Furthermore, similar trending in age groups was observed, with a decrease in 0-19 and 20-59, while 60+ showed strong increases.¹²

¹¹ Cornell University, *Program for Applied Demographics; 2025 Nassau County Projections*, <http://pad.human.cornell.edu/counties/projections.cfm> (accessed October, 2015).

¹² *Id.*

3.0 UNDERLYING REASONS OF POPULATION TRENDS

3.1 County Demographics – Summary

Primarily, we see the following factors affecting the County's population trends:

1. The 0-9 age group has declined by 16.6% from 2000 and will probably decline by a further 20.4% between 2012 and 2024 for an overall decline of 33.6% as the primary parenting age group 30-39 continues to decline.
2. The decline of the 0-9 age group will have a rippling decline in future years on the successive age groups.
3. The 10-19 age group is also declining as it ages probably because many go off to college and do not return.
4. The only two age groups that will probably experience growth in the next 10 years will be the 20-29 and the 60+ age groups.
 - a. The 20-29 age group will probably see a 20% resurgence in the next 10 years primarily because of the aging effect of the now larger group of 10-19.
 - b. The 60+ age group will continue to grow at the fastest pace.
5. The County's population will probably decline by 3.0% in the next 10 years from its level in 2012.

In order to reverse these trends, the County must focus on growing the working-age population, retaining more of its college-bound 10-19 population when graduating from college and attracting more young adults between 20-29 and 30-39. These groups can alter significantly the County's demographic dynamic and reinvigorate all other age groups with higher rates of childbirths and aging. The question is how can we achieve these goals?

3.2 The County Comparative Disadvantages

Economists and industry professionals agree on some major reasons why Nassau has traditionally had a difficult time building a youth base.¹³ Peter Elkowitz, CEO of the Long Island Housing Partnership believes that “job losses,” “high taxes,” and the lack of affordable multifamily housing . . . are at the core of [Long] Island's troubles.”¹⁴ Demographer William Frey of the Brookings Institution, a leading authority on the subject of young adult migration trends, similarly points to “more opportunity,” lower housing costs and new innovative jobs outside the “Northeast Corridor.”¹⁵

¹³ Maura McDermott and Randi F. Marshall, *Stagnant Real Estate Market*, NEWSDAY, Jan. 2, 2013, at A5; *see also* Olivia Winslow, *Census: Nation's Estimated Population up Nearly 2.5%*, NEWSDAY, December 30, 2013 at A3; *see also* Lane Filler, *Filler: Why they Leave Long Island*, NEWSDAY, February 13, 2012.

¹⁴ *Id.*

¹⁵ *Id.* (see also William Frey, *America's Young Adults; A Generation of the Move*, THE BROOKINGS INSTITUTE, <http://www.brookings.edu/experts/freyw#/?tab=1> (accessed on March 3, 2014).

Although both theories may have merit, we ask if they fully explain the trends in Nassau County? To test “affordability,” and “job opportunities,” this Office took a deeper look at five of the fast growing cities in the US and compared them to Nassau in terms of cost of living, salary and taxation. The five cities below were ranked using a composite of studies; the rankings are illustrated below (Figure 7).¹⁶

Figure 7:

City & State Metro Area	Composite Rank	Fastest Growing States Rank, 2012	Fastest Growing Cities Rank, 2012	Best Cities for Young Adults Rank, 2012
Austin, TX	1	3	1	11
Raleigh, NC	2	>10	4	2
Salt Lake City, UT	3	7	16	7
Washington, D.C.	4	2	11	9
Phoenix, AZ	5	8	8	>15

**Neither the State of New York, New York City nor Nassau County was ranked high enough to be represented on any of the lists analyzed and therefore, have no ranking.*

3.2.1 Job Opportunities

The first comparison was in terms of non-seasonally adjusted unemployment by metropolitan area. Rates have indeed increased in Nassau since January 2000, from 3.8% to 4.9% (25,600 unemployed persons to 34,300) in August 2014 but are well off the high of 7.8% in 2010.¹⁷ Overall, unemployment in Nassau was relatively good; as of August 2014, unemployment was better than the nation’s rate of 6.3% and lower than 287 of the nation’s 372 largest metropolitan areas, including Washington, D.C. (5.6%), Raleigh (5.7%) and Phoenix (6.3%). The remaining two cities in the test sample had a more favorable unemployment rate, Austin (4.6%) and the sample-best Salt Lake City (3.5%).¹⁸ Therefore, unemployment does not appear to be the driving force for the migration.

¹⁶ FORBES.COM, *Top 10 Fastest Growing States*, <http://www.forbes.com/pictures/mhj45mejl/introduction-35/> (accessed on November 25, 2013); see also CNBC.COM, *Top Destinations for Jobs*, <http://www.cnbc.com/id/49436114/page/7> (accessed on November 22, 2013) (considered in conjunction with the Forbes rankings); see also FORBES.COM, *America’s 20 Fastest Growing Cities*, http://www.forbes.com/pictures/mhj45mhlfi/introduction-38/?utm_source=realestate.msn.com&utm_medium=partner&utm_campaign=fastest%2Bgrowing%2Bcities&partner=msnre (accessed on November 22, 2013); see also FORBES.COM, *The 15 Best Cities for Young Adults*, <http://www.forbes.com/pictures/mhj45effk/introduction/#content> (accessed on November 25, 2013).

¹⁷ New York State Department of Labor, *Local Area Unemployment Statistics Program, Not Seasonally Adjusted, August 2014*, NASSAU COUNTY (accessed October 2014), <http://labor.ny.gov/stats/LSLAUS.shtm>.

¹⁸ New York State Department of Labor, *Local Area Unemployment Statistics Program, Not Seasonally Adjusted, August 2014*, NEW YORK CITY (accessed October 2014), <http://labor.ny.gov/stats/LSLAUS.shtm>; see also Bureau of Labor Statistics, *Unemployment Rates for Metropolitan Areas Monthly Rankings, Not Seasonally Adjusted, August 2014*, UNITED STATES DEPARTMENT OF LABOR (accessed October 2014), <http://www.bls.gov/web/metro/laummtrk.htm>; see also Bureau of Labor Statistics, *The Recession of 2007-2009*, UNITED STATES DEPARTMENT OF LABOR (accessed October 2014), http://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf (the recession occurred from December 2007 to June 2009).

However, it should be noted that low unemployment is not the same as good-paying career opportunities. Here it would appear that the County is lagging behind. Many of the jobs created in the last 5-10 years have been in low-paying areas such as health care/social services and food service.¹⁹ Between 2002-2012, Nassau lost a net of 12,908 jobs, of which the weakest industries were Finance & Insurance (losing about 11,000 (24.4%)) and Retail (losing 7,100 (8.5%)).²⁰ During the same period, the County has seen an increase in jobs related to Healthcare & Social Services (+13,100) and Food Services (+8,600) (Figure 8).²¹ Healthcare, Retail and Food Services now make up over 43% of the employment in Nassau.²² In 2002, these industries represented 39% of the County's employment.

Figure 8:

Nassau County Top Employment Sectors by Year						
Rank	2002		2007		2012	
	Sector	Employed	Sector	Employed	Sector	Employed
1	Health & Soc. Service	90,502	Health & Soc. Service	95,194	Health & Soc. Service	103,576
2	Retail	83,498	Retail	82,583	Retail	76,408
3	Finance & Insurance	44,702	Prof., Sci & Technical	43,772	Accom. & Food Service	45,768
4	Prof., Sci & Technical	42,569	Finance & Insurance	41,405	Prof., Sci & Technical	41,698
5	Accom. & Food Service	37,155	Accom. & Food Service	39,034	Finance & Insurance	33,775
	TOTAL TOP 5	298,426		301,988		301,225
	TOTAL	536,245		536,218		523,337

Source: US Census Bureau

In total, the number of paid employees working in the County since 2002 has decreased 2.4% and County jobs as a ratio to the total County's population has decreased to 38.8% as compared to 39.7% in 2002.

3.2.2 Affordability

The Cost of Living ("COLI") is the relative cost of fundamental needs, like housing, utilities, groceries, health care and transportation for those living in Nassau relative to the Top 5 metro areas.²³

COLI is a measure of the value of similar products between two different locations. When comparing these costs against out-of-state locations, the COLI differences are relatively significant. In Phoenix, Raleigh, Austin and Salt Lake City, the cost of housing is 49%, 58%, 54% and 51% less, respectively than in the County.²⁴ On the whole, moving out of the County to

¹⁹ Censtats, *2012 County Business Patterns (NAICS)*, UNITED STATES CENSUS BUREAU (accessed August 2014), <http://censtats.census.gov/cgi-bin/cbpnaic/cbpsect.pl>.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ CNN Money. *Cost of Living Calculator*, <http://money.cnn.com/calculator/pf/cost-of-living/> (accessed on October 1, 2014).

²⁴ *Id.*

another state could potentially save a household anywhere from 27-29% in annual day-to-day expenses. Washington, D.C. showed consistency with lower costs for utilities, groceries, health care and transportation (3-11% less); however, the cost of housing was 35% higher than that of the County.²⁵ Illustrations of some of these costs are provided, as well as a comparison to New York City in Figure 9.

Figure 9:

COST OF LIVING COMPARISON RELATIVE TO NASSAU COUNTY						
Comparable Cost Items	NEW YORK CITY	UNITED STATES				
	Manhattan	Phoenix, AZ	D.C.	Raleigh, NC	Austin, TX	SLC, UT
Housing	141%	-49%	35%	-58%	-54%	-51%
Utilities	26%	-9%	-5%	-2%	-13%	-20%
Groceries	15%	-22%	-11%	-19%	-30%	-24%
Health Care	0%	-8%	-8%	-4%	-7%	-10%
Transportation	16%	-11%	-3%	-9%	-11%	-8%
Total COLI	67%	-27%	6%	-29%	-29%	-28%

as of 10/1/2014

3.2.3 Salary Comparison

When one area has a lower cost of living than a second, it is typically characteristic of decreases in expected salary for equivalent work, among other factors.²⁶ It is rarely the case, however, that these decreases are in exact proportion to each other, sometimes resulting in an additional cost burden or benefit relative to the individual person, profession and location. Two important factors are (1) taxes and (2) the level of compensation for similar work, depending on demand.²⁷

In the five cities tested, individuals relocating with professional jobs (like that of an Entry Level Attorney, High School Teacher and Engineer) can expect decreases of between 1-15% in gross salary.²⁸ An illustration of this analysis is provided in Figure 10.

²⁵ *Id.*

²⁶ The Council for Community and Economic Research, *Cost of Living Index* (accessed February 2014), <http://www.coli.org/countylevelindex.asp>; citing James A. Kurre, IS THE COST OF LIVING LESS IN RURAL AREAS?, *International Regional Science Review*, January 2003

²⁷ *Id.*

²⁸ Monster.com, *Salary Wizard* (accessed on October 1, 2014); http://monster.salary.com/SalaryWizard/LayoutScripts/Swzl_NewSearch.aspx; *see also* <http://monster.salary.com/SalaryWizard/Attorney-I-Job-Description.aspx>, <http://monster.salary.com/SalaryWizard/Engineer-I-Job-Description.aspx>, <http://monster.salary.com/SalaryWizard/Public-School-Teacher-Job-Description.aspx>.

Figure 10:

MEDIAN SALARIES FOR SAME PROFESSION IN DIFFERENT LOCATIONS				
Location	Attorney	School Teacher	Engineer	Median Salary Change
Manhattan, NY	\$ 96,865	\$ 62,033	\$ 73,218	5.41%
Nassau County, NY	\$ 91,895	\$ 58,850	\$ 69,461	N/A
Washington, D.C.	\$ 90,696	\$ 58,082	\$ 68,554	-1.31%
Raleigh, NC	\$ 81,823	\$ 52,400	\$ 61,848	-10.96%
Phoenix, AZ	\$ 80,345	\$ 51,453	\$ 60,730	-12.57%
Austin, TX	\$ 79,137	\$ 50,680	\$ 59,817	-13.88%
Salt Lake City, UT	\$ 78,102	\$ 50,017	\$ 59,035	-15.01%

Source Monster.com as of 10/1/2014

Below, this Office considered the tax implications for a single individual earning \$75,000 in Nassau upon moving to each of the target locations. Using proportionate salary adjustment figures derived from *Monster.com* (“using up-to-date market compensation information” based on actual job openings), the equivalent gross salary could decrease in each of the five cities tested by as much as 15%.²⁹

When the effect of payroll taxes is factored in against the \$75,000 salary here in the County, the net take-home pay would be \$52,135, excluding healthcare and retirement costs. Texas is the most advantageous metro area in terms of taxes since it has no state income tax.³⁰ The result is that in some cases, even after factoring in COLI, the net impact of the state’s income tax may provide a sizeable benefit to the decrease in expected salary.³¹ When adjustments for salary and taxes are taken into account, the net impact on an individual’s earnings could be a decrease between 3% and 13%, compared to what they would earn holding the same position in Nassau. An illustration of this analysis is provided in Figure 11.

Figure 11:

GENERAL SALARY COMPARISON							
	NEW YORK		UNITED STATES				
	Nassau	NYC	D.C.	Austin, TX	Phoenix, AZ	Raleigh, NC	SLC, UT
Gross Salary	\$ 75,000	\$ 79,056	\$ 74,021	\$ 64,587	\$ 65,573	\$ 66,780	\$ 63,743
% Change from Nassau		5.41%	-1.3%	-13.9%	-12.6%	-11.0%	-15.0%
STATE INCOME TAX FOR RELEVANT BRACKET							
State Personal Income Tax	6.45%	6.45%	8.50%	No PI Tax	4.24%	7.75%	5.00%
After Tax Earnings (Single)	\$ 52,135	\$ 51,982	\$ 50,455	\$ 49,193	\$ 48,087	\$ 47,377	\$ 45,438
% Change from Nassau		-0.3%	-3.2%	-5.6%	-7.8%	-9.1%	-12.8%

*NYC also has an additional 3.648% NYC tax rate for those living in NYC.

**as of 10/2/14

²⁹ *Id.*

³⁰ Federation of Tax Administrators, *State Individual Income Taxes* (accessed on November 22, 2013), http://www.taxadmin.org/fta/rate/ind_inc.pdf.

³¹ PaycheckCity.com, *Salary Paycheck Calculator* (accessed on October 1, 2014), <https://www.paycheckcity.com/cointuitonlinepayroll/netpaycalculator.asp>

3.2.4 Net Benefit/Detriment

If a Nassau resident moves to Austin, Raleigh, Phoenix or Salt Lake City, they could experience lower COLI of between 27% and 29%, with less of a salary reduction. The result is that a move to any of these four test cities could yield a relocating individual between 15% and 23% more in disposable income (with the exception of Washington, D.C.) for similar work. An illustration of this analysis is provided in Figure 12. New York City yields the highest detriment to disposable income primarily due to increased housing costs (once again, Manhattan was used as the test area).

Figure 12:

NET COLI & SALARY COMPARISON TO NASSAU COUNTY			
Location	Adjusted Earnings	Adjusted Living Expenses	Net (Benefit)/Detriment
Austin, TX	-5.6%	-29.0%	-23.4%
Raleigh, NC	-9.1%	-29.3%	-20.2%
Phoenix, AZ	-7.8%	-27.4%	-19.7%
Salt Lake City, UT	-12.8%	-28.2%	-15.3%
Washington, D.C.	-3.2%	5.6%	8.9%
NYC	-0.3%	66.5%	66.8%

4.0 A VISION FOR NASSAU COUNTY AND LONG ISLAND

4.1 Our Current Dilemma

We can understand intuitively that cities with a lower cost of living and higher disposable incomes will be a draw for job seekers. However, with lower earnings and a higher cost of living, why was Washington, D.C. still found to be the “most popular destination” for relocating youth according to University of California economist Michael Stoll?³² Stoll’s study found that 18-35 year olds are the “most likely to move” to Washington, D.C., even with it being “a high-cost area . . . [because] it features good economic opportunities. It has a maturing high-tech sector and many Federal government jobs, which are more stable in recessions.”³³ In the same study, NYS ranked 4th in states with the highest rate of outgoing residents in 2012, behind West Virginia (#3), Illinois (#2) and New Jersey (#1).³⁴ New York City, we believe, is also growing as a magnet for young people even with a higher cost of living than Nassau County.

The 2013 Vision Long Island Smart Growth Summit in Melville this past November highlighted this very question.³⁵ While affordability and economics continued to be at the forefront of a large list of issues, Long Island’s status in terms of “enjoy-ability,” “lifestyle” and “walkability” were the major concerns by the youth in attendance.³⁶ Other issues raised were lack of accessibility to efficient public transportation, dull downtowns and minimal entertainment venues.³⁷ One high-school student summed it up by saying that “to have fun you have to go to the city.”³⁸ When the question was posed if there was one place in the area that youth would consider moving to rather than leaving Long Island, Huntington’s Downtown was the clear choice; thanks in part to its “diversity,” “entertainment” and technology start-ups.³⁹

The concept of “Smart Growth”⁴⁰ around transportation hubs is a worthwhile concept but by itself, it is not sustainable. Long Island’s population remains stagnant and our young people are leaving.

³² FORBES.COM, *The States People Are Fleeing in 2013*,

<http://www.forbes.com/sites/jennagoudreau/2013/02/07/the-states-people-are-fleeing-in-2013/> (accessed on November 26, 2013).

³³ *Id.*

³⁴ *Id.*

³⁵ Luann Dallojacono. *Youth Out In Force At Smart Growth Summit*, LONG ISLANDER NEWS, November 28, 2013 at A5.

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Defined by Google.com dictionary as “planned economic and community development that attempts to curb urban sprawl and worsening environmental conditions.” <https://www.google.com/#q=what+is+smart+growth> (accessed on March 6, 2014).

4.2 Long Island and Nassau County Lack Identity

What are the one or two things that come to mind when people think of Long Island or Nassau County? It is difficult to answer. Regions and cities that are rapidly growing and that attract young people tend to have strong economic engines that are their identities such as the financial services industry in Manhattan, the federal government in Washington, D.C. and information technology in Silicon Valley. Each offers exciting career opportunities. Long Island needs to develop a strong economic engine that can become its identity. In the 1960's, it was known for its aerospace and defense industry. Today, it has no such distinction. Without one or more major economic engines, Long Island will not be able to compete, retain its youth, continue to provide exciting high paying career opportunities and grow its population.

Long Island and especially Nassau County have huge natural advantages that are not being tapped in order to again become an exciting place to live and provide rewarding career opportunities. We have close proximity to New York City and the world's financial and entertainment center, world-class education and research institutions, a highly educated work force and some of the best hospitals and health care professionals in the world. The question is, how do we harness these competitive advantages to create a vibrant economy that will attract investment, create high-paying global opportunities and excite our youth to stay here?

4.3 A Vision for Nassau County and Long Island

Other regions and cities have become successful in our global competitive economy by specializing in certain industries to establish global leadership positions. These regions have been successful in building so called "Industry Clusters" around specific related industries such as information technology, biotechnology, automobile manufacturing, pharmaceuticals and software, etc., by drawing on the region's natural advantages. These Industry Clusters become keenly competitive and self-sustaining while creating exciting and high paying career opportunities.

Dr. Alfred Marcus of the University of Minnesota wrote:

Every area of the nation is known for industrial specialties. These areas are easily recognized and new companies in those industries tend to gravitate to those geographies. Silicon Valley is known for information technology, Pennsylvania and New Jersey are home to pharmaceuticals and Boston is well known for biotechnology. . . . By concentrating these specialties, entire industries can increase productivity, drive innovation and stimulate new business creation.⁴¹

⁴¹ Dr. Alfred Marcus, *Clean Tech Clusters Will Accelerate Clean Tech Innovation*, UNIVERSITY OF MINNESOTA, <http://tli.umn.edu/blog/management-of-technology/clean-tech-clusters-will-accelerate-clean-tech-innovation/> (accessed September, 2014).

This concept is not new; rather it has been discussed and evaluated for many years. In 2009 The ECONOMIST wrote:

Clustering is the phenomenon whereby firms from the same industry gather together in close proximity. It is particularly evident in industries like banking. Banking [centers] in cities such as London and New York have thrived for centuries. Hundreds of banks cluster there, close together and within easy walking distance of each other. This makes it easier for customers to choose between them, and might be thought to act against each individual bank's best interests.

Modern high-tech clusters often gather round prestigious universities on whose research they can piggyback. Silicon Valley is near Stanford University, for example, and similar high-tech clusters are gathered around MIT near Boston in the United States and around Cambridge University in Britain.⁴²

Harold L. Sirkin further emphasized Clusters in an article he wrote for Bloomberg Newsweek in 2012 entitled “Managing The Power of Industry Clusters:”

What makes clusters unique is not just that companies with similar or complementary interests, competencies, and needs congregate around each other. It's that an entire value chain exists within a cluster: suppliers, manufacturers, distributors, academic institutions, researchers, and workforce training, as well as those who provide relevant support services.

Academic research conducted by the Institute for Strategy and Competitiveness at Harvard Business School indicates that areas with strong clusters produce more economic growth, more jobs, stronger wage growth, increased entrepreneurial activity, and more intellectual property—such as patents—than other areas.⁴³

Nassau County and Long Island had such a successful industry cluster during the 1960s in the aerospace industry with Grumman as the anchor but slowly lost it. Long Island and Nassau County have all the ingredients to once again build a new and bigger industry cluster in health care. Long Island has world class hospital and universities, highly skilled workers with access to quality research centers and universities.

⁴² Staff, *The phenomenon whereby firms from the same industry gather together in close proximity*, THE ECONOMIST, Aug 24th 2009, <http://www.economist.com/node/14292202/print> (accessed on September 2014).

⁴³ Harold L. Sirkin, *The Power of Industry Clusters*, October 22, 2012, <http://www.businessweek.com/articles/2012-10-22/the-power-of-industry-clusters> (accessed September 2014).

We propose that Long Island and Nassau County become the world's leader in healthcare treatment and medical research, tapping into New York City's financial and entertainment industries through a 21st century affordable high-speed public transportation and ultra high-speed communication systems. The high-speed public transportation system must link the major Long Island nodes and connect to New York City and the major airports in less than 30 minutes.

This is where people should want to come to receive the best treatment, where the future medicines will be found to treat the major diseases such as cancer, diabetes, Alzheimer's, dementia and others; where high tech instruments will be conceived and where information technology will be at the forefront of controlling healthcare costs. Nassau County and Long Island are uniquely situated to build an exciting health care industry cluster, and to become an extension of the Manhattan Financial Industry through a 21st century transportation and communication systems.

Long Island has already some of the best hospitals, doctors and universities in the US. For example, St. Francis (#6) and North Shore University (#10) hospitals are both ranked in the Top 10 of the 180 hospitals in the New York Metro Region, with another four in the Top 25: Winthrop (#14), South Nassau (#19), John Mather Memorial (#23) and Long Island Jewish (#23).⁴⁴ Together, these six local hospitals have national ranked specialties in the fields of Cardiology, Gastroenterology, Geriatrics, Orthopedics and Neurology with another 44 high performing specialties as ranked by US News and World Report.⁴⁵

Nassau's largest employment sector is healthcare and social services, with more than 100,000 jobs in 2012.⁴⁶ This sector grew robustly even during the Recession: hospital jobs increased 11.9% (50,980 to 57,060 jobs) on Long Island from 2006-2009 and are expected to increase 3.2% in the decade from 2006-2016.⁴⁷ Ambulatory healthcare services jobs—positions in doctors' offices and other outpatient settings—grew 8% (67,211 to 72,591 jobs) and are projected to grow 21.7% by 2016.⁴⁸ Both kinds of health sector jobs offer above-average wages for Long Island, a matter of particular interest given the growth of low-paying service jobs here.⁴⁹

The North Shore-LIJ Health System is expanding and excelling with remarkable speed. The system was created in 1997, when North Shore Health System and Long Island Jewish Medical Center merged.⁵⁰ At this time, "North Shore-LIJ" includes 15 hospitals in and out of Nassau County in its network.⁵¹

⁴⁴ Staff, *Best Regional Hospitals in New York, N.Y.*, US NEWS & WORLD REPORT, <http://health.usnews.com/best-hospitals/area/new-york-ny> (accessed August 2014).

⁴⁵ *Id.*

⁴⁶ Significant Industries: A Report to the Workforce Development System, Long Island Region, 2011, New York New York State Department of Labor, <https://labor.ny.gov/stats/PDFs/Significant-Industries-Long-Island.pdf> (accessed September 2014).

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *see* <http://www.northshorelij.com/hospitals/professional-education/about-the-center-for-learning-and-innovation>.

⁵¹ *see* <http://www.northshorelij.com/hospitals/hospitals-new>.

Key among North Shore-LIJ's County holdings are the Feinstein Institute for Medical Research, located in Manhasset, and the newly opened Hofstra University North Shore-LIJ School of Medicine.⁵² In medicine, reputation is built through research grants—prime among them, NIH (“National Institutes of Health funding of scientists”) research grants.⁵³ Doctors at the Feinstein Institute have received more than \$20 million in grants and as much as \$50 million in NIH grants every year since 2003.⁵⁴ The addition of a medical school only stands to increase the size and seriousness of the North Shore-LIJ system existing research program.⁵⁵ Hofstra North Shore-LIJ School of Medicine opened its doors to students in 2011, building its research program in conjunction with laboratories at the Feinstein Institute and at Hofstra University.⁵⁶ We can only imagine what research advances—and economic productivity—will arise from the combined forces of North Shore-LIJ, Hofstra University and the new Hofstra School of Medicine.⁵⁷

In Roslyn, St. Francis Hospital, a world leader in cardiac care and research is also growing. Since the 1980's, the hospital has been NYS's leading hospital for cardiac care.⁵⁸ US News & World Report ranked St. Francis in the top ten nationally in cardiology and heart surgery in 2013. St. Francis is also growing quickly. In 2005, it broke ground on the Nancy and Frederick DeMatteis Pavilion, the hospital's largest expansion to date.⁵⁹ The 158,000 square foot new patient care building opened in 2008, increasing the hospital's clinical space by 40%.⁶⁰ The hospital also maintains four additional campuses in the County, including the DeMatteis Center for Cardiac Research and Education in Greenvale, St. Francis Hospital—South Bay Cardiovascular in West Islip, Bishop McHugh Health Center in Hicksville and a business office in Port Washington.⁶¹

Like North Shore-LIJ and St. Francis hospitals, Winthrop-University Hospital of Mineola is also growing. The hospital's doctors have been awarded roughly \$1 million annually in NIH grants and the hospital's research program is expected to increase in size and prestige with the completion of Winthrop's new 95,000 square foot research center focused on obesity and diabetes.⁶² This facility will be devoted to clinical research and academics and is expected to add at least 50 full-time jobs at the hospital, according to hospital spokesperson Edmund

⁵² see “Feinstein” at <http://www.npr.org/blogs/health/2014/09/09/342196432/by-the-numbers-search-nih-grant-data-by-institution>.

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ see <http://medicine.hofstra.edu/about/history/index.html>.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ see <http://www.stfrancisheartcenter.com/chsli/sfh/live/utility/about.html>.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² see “Winthrop” at <http://www.npr.org/blogs/health/2014/09/09/342196432/by-the-numbers-search-nih-grant-data-by-institution>; see also Staff, *Winthrop's Research Center Slated for Completion*, THE GARDEN CITY NEWS, February 28, 2014, http://www.gcnews.com/news/2014-02-28/Front_Page/Winthrops_research_center_slated_for_completion.html (accessed on October 22, 2014).

Keating.⁶³ The hospital employs over 6,000 individuals, including over 3,000 nurses and medical staff.⁶⁴

Nassau's health care industry is large and growing quickly in size and excellence. It will continue to produce a significant number of highly skilled jobs in medicine and related fields in coming years. It is not a world leader. It is not organized in collaboration with our universities and research centers to achieve global prominence. It has not yet attracted the best minds in the industry nor does it have leading research institutions at its hospitals and universities. It has not yet achieved the economic potential possible from an "industry cluster."

4.4 First Steps to Build the Vision

In order to make the vision a reality, we need our political, industry and community leaders to come together and reach a consensus – debate, refine but agree on a vision to become the global leaders in healthcare and medical research. Whatever the final agreed vision, it will need to be built around our universities, hospitals and research centers. We will need to attract the best minds and will require huge investments in infrastructure to 21st century public transportation and communication systems that will bind our institutions together with rapid access to New York City and the global economy.

The public transportation infrastructure envisioned should include significant upgrades to the Long Island Rail Road, provide access to NYC in 30 minutes or less, extending the Air-Train from JFK to MacArthur Airport and to all major commercial, hospital and university locations in Long Island (include light rail), and implementation of more "on-demand" transportation options. We have already seen multi-dimensional transit-oriented plans in Salt Lake City and Alexandria, Virginia that were very successful in revitalizing their economies.

⁶³ Claude Solnik, *Winthrop to Break Ground on Diabetes Center*, LONG ISLAND BUSINESS NEWS, July 30, 2012, <http://libn.com/2012/07/30/winthrop-to-break-ground-on-diabetes-obesity-center/> (accessed on October 22, 2014).

⁶⁴ see <http://www.winthrop.org/aboutus/>.

