



Dutchess
County
Executive


Dutchess

William R. Steinhaus
County Executive

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Memorandum

To: All Legislators
Barbara Hugo, Clerk of the Legislature

From: William R. Steinhaus, County Executive 

Re: Resolution Number 209040

Date: February 23, 2009

I am writing regarding *Resolution Number 209040*, the proposed labor contract between Dutchess Community College and Dutchess United Educators (DUE). Information provided to this administration by the college identifies this union's membership as 49 non-teaching administrators and 114 fulltime faculty members. Additionally, the benefit terms of the agreement are further extended to 18 management/confidential employees at the college, including all deans and the college president.

As stated in my February 11th memo to the Dutchess County Legislature on this proposal, I have great respect for the commitment and leadership from the trustees, the President, staff and faculty – all of whom have helped the college earn its outstanding reputation. Many of us, me included, have benefited as graduates of the school. My affection and admiration for the college is well-known and will endure.

However, my February 11th memo emphasized the reasons why this proposed contract that includes generous salary increases and an ongoing, extremely costly early retirement program, should not be supported by the County Legislature: 1) fiscal realities of the times must be recognized, not ignored; 2) there must be disclosure of the agreement's total costs, of the impact on future tuition rates, and importantly the future costs to the county property taxpayer; 3) the discussion must be fully transparent and held publicly before adopted.

Let's remember the County's role in this process. As required by state law, Dutchess County government is the college's local sponsor. In July, just five months from now, the college will present its annual budget to the County Legislature with a request for the "sponsor's share", or county government's cost, to support their budget for the upcoming year. You will all recall for 2009, the college requested a county contribution of \$10.9 million, or a 14% increase over 2008. How much more money will county property taxpayers be asked to pay in 2010 as a result of this new contract?

Since the County Legislature adopted this agreement 10 days ago, thousands of more Americans have lost their jobs and paychecks, some local residents included. Why would the Legislature allow a union agreement that is so grossly out of line with financial reality to be adopted without understanding the fiscal impact it will have on county property taxpayers – those taxpayers who legislators represent?

Taxpayers have watched with shock and disgust as Wall Street executives have walked out the door with obscene bonus payouts. But our County Legislature's leadership has **promoted silence** on the terms and cost of the bonus payouts in this local union agreement. Our own taxpayers and community college students will be on the hook for another three years for retirement bonus payouts for college faculty and administrators that have past and future costs reaching an estimated **\$7-10 million!** Why would legislators in today's world want to lock in another three years of bonuses and perks?

The union mind set of "forever entitled" shows blindness to today's financial realities. Chairman Higgins, a proud union apologist, defended this proposal. He believes because earlier agreements had some of these generous terms that the union is entitled to continue to receive them, even if the costs are no longer affordable. That's not the answer our working families and senior taxpayers need to hear.

After only a brief minute of comment from the college on the floor of the legislature and not a question in public about the taxpayer millions committed to unaffordable bonuses, there was immediate legislative passage of the proposal. But also absent from the resolution and the discussion was the Legislature's required fiscal impact statement. Has legislative leadership ignored its own rules for expediency of a union giveaway?

The brother of Chairman Higgins, a career administrator at the college, was able to walk out the door with the largest payout bonus package in school history, worth perhaps as much as \$400,000, **not including his pension**. He was handed a check for over \$100,000 in cash bonus payout plus an estimated \$300,000 in a free health care package after his retirement until age 65.

Of course, the Chairman's brother was not the only benefactor of this agreement in the past twelve years – 43 other administrators and teachers, 8 of whom were management/confidential class employees, have been provided **millions** in retirement bonus payouts. Cash payouts ranged from over \$7,000 to \$102,750, with an average bonus payout of over \$52,000. Free health insurance from the date of their "early" retirement until they reach age 65 is also included, which over ten years could equal hundreds of thousands of dollars. How many more will benefit over the next three years of this current proposal and how much will it cost taxpayers? Shouldn't Chairman Higgins be willing to tell taxpayers the true impact of the agreement and allow discussion before boldly bulldozing the agreement through?

This memo and its attachments are **not** intended to be an accounting document. This administration was not involved in the negotiations nor given any advance copies of the agreement. It was not until we started to ask questions when the agreement appeared in

the legislative agenda for February did we get any financial information to begin any analysis. So only through a rushed and limited effort, the Personnel Department has been able to do some preliminary estimating.

I ask each of you to look at the attached list of bonus payouts. Can you then tell property taxpayers you think it is "fair" (a favorite and often used term of the democrat legislative majority) for local taxpayers who are laid off with no paychecks to have to support through property taxes this generous agreement with 3.9% average annual increases with most management level employees receiving 4.5%? That's right it's not 2.2% for annual raises as reported or stated. It's in fact **double** that annual amount, a salary schedule adjustment **plus** an increment.

Is it fair for any taxpayer to have to continue to support an "on-going" (over 30 years) early retirement program in today's economy with a cost of \$7-10 million? Again I emphasize this local benefit is an **additional cost** to taxpayers over and above the regular state pension to be paid to faculty and college administrators.

And where's the "fairness and equality" we hear in the Legislative leadership's rhetoric and in their newspaper quotes? Just a few short months ago the Democrat majority in the County Legislature told county government management/confidential employees they shouldn't receive a cost of living raise for 2009, yet have now turned around and handed some administrators at the college a bonus package worth hundreds of thousands of dollars. This is the height of hypocrisy, and is discriminatory and offensive.

The same legislators still expect non-union county staff (200 out of 2000) who work for the Clerk, Sheriff, Comptroller, District Attorney and the executive departments to all just keep putting forth their best effort, make the sacrifice, keep the morale up, and be sure to run a \$400 million business effectively and efficiently while sending them a message of insult and discrimination?

This agreement screams out for FULL taxpayer transparency and FULL disclosure. The costs of this agreement will continue to multiply, but the Legislature doesn't have to accept our preliminary analysis. The Legislature has its own accountants who should do a full and complete audit of the past and future costs of this proposed agreement. The Legislature would then have the fiscal impact necessary to insist a new agreement be forged with terms given the sunshine taxpayers deserve.

One final point: one legislator suggested the county has an obligation to adopt this agreement because it was negotiated in "good faith". Does that mean the Legislature believes there is an obligation to adopt every good faith proposal sent to you? I don't think so. The Legislature has an important fiduciary role here as earlier described and should not surrender your responsibility to taxpayers.

I believe it's time to deal with the financial reality of 2009. On behalf of community college students and property taxpayers, Resolution 209040 is vetoed.

While the Legislature ponders the decision whether to side with the beleaguered taxpayer, student and families writing the tuition check or with the union to override this veto, I restate the following unanswered questions of February 11th:

- Does the Legislature have a plan to close the current \$1.8 million in funding reduction for the community college under the current state budget proposal?
- Can the Legislature tell us the total costs for the 3 years of the proposed contract?
- If DCC staff costs are currently over \$45 million, where does the Legislature plan to get the next \$5 million when costs grow to \$50 million in the next few years?
- When the state retirement system has to make up its investment losses and increases the bill to the college to fund this union agreement, will the Legislature look to taxpayers, many of whom have lost 40% of their personal retirement portfolio? Do legislators agree this should be disclosed to the taxpayers?
- Can legislative leadership tell us the source of funds to pay for these wage increases: the state, the county, students?

There are three funding sources for the college – state, county and student tuition. Since the state funding is being cut, with probability it will keep shrinking, and the Democrats vehemently are opposed to tuition increases, then that leaves only one source to pay for this union contract –property taxpayers. If the funds must come from the county budget, what other favorite program or service will need to be cut to offset the higher college union costs?

cc: DCC Board of Trustees
DCC President D. David Conklin
Dean John Dunn

Enc.

Dutchess United Educators (DUE) Early Retirement Benefit Cost Analysis
1997-2009

Name	Title	Retirement Date	Unused Sick Pay	Retirement Incentive	Total
Eliena Reda	Associate Professor	01/12/09	11,469.85	52,268.00	63,737.85
Patricia Delessio	Professor	01/09/09	21,096.90	16,877.40	37,974.30
Rita Weber-McKee	Director of Academic Services	06/27/08	0.00	38,838.78	38,838.78
Elizabeth Jordan	Admissions Counselor	05/16/08	8,480.98	28,276.00	36,756.98
Jay Simpson	Director of Telecommunications	04/28/08	0.00	53,708.40	53,708.40
Richard Reitano	Professor	01/04/08	22,378.50	8,951.40	31,329.90
Andrew Sillin	Assoc Dean of Community Svcs	09/08/07	17,903.00	71,611.00	89,514.00
Evelyn Rosenthal	Assistant Librarian	08/01/07	2,837.38	34,376.00	37,213.38
* Paul Higgins	Director of Human Resources	04/23/07	5,137.50	97,612.50	102,750.00
* Elliot Rudoy	Dean of Community Services	03/30/07	0.00	78,971.00	78,971.00
Toni Emery	Professor	01/15/07	21,591.00	51,820.00	73,411.00
Susan LaFosse	Assistant Professor	01/14/07	3,236.00	61,484.00	64,720.00
Nancy Lebron	Registrar Counselor	01/02/07	327.00	6,875.00	7,202.00
Edward Kompass	Coord of Transfer Services	07/28/06	0.00	40,891.00	40,891.00
Antonio Ferri	Assistant Professor	05/20/05	15,946.00	12,757.00	28,703.00
* Howard Himmelstein	Dean of Student Personnel Svcs	11/15/04	24,249.00	67,897.00	92,146.00
* Gail Hermosilla	Director of Institutional Research	10/01/04	10,769.00	50,257.00	61,026.00
Larry Johnson	Assistant Professor	01/01/04	5,420.00	48,779.00	54,199.00
Frank LaRose	Assoc. Dean of Administration	11/01/03	15,074.00	39,570.00	54,644.00
June Pierson	Professor	08/29/03	8,717.00	7,472.00	16,189.00
Kim Touchette	Associate Professor	06/25/03	13,557.00	55,195.00	68,752.00
Diane Becker	Registrar Counselor	06/19/03	3,319.00	39,832.00	43,151.00
* Matt Finley	Assoc. Dean of Academic Affairs	08/31/02	4,013.00	76,256.00	80,269.00
* John Mazzetti	Director of DCC Foundation	08/31/02	17,209.00	32,123.00	49,332.00
* Anne Landry	Assoc. Dean of Academic Affairs	08/31/02	3,638.00	32,744.00	36,382.00
Sondra Giordano	Professor	01/15/02	14,834.00	41,535.00	56,369.00
Tim Smith	Director of Student Activities	08/31/00	12,851.00	56,972.00	69,823.00
Kathleen King	Professor	08/31/00	3,349.00	27,403.00	30,752.00
Bina Jhandi	Professor	06/30/00	16,671.00	40,012.00	56,683.00
Don Liberti	Professor	06/30/00	16,671.00	13,337.00	30,008.00
Domenica Bellacicco	Asst. Dir of Financial Aid	04/01/00	0.00	25,144.20	25,144.20
Marty Tricla	Professor	01/31/00	16,671.00	63,352.00	80,023.00
Jonathan Stone	Professor	01/31/00	15,021.00	57,082.00	72,103.00
Aaron Rand	Professor	01/31/00	16,011.00	44,832.00	60,843.00
Lois Stewart	Assoc. Dean of Community Svcs	10/01/99	6,142.00	36,114.00	42,256.00
* Gary Pfeifer	Assoc. Dean of Academic Affairs	08/31/99	15,837.00	70,210.00	86,047.00

Dutchess United Educators (DUE) Early Retirement Benefit Cost Analysis
1997-2009

Name	Title	Retirement Date	Unused Sick Pay	Retirement Incentive	Total
Bill Holland	Professor	08/30/99	16,219.00	25,950.00	42,169.00
Patria Mestey-Perez	Counselor	08/13/99	405.20	42,548.00	42,953.20
Arthur Pritchard	Professor	01/08/99	15,891.00	44,495.00	60,386.00
Phillip Arnold	Professor	05/22/98	15,445.00	18,534.30	33,979.30
James Flynn	Professor	05/22/98	15,770.00	6,308.10	22,078.10
Carol Roper	Professor	05/22/98	11,372.00	4,548.00	15,920.00
Robert Bleadow	Director of Financial Aid	09/08/97	10,309.00	49,956.00	60,265.00
Nancy Greska	Associate Professor	08/31/97	13,800.00	49,682.00	63,482.00
SUB-TOTAL:			469,638.31	1,823,457.08	2,293,095.39
HEALTH INSURANCE PREMIUM:					7,000,000.00
TOTAL:					9,293,095.39

* Management Confidential

Notes:

The early retirement provision in the DUE contract was first negotiated in 1977.

Sick leave payout is an incentive to recognize employees who don't abuse their sick time and is paid on a one for three basis for a maximum of forty-five days.

There is no provision in the DUE contract for a payout for accrued vacation days. Vacation days must be used in the fiscal year in which they are earned.

The 2000-2004 DUE contract capped the retirement/sick leave buyout at not more than 100% of final average salary.

The 2009-2011 DUE contract extends the requirements of early retirement from ten to fifteen years in order to be eligible for the incentive.

This analysis was developed by the Dutchess County Personnel Department based on information provided by Dutchess Community College.

Because the legislature chose not to provide a fiscal impact statement, we had to make certain assumptions regarding health insurance costs for retirees. The estimate could range as much as \$7 million to \$10 million, however, the college should be able to provide this information as they were required to report post retirement benefits to comply with GASB 45.