Long Island Regional Planning Council

LIRPC Meeting – December 7, 2023
Zoom Virtual Meeting Summary Minutes

LIPRC Members Present
John D. Cameron, Jr., Chair
Michael White, Vice Chair
Jeff Kraut, Treasurer
Theresa Sanders, Secretary
Elizabeth Custodio
Nancy Engelhardt
Jeff Guillot
Mayor Barbara Donno
Mayor Robert Kennedy

Staff and Guests Present
Richard V. Guardino, Jr., Executive Director
Elizabeth Cole, Deputy Executive Director
Missy Leder, Executive Assistant
Rachel Titus, Program Coordinator

Alan Belniak
Kimberly Brown
Katherine Heaviside
Mark Smith
Tammy Strauss

Randall Bauer
John Cape
Garrett Hincken
Valerie Richards

Hannah Willen
Rich Zapolski
Keylin Quintanilla
Emanuel Cruz
Jason Richberg
Anyi Obando
Gianna Oliva
Amy Karlnoski
Christian Vitucci
Jennifer DeSena
Toni Molinari
Claire Murphy
Nicholas Vacca
John Bendo
Carolina Alcantara

Mariela Cruz Estrada
Patti Bourne
Alex Hildago
Gianna Napolitano
Christian Bock
Tim Ragazzo
Meaghan Fitzgerald
Kim Cline
Kercy Espinal-Lunca
Ryan Lanning
Katherine Pacho
Tiffany Raymond
Katheryn Laible
Luis Castro

News-12 Long Island

Meeting Commenced:
John D. Cameron, Jr., opened the meeting at approximately 10am.

John Cameron:
Good morning and welcome to our December 2023 meeting of the Long Island Regional Planning Council.

Thank you for joining. Our Executive Director, Rich Guardino, will now conduct a roll call.

Rich Guardino:
Welcome, everyone. Thank you all for being with us this morning.

Roll Call
John D. Cameron, Jr., Chair
Michael White, Vice Chair
Jeff Kraut, Treasurer
Theresa Sanders, Secretary
Elizabeth Custodio
Nancy Engelhardt
Jeff Guillot
Mayor Barbara Donno
Mayor Robert Kennedy

John Cameron:
As we do with all our meetings, we will start off with the Pledge of Allegiance.

Pledge of Allegiance – Mayor Kennedy

Alan Belniak:
Thank you for joining us this morning. My name is Alan Belniak with VHB. I am here to help support this meeting today. After some opening remarks and some orders of business, we'll have a presentation.

After that, the comment and question opportunity is given to members of the LIRPC. After the members of the LIRPC, we will turn to the public to ask questions and share comments in one of two ways. You can use the Q&A function below. If you move your mouse to the lower section of zoom, the Q&A button will pop up and you can type in your comment, and I will read it aloud. Alternatively, you can use the raise hand feature, which is also below. That sends a signal to us that you'd like to speak or comment. I'll call out your name, send a command for you to unmute your microphone and you'll then have a couple of seconds to share your comment or question. Please note, this meeting is being recorded. With that, I'll turn it back over to John.

John Cameron:
Thank you, Alan. Rich, would you introduce the first order of business on the agenda.

Rich Guardino:
Yes, this morning, we're going to have a presentation entitled "Long Island's Balance of Payments Tax Dollars Sent to Albany and Washington D.C. from Long Island and Expenditures Returned from the State and Federal Governments." We're delighted to have PFM joining us this morning. They've done work for us in the past. Let me introduce Randy Bauer and I'll let him introduce the other members of the team. Randy leads the tax policy and state government practices for PFM's Management and Budget consulting practice. His clients have included over half of all U.S. states as well as local governments. Randy specializes in tax policy, economic development incentives, financial and strategic planning, and organizational assessment. Prior to joining PFM, he served as the budget director for the state of Iowa and spent 20 years in state government. Randy was a Fannie Mae Foundation fellow at Harvard University's program for senior executives in state and local government. He served as President of the Iowa Society of Certified Public Manager Program and on the Executive Board of the National Association of State Budget Officers. With that, Randy, we're delighted that you're here with your colleagues this morning. I'll let you take over from here.

PRESENTATION

Randy Bauer:
Rich, I appreciate the introduction. I'm going to share my screen which has a presentation that we're going to make about the study that we completed for the Long Island Regional Planning Council. As Rich said, it is a Balance of Payments study. You know, we often think of balance of payments between countries as inflows and outflows. In this instance, we were analyzing the inflows and outflows between Long Island, both Nassau and Suffolk counties, and the state of New York and then also the U.S. Federal Government.

I'm going to handle most of the presentation for logistics purposes via zoom, although John Cape is going to do the wrap up for us. He will discuss a little bit about the background of the study and what led us to do it, the findings, and then a summary.

I have been with PFM for now for almost 19 years. I was joined by John Cape, who is now President of Cape Capital. John was managing director at PFM. For several years, he and I worked very closely on the previous study for the LIRPC in 2017 which related to Alternatives to the Property Tax. Now John has joined us on several occasions as our subcontractor. Garrett Rankin and Valerie Richards are also part of our team and did most of the hard work on the various numbers and the analysis that I will present. They're both recent hires. In 2023 Garrett came to us from being an Officer and the research lead at Pew Charitable Trust. Garrett brings a lot of analytical work to me, and our team and we are happy to have him. Valerie Richards joined us and had the unenviable role of stepping in for an analyst who had worked on the majority of the project and then left for other opportunities. Valerie did a great job of stepping into those circumstances.

In terms of the background, when you think of New York, you typically think of New York City and Long Island as the key drivers of the economy and that shows up in most of the numbers when looking at economic activity and tax collections. This study is somewhat of an update of an earlier study that was done in 2015, by the Long Island Association's Research Institute. They looked at the same balance of payments between Long Island and New York State and Federal Government using a single fiscal year, in this case, fiscal year 2013. They found a significant imbalance in terms of the balance of payments. Long Island consistently sends more in mostly tax revenue, but other sources of revenue as well, to both New York State and the Federal Government, than it receives back in terms of expenditures directed to Long Island residents, businesses, or governments. That combined deficit, both the state and the federal deficit, was about $20 billion which had been a significant increase over a prior study that had been done about a decade before that. So, while income was increasing on Long Island significantly over the decade, the deficit was increasing almost twice as fast. That's consistent with some of the results that we found in our current study as well.

In general, taxes (individual income as referred to by the federal government and personal income as referred to by New York State) are the primary fuel of the state and federal government. Of course, they're progressive tax structures, which means that those at higher income levels are generally going to pay more in taxes. There is no perfect tax because any tax is going to reduce economic activity, because those dollars that otherwise might be consumed within the economy are consumed by the government. That's what is called the deadweight loss that drives the expenditures that are made at the state and federal level. When there's a significant imbalance, you must start analyzing whether or not that's having an effect on a particular city, county, region or state. Certainly, determining that level of imbalance is one of the steps that's necessary to do that next round of analysis.

The evidence suggests that there has been a significant and consistent balance of payments deficit for Long Island as it relates to the state and federal government. We look at the demographics in terms of the changes in population and changes in income. While Long Island continues to be a high-income area, the increases in employment and population and even in growth in personal income, have lagged some of the other benchmarks. We believe this significant imbalance is one of the reasons.

So, as I said, this is an update. I believe it was very timely and important for the Planning Council to take another look at this. I think it should be revisited at least every 10 years to help determine trends and see if there are changes. For comparison purposes, we use the same methodology, as much as possible, as in the 2013 study. There have been some changes, of course, in tax and expenditure policy at both the state and federal level, which will impact where the expenditures or taxes are focused and how that in the aggregate impacts the outcome. On the federal side, the biggest tax change was the 2017 passage of the Tax Cuts and Jobs Act which made significant reductions in both individual and corporate income tax rates and changed some of the brackets. The most impactful change that really impacts Long Island is that it capped the deduction allowed for an individual on their income taxes for state and local taxes. This significantly impacted almost all taxpayers. The other big change at the federal level is the significant outflow of revenue from the federal government to state and local governments related to COVID-19. This was over $4.5 trillion, which is historically large dedication of resources by the federal government. We have to recognize that that was a one-time set of circumstances, and those expenditures are drying up in 2022 because the primary expenditures were in 2020 and 2021.

We calculate the Federal Government expenditures in two ways. We calculate all of the expenditures, and then we separate out the one-time expenditures. It's notable that that is the same methodology that was used in the 2013 study. At that time, Long Island and the state of New York was receiving significant revenue, exceeding the expenditures, due to Superstorm Sandy. So, it makes sense to figure out those ongoing expenditures as opposed to those things that are one time in nature. On the state side, the state made some significant changes at the high end of both their personal income tax and their corporate franchise taxes in 2022. There was significant, we're talking billions of dollars, additional revenue associated with those taxes on a statewide basis and, of course, that also impacted Long Island. The other thing that you see was that in 2022 when the federal government was still providing significant one-time expenditures. In particular this happened with Medicaid where the federal government upped its match on Medicaid payments allowing the state to not have to spend those dollars. What we saw across the country and in New York State, is that states built up historically large balances. This also impacts on the overall balance of payments because the state wasn't spending as much as they would have because of the federal subsidies.

When we look at revenue categories, by far the largest state revenue source is personal income taxes with corporate franchise taxes also being a major category. The rates were significantly increased for both of those in 2022. The other thing that was happening at the state level had to do with the U.S. Supreme Court giving the states the ability to require e-commerce sellers without a physical presence in NY to collect sales tax from buyers who were NYS residents which went to the state. Prior to that, unless you had a physical presence in New York State, you did not have to collect the tax. That was a significant increase in revenue for states. Online or phone order retailers now have to collect that tax from New York residents.

On the expenditure side, I've already mentioned COVID was significant, and I have discussed Medicaid. There were other things that were health and public safety related where the federal government made expenditures directly to the states that could then be used to offset expenditures that they would otherwise make. We do also look at other categories of other resources directed to Long Island like unemployment compensation. Events like coming out of the Great Recession and the level of unemployment contributed to the numbers in 2013 looking very different than 2021 or even 2022. So, there are other things that need to be taken into consideration when comparing the numbers.

On the federal government side, individual income taxes are the largest source of revenue followed by payroll taxes, corporate taxes, and excise taxes. Those were reduced in the Tax Cuts and Jobs Act and that has to be taken into consideration. The cap on the individual income tax deduction for state and local taxes was a significant loss. We mentioned the CARES Act and ARP which provided over $4.5 trillion in assistance, which was much larger than in prior recessions. It was a significant use of federal resources. At the same time there were increases in expenditures and other appropriations associated with Obamacare and additional assistance for Medicaid. COVID-19 relief spending has been nearly exhausted and is treated as a one-time expenditure.

The New York State Department of Taxation and Finance and the State Comptroller do reports on revenue, both tax and other forms of revenue. We looked at the various bureaus that collect license fees and other fees, as was done in 2013. In some instances, you can only get aggregate numbers on some of these revenue sources, so we looked at the methodology that was used in 2013 which was an allocation based on mostly typical population or personal income. But there are a couple of others. For instance, alcohol revenue is an example. Your heaviest drinkers are the ones that contributed the most of that revenue, so we used a survey done by the New York State Department of Health to identify the portion of heavy drinkers in Nassau and Suffolk County, and then allocate it that way. This makes more sense than just population or personal income. And again, this was what was done in 2013.

Those kinds of decisions are all contained within the methodology of the report, and we go into significant detail around that. The primary source on expenditures at the state level is the Comptroller's annual Cash Basis Report to the Legislature which is done each year. We use that as the 2013 study did. At the same time, again consistent with 2013, we made some detailed Freedom of Information Law, or FOIL, requests to the comptroller's office had lengthy series of emails back and forth with them for a number of clarifications. But in general, they also aligned when we looked at similar numbers from the Comptroller for the 2013 study. We would be remiss in not thanking them for their assistance. They really did provide us with a lot of help in making sure everything was correct and consistent.

The IRS has a data book that they publish each year. The 2023 data book covers 2020, so we had to grow those numbers to be appropriate for 2022. I should note that when we do comparisons with 2013, we do also express those in constant 2022 dollars. So, we took CPI for 2013 and the adjustment factor when you compare CPI in 2013 and 2022 is 1.2386. Those numbers were all multiplied by that amount so that they would be constant. We did that of course here with the IRS numbers as well. In most instances, the primary category of tax revenue is on personal income. Where federal revenue is not available on a county basis, the NYS share was adjusted for the Long Island share of personal income which again was the same methodology as was used in 2013.

Expenditures are a little different because the US Census Bureau no longer publishes the very detailed and very useful report on federal expenditures down to the county level. It was discontinued in 2010. The Long Island Association study in 2013 used that report as a frame of reference and then grew that to 2013. It's not possible to do that any longer.

As we've already talked about, there have been significant changes in federal expenditures. So, what we had to use was a variety of sources. The Rockefeller Institute of Government does a balance of payments analysis for just the state of New York versus the federal government each year for all fifty states. We basically took that methodology where New York State applied and then used the allocation methods to get down to the county level. We used a variety of sources including the Budget of the U.S. Federal Government, IRS data, USAspending.gov, and the Federal Funds Information for States. The Federal Funds Information for the States is a subscription service provided in all 50 states. They won't sell it to private entities, but they did sell it to Long Island Regional Planning Council understanding that that the Council would share it with us. To be fair, we reduced our fee to LIRPC by the same amount so that we essentially paid for that data. We appreciate the Council making that purchase so that we could use that data, which was very helpful.

As much as possible, we followed the methodology of the 2013 report, but in a few instances, we had to change things a bit just because it didn't work for an apples-to-apples comparison, but in those instances, we also changed their 2013 numbers so we could get an apples-to-apples comparison.

The results are a significant negative balance of payments with New York State. It is significant and growing. When we look just at the balance, you can see the revenues are about $24.6 billion and the expenditures are about $9.8 billion. That's a negative balance with the state of New York, closing in on $15 billion and it's growing. I got ahead of myself there. When we looked at the Long Island Association report and expressed it in 2022 dollars and did some of the changes so that they would be comparable the deficit was $6.7 billion. It more than doubled in 10 years. It’s mostly on the revenue side because of the significant changes that were made on tax structure but also because the economy was really strong and 2022. One of the drivers in the New York State economy is Wall Street and the stock market in general. The stock market increased substantially in 2022. The Dow Jones Industrial Average was up about 60% I believe, and the S&P 500 was up over 25%. So, that growth shows up as realized capital gains in your personal income tax collections and of course there are Wall Street bonuses and many of those individuals are Long Island residents.

On the expenditure side, you see, again putting in constant dollars, a slight decline in the expenditures on the Long Island. A fair amount of that is because of the supplanting of federal revenue. We'll see that the balance payment of revenue on the federal side is significant. With the federal government, there is a significant negative balance of payments in the amount of $26 billion dollars if you exclude the one-time spending for COVID. If you include the COVID spending it's a little over $21 billion. That almost $5 billion of that one-time spending. Now that's a significant imbalance. The negative balance when you compare it to 2013 is slightly less. And again, those were inflation adjusted. That's because of all of these additional federal resources that are flowing into New York State and onto Long Island, but you can't lose sight of the fact that a $26 billion imbalance with the federal government is going to be negative driver for growth on Long Island. If you combine the two you can see that Long Island is bearing a much larger share of the responsibility for taxation and is not getting a return in terms of expenditures.

That leads us to summaries and conclusions. John Cape had a significant role in the New York State Government for over 30 years. He was the Director of the Division of the Budget, which is probably the most influential, non-elected position in state government. He really understands what's going on in New York State, so he is going to walk us through what that means for Long Island and suggest some opportunities for going forward.

John Cape:
Thank you very much, Randy. To start, the fiscal relationships that you have between the federal government and the Long Island, and between the state and this region, are really the lifeblood of how the governments operate and how the economy performs on Long Island. I want to give a tip of the hat to the Long Island Association for their 2013 work. It's a nice piece of work and we were very happy to use that as a baseline for our report.

Randy's already said the balance with the federal government is yawning, but relatively stable at this time. It reminds me of the guy that goes to the doctor, and the doctor says your prognosis continues to be that this disease is fatal. That's the bad news and the patient says, well, what's the good news and the doctor says it is not getting any worse. That's sort of what you have here with this federal fiscal relationship between the federal government and Long Island. It likely, as Randy mentioned, will worsen as some of the COVID relief funding tails off in the out years. The problem is really at the state level and it's, as Randy said, a revenue driven problem. The Long Island personal income, its earning potential, and its profit potential from its businesses make it the largest revenue producing region in the state next to New York City. It is also a region that the state has become increasingly reliant on. One thing that may be distorting the size of these deficits, both the state and the federal one, is the fact that the 2013 data which is really based on the 2010 data includes the impact on the Great Recession, especially on the revenue side. So, it's possible that the baseline is a little artificially low. But nonetheless, the results of the balance of payments changes are dramatic, no matter how you look at it.

While Long Island continues to have a good economy, a good earnings level, a good quality of life, on a more national basis, employment, income, and especially population growth has lagged the benchmarks of other comparable areas of the country.

There are a lot of reasons why you're never going to have a balance of payment, especially with the state government and that's because of the redistributive nature of what state governments do. They collect evenly from everybody, but they give back on a need basis over a means tested basis and there are a lot of program areas. That's fine, but there are areas of state government spending that are really intended to invest in the revenue raising infrastructure of the state, that is its economy. I think they are aware there are opportunities for Long Island to look for some relief, in terms of both economic growth and possibly with economic growth comes the potential for doing some adjustments to this very high tax environment.

As an example, infrastructure investments are a crying need across the country. Long Island, in particular, needs infrastructure investments as a mature region. I don't just mean roads and rails. I am talking about technology infrastructure, which is going to be as much, if not more, critical going forward. Economic and community investments, especially those in the areas of housing, are necessary. We know that workforce housing, especially for minority individuals, new families, and people that are just starting employment is a major factor for the island. You could fashion some proposals that would be helpful to Long Island in that regard. The state should have targeted assistance to high impact business sectors that looks at both large companies as well as small businesses. I think there are opportunities to tweak things on both the spending side, but more on the revenue side, than other areas. If you look at the tax expenditure report of New York State, you will see that a lot of the tax incentives that New York currently has are either targeted toward New York City or to upstate New York. There are areas there for improvement. I think the revenue side, or the tax policy side, may be easier politically to approach than the than the spending side. If something can be done at the federal level, with the SALT deduction on state and local taxes, I think that would go a long way toward helping create some equity, especially on Long Island, because you are so particularly disadvantaged in that regard.

There are some ideas for you. I think the Q&A portion of today is important so I will turn it back over.

Randy Bauer:
Thank you, John. The first thing to do is to identify the nature and the extent of the problem. I think that's what this study has done. I want to thank the Long Island Regional Planning Council leadership and staff for a lot of assistance working on this project. We have had several conversations regarding the high-level findings. It's been great working with Rich, John, Liz, and everybody else. Obviously, if there are other areas that would be helpful for us look at, we'd be happy anytime to continue the working relationship with the Council. With that, I'll turn it back over to Rich.

Rich Guardino:
If we could just take a moment, Liz Custodio has joined us rounding our quorum so I would now like to adopt the minutes from the last meeting.

Adoption of the Minutes from October 26, 2023.
All in favor.
All in Favor: So moved.

Alan Belniak:

Great. Thank you. So, for those of you who may have joined late, or just as a reminder, we're accepting questions and comments two ways. One is the raise hand feature, which you can find in the bottom tray of zoom controls. Move your mouse down there or tap on your screen that sends a command to me that you'd like to come off mute and share a comment or ask a question. You can also use the Q&Abutton down below to type a question in if you prefer. As we typically do, we will begin with members of the LIRPC and then turn to members of the public.

Jeff Kraut:
I have a question on the methodology. I know how you collect it and you followed the 2013 study. All the investment in the state university infrastructure on Long Island - is that included? I'm thinking about the parks, and all the state supported services collected. Also, the state underwrites things like Nassau University Medical Center, above and beyond Medicaid. Do you capture all those expenditures? I mean, it's a big number anyway, if we were off by a billion, it still would be a big number. It would still be a big deficit. I'm wondering because people always throw out a number and others will get on the defensive about it. So, I'm just trying to understand what is in the number.

John Cape:
The normal state payments that come out of state appropriations to SUNY, to the park system, etc. are captured in there. In addition, we have the spending from the Health Care Reform Act which covers most of the items that you're talking about in there too. I'll turn it over to Garrett for the actual technical explanation if you'd like.

Garret Hinken:
We have followed, as much as we could, the LIA methodology previously employed. We also had conversations with the Comptroller so that we captured all state activity in the categories as presented.

John Cameron:
I think the numbers are, frankly, daunting. As you've alluded to, both John and Randy, the problem is getting worse. We can talk about equity and fairness, but frankly, a lot of times the government doesn't really care about that. Looking at it from a practical perspective, the government is hurting one of the major economic generators in the state and for the federal government and it's not smart to do that. Ultimately, not only are we going to be adversely impacted here, but our productivity and our ability to generate continued tax revenues is going to decline. So, from a purely selfish perspective, the state and federal decision makers should look at this and see it is not smart business. If you're a businessperson overseeing different divisions performing and you have a high performer, you may want to tax it and strain it, so it can make your overall operation succeed, but you wouldn't do that. You can't just spread the money around like peanut butter. The state and the federal government should be looking at how and where to get the greatest return on investment. What industries will give me that return on investment, instead of just spreading it around. It doesn't help. The government should want to invest $1 to get $2 and $3 and to incentivize and catalyze growth. I think we as a planning council must raise the alarm. We need to get out there and call upon our elected officials, both state and federal, to say this is not right. This is not in your self-interest and it's not in the interest of Long Island.

In 2010, we did a 25-year sustainability plan. We identified the two major impediments to the growth of Long Island being lack of workforce housing and an unsustainable tax burden. This is exactly what we're talking about here. The difference between what we're sending versus getting back has just been growing.

There are many investments that can really incentivize growth in an area which has been performing. It's been performing, but we have a challenge here. We cannot allow the current situation to continue where we just keep sending money to Albany and to DC. We're losing workforce. The State Comptroller's report, which came out in the last couple of days, talked about how we're getting a lot of high wage earners coming out of the city, but we're losing a lot of our current workforce to lower tax states like the Carolinas and Florida. It's difficult to get workers in every industry. It's unsustainable. It's unaffordable for a lot of middle income and lower income workers. Sure, maybe the more affluent people can be here and can contribute, but a lot of them are leaving too, as we know.

If we don't do something about this model here, this imbalance of tax payments, Long Island is going to have a major challenge. It will not be sustainable for our children and our grandchildren. Long Islanders should be speaking up and saying we've had enough. We need to change this model. Thank you.

Jeff Guillot:
Thanks, Rich, and thank you to Randy and John for a terrific presentation. I found these numbers to be more stark than I'd anticipated. The mantra in our political ecosystem is that Long Island gives much more than it receives, but to see it laid out like this, to John's point is pretty jarring. I was going to make mention of the Comptroller's report, but John beat me to it. Even though we've long lamented the fact that there's an exodus of talent and people from the Island, we've gained population despite the fact that there are so many financial challenges here. We've gained population also despite the fact that we build housing at an absolutely glacial pace, when compared to socio-economic counterparts throughout the region, including North Jersey, Westchester, etc. So, we're still doing something to attract more people here, despite the challenges which I think bolster the argument that John was talking about. While there is an exodus from other parts of the state, we are still attracting talent. We're still growing. We have long been a tangible earner and there's got to be a way to change that model.

Michael White:
I certainly agree with what John Cameron is saying. I would like to thank PFM for this work and John Cape specifically for coming up with some ideas. I would say two things. One, going forward, I think we need to use this as a platform to exchange ideas with our federal and state officials and ask if they are aware of the disparity. Maybe some don't realize how big it really is. Then we need to ask, how can we solve this imbalance or at least make it more balanced creating some more equity to Long Island? Specifically, I am thinking of Pete Scully's great presentation from the last meeting. We know it's a struggle every day to protect our drinking water and groundwater. Additionally, wastewater and sewage is a huge issue and we are asking homeowners to come up with $20,000-$35,000 to solve that problem. This is an example of a specific issue where we could take the burden off our residents. There are many other examples where our government should be helping. Our residents in Suffolk and Nassau Counties deserve that kind of assistance. I think we should look at taking the next step to bring this forward and exchange some ideas with federal and state officials and electeds.

Robert Kennedy:
I had a recent meeting with the Commissioner of Housing for New York State where it was repeated how many people are moving out of Nassau County and moving out of New York State down to areas with lower taxes, places like South Carolina and North Carolina. After our conversation, I said, "Basically, it's one of two things, either your taxes are too high here or the people are not generating enough income." The Village of Freeport is putting in a trade school as a potential solution so we can train people in electric, plumbing, HVAC, general contracting. We hope to get people into these trades, where they're picking up good benefits, annuities, medical plans, and have the financial ability to remain on

Long Island. I think that's a major problem. You know, many people don't have the ability to make a good salary and yet, all these trades are looking for good, experienced workers. The unions are all looking for experienced people. Maybe if we got more dedication towards training people in these trades, we'd have more people staying in New York.

Jeff Kraut:
The Council is great at identifying and bringing attention to a problem. We obviously have limited levers under our authority to solve the problems, but we can propose ideas and solutions. We're going into the 2024 election cycle. At least on the federal side, and to some degree maybe in the state Assembly and the Senate, there should be a focus on something like the demands for lifting the SALT cap. I think everybody in our congressional delegation has been supportive, but maybe this is an opportunity to elicit election pledges to the degree it's valuable. The next composition of the house might be so close, be it republican or democrat control, that New York increasingly, and maybe Long Island within New York, will have a greater influence on some key issues with our delegation holding firm in a bipartisan way until there is change. Maybe find the issue that they can bring back to Long Island to solve some of this problem. The state composition is a little different dynamic, but this is something we should keep ringing that bell about and maybe building more support for. I don't think anybody on Long Island running for federal office is going to say, I wouldn't support it, but they do have to come together in a bipartisan way and hold both the leadership there to some degree. I know our former Congressmen have tried. Let's see what happens.

John Cameron:
Your points are well taken a Jeff. In fact, I believe that the Speaker of the House has recognized that the reason that the Republicans are in control of the House right now is because of the Long Island delegation. Getting back to the SALT, I think we all know, that's a real penalty not just on high wage earners, but on everyone on Long Island. The state could really help. They are part of part of the problem. A large part of our property taxes, maybe the majority is school tax. A lot of school aid can come from the state. We pride ourselves, here on Long Island, on the quality of our K through 12 education. We also know that New York, and specifically Long Island, generates and produces a large number of STEM graduates from our colleges and universities. STEM is the great growth industry for the country. We are not doing enough to keep those young workers here. We need to do something on both sides. First, I agree with you on the SALT cap, we should advocate very strongly for getting that removed, or least give it a major lift. $10,000 is crazy for Long Islanders. Second, we need to do something to keep the workers here. Bob Kennedy brings up a good point. It isn't just the college grads; we need technical workers and tradespeople to make a good living to be able to afford to live on Long Island. There's a number of challenges here, but I think we as the Council can be a voice of reason. We need to address it now before it becomes unsustainable and irreversible.

Michael White:
I just want to add something to that John. Going back to the report that we did in 2010, everybody knows, the Long Island struggle is about the difficult property taxes. The majority of that is schools. I think school taxes account for 65 cents or more of every dollar. The first question I had to PFM and I'm certainly assuming that the aid that comes down to the schools was in the revenue side that we get from the state? Do you have an idea of what that number is offhand?

Randall Bauer:
When we asked for the numbers from the comptroller's office, they gave us aggregate totals. It was not broken down into categories, so I don't know that we have that. John also did a fair amount of work

around the STAR payments so we might be able to qualify those. We didn't get the school numbers broken out specifically.

Michael White:
The reason I'm asking this, and I think maybe we can drill down more later, is that every year, we applaud the state officials in Albany for a sending more money to the schools, but it doesn't seem to be really affecting any reduction or even hold on our property taxes. It seems that the school piece of the property taxes may be a clear and obvious place to ease the burden of the property tax if there was some more revenue coming in that direction. That's what I was thinking.

Randall Bauer:
When we did the study in 2017 for the LIRPC on the Alternatives to Property Taxes, that was the stated goal. We looked at what the state was doing in terms of freezing the percentage increase of those school taxes but when they're already high, a marginal steadying of the growth doesn't mean there is not going to continue to be a significant burden. And you're absolutely right. When you look at the $10,000 SALT deduction, that's property taxes alone for most people, not just for the super wealthy. When we looked at the average property tax bills on Long Island, you are not talking only about people in $1,000,000 or $2,000,000 houses. If you can get more from the state in that area, sure it would be helpful. Of course, at the same time, the costs are increasing, too so you're always just behind the eight ball in terms of making material reductions in property taxes.

Alan Belniak
Okay, John, I don't see any more hands raised, but one more call for folks on LIRPC. We have one question and one comment in our Q&A pod. The first question, which is from Legislator Jason Richburg is, "What policies should we be advocating for to bring balance to funding to the region beyond infrastructure?"

Randall Bauer:
As I said earlier, this was a defining the problem study. So we didn't look, other than just for general discussion purposes, what policies might start to redress the imbalance. But we did identify, I guess you can call it the workforce housing part of the infrastructure and various tax incentives, which sometimes can have a higher share of an incentive given to a dedicated geographic region. John Cape may have things to add.

John Cape:
It's a good question and I threw out a couple of ideas at the end of my presentation, just food for thought. As Randy indicated, it wasn't really in the scope of work to look at solutions or remedies. But I do think that pursuing some targeted economic and employment related incentives on the revenue side is an area. So, I would think about that.

John Cameron:
If I could chime in a little bit, John, and Randy, that our infrastructure is antiquated because Long Island was really the first suburb in the country and this includes transportation, sewers, etc. I think if we focus on funding of high growth industries, STEM, technology, incubators, from the state or federal government, it will go a long way. We have discussed that workforce housing was one of the top two challenges that we identified back 13 years ago. We still have a long way to go in affordable workforce housing. We also need to work on affordable housing for our retirees. Education is a principal driver of property taxes. I think we need to get some better subsidies on education on what I understand will be a

means tested basis. We need to do something about that. I would also posit that the federal or state government should look at services, whether it be social services, police, fire, etc.

I have talked about the fact that Nassau and Suffolk have a population that is greater than the city of Chicago. Most people would never believe that. They see us as the stepchild of New York City, if you will. We're a major economic generator here. If we were a state, we would have an economy GDP greater than 17 of the states, but it doesn't get recognized as such. But the problem is that we have an issue here. This model is not working. This discrepancy in the flow of taxes to Washington and to Albany is exacerbating, and we can't continue to do this. We cannot keep serving as a major economic engine. We have a problem, and we need to address it. There are various ways. I think we should put a lot of heads together to come up with a way to mitigate the issue and to address the problem.

Michael White:
Going back to what I was suggesting earlier, we need to put together some sort of summit of some kind where we exchange and vet some of the ideas that not only come from the Council and consultants, but from the community, and certainly the electeds. We should be exchanging and vetting some of those ideas that could move forward. We look forward to Legislator Richberg helping us out with that.

John Cameron:
Good idea.

Alan Belniak:
We do have another comment in our Q&A from Katheryn Laible. Katheryn comments "We all know this has long been an issue. The increasing disparity is shocking. Between this and discussions at the recent Smart Growth Summit, I am reminded about the great work Michael White was doing to analyze school taxes several years ago. I appreciate his thoughts now on the sewers."

Michael White:
That great work was with Council and consultants. I think that was a great initiative. Thank you.

Alan Belniak:
I don't see any other hands raised or any other questions or comments in the Q&A at the moment.

John Cameron:
Great. Thank you, Alan. On behalf of the Council, I'd like to salute Randy and John and the PFM team on an excellent report which I think should receive a lot of recognition from our local officials, state officials and federal officials. So, thanks so much, guys. You did a great job.

CHAIRMAN'S REPORT
John Cameron:
In summary, I think we all know that Long Island has a proven track record in producing high returns on major capital investments and we talked about earlier as to what typically those investments could be. I think we all know; the Island cannot continue to perform as a major economic engine as demonstrated by our growing exodus of population to lower tax areas. I believe we need to demand accountability from our elected officials. We need to insist that we need more money. We need to show and document that there's a problem here and it can't continue. We can't continue to sustain it. We need to address it before we start losing enough of our population to put at risk our future sustainability.

This is the last meeting of the Council for the year, and I would just like to salute our environmental champions who are moving on. First, our County Executive Bellone who took on dealing with the major wastewater problem we have in Suffolk County and trying to advance that. That work is not yet done, but I think we want to salute the County Executive Bellone. Secondly, I would like to salute Deputy County Executive Peter Scully who is more affectionately known as the water czar who for the last 10 years has dedicated himself toward the establishment of the Countywide Wastewater Management District. I believe County Exec Elect; Ed Romaine is going to take that up as one of his first agenda items in the first quarter of 2024. I would also like to thank Deputy County Executive Peter Scully as he's announced that he'll be retiring at the end of the year. The Council and all Long Island owe a great deal of gratitude to Peter. Thirdly, I would like to salute my fellow surfing buddy, Dorian Dale, who also has been an environmental champion for many, many years. Many of you may not know Dorian was a student at the University of Pennsylvania and one of the initial founders of Earth Day, which is pretty interesting. But that wasn't his greatest accomplishment, he's had a career over 50 years as an environmental steward. As we all know, Dorian never reversed his speaking truth to power. I salute these three environmental leaders and champions. We wish you all the best. God bless you all and thank you.

EXECUTIVE DIRECTOR'S REPORT

Rich Guardino:

Thank you, John. Very well spoken. I'll be very brief today.

I would like to give everybody an update on the Long Island Water Quality Challenge. As I've mentioned to you in the past, it is an opportunity for students in grades six through 12 to play an important role in improving water quality on the island and reducing nitrogen pollution. This year, student teams will create a green infrastructure project to reduce pollution on school grounds. The challenge connects our students, the teachers, and the community with the LINAP initiative. Requests for Expressions of Interest were due November 13. Since we last met, we received 30 letters of interest from 24 middle and high school across Long Island. The final project proposals are due in February and the winning proposals will be announced in March. The winning teams will be awarded an optional $2,500 grant to implement their project design. In terms of environmental initiatives, this has been a great success.

That completes my report, John.

John Cameron:

Great. Thanks. On behalf of myself and the Council, I think this was a terrific meeting with some very, very important information produced by PFM. Again, kudos to the team on an excellent report.

I wish you and your families a blessed holiday season and a happy and healthy 2024. Thanks, everybody. Stay well.

With that, we will close the meeting for today. Thank you everyone.

Motion to adjourn. So moved. All in favor.