

# PAYROLL COSTS BACK

## Salaries, health care key drivers for municipalities

Payroll costs for Long Island's towns and cities increased in 2018 after a two-year period of tighter spending, a Newsday analysis of payroll data provided by municipalities over the past eight years shows.

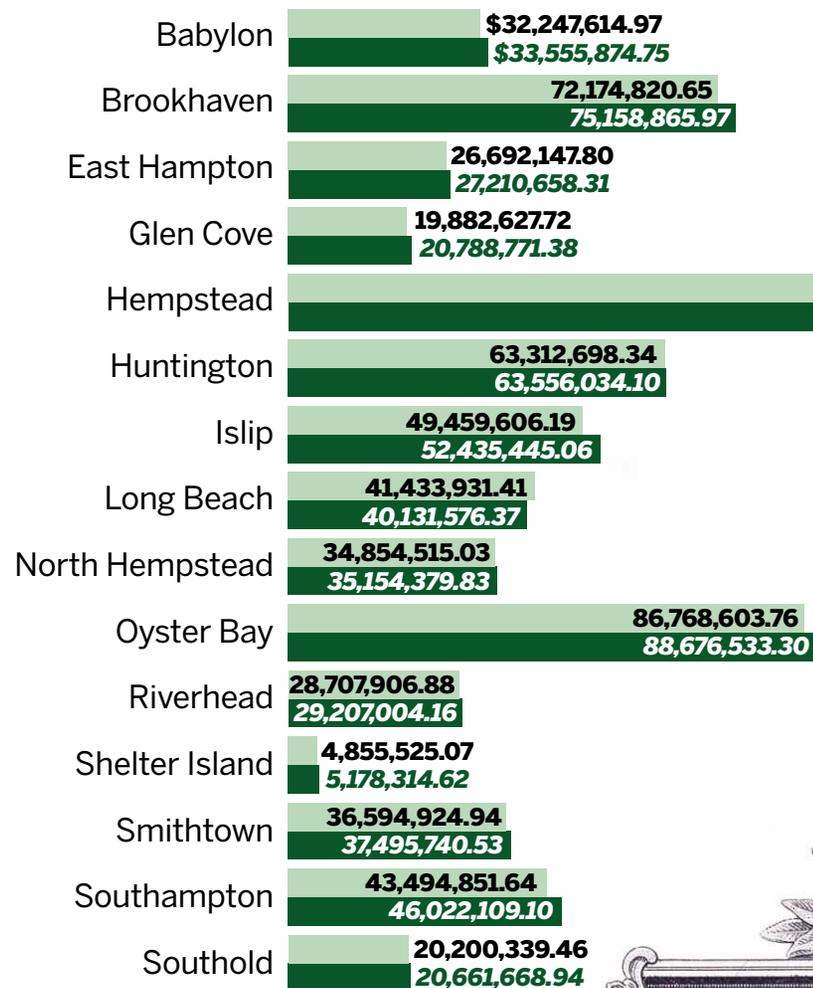
Total payroll costs for 13 towns and two cities were \$745 million, inching back up near a peak of \$750 million in 2015, the data show. Officials reined in spending in 2016 and 2017 after hitting that peak. Yet costs rose by about \$9 million between 2017 and 2018.

Average payroll costs were about \$30 million higher between 2015 and 2018 than for the previous four-year period, the analysis found. That jump came even as the number of Long Island town and city employees has dropped by 1,737 workers since 2011.

E.J. McMahon, research director of the Albany-based Empire Center for Public Policy, a fiscally conservative think tank, said contractual employee raises from collective bargaining agreements and civil service laws likely played a major role in rising costs. The agreements "produce steady increases over time, based mainly on seniority and oblivious to local economic or fiscal pressures," McMahon said.

### 'Ever upward'

"What it means to taxpayers is that the direction of Long Island payrolls has always been high and over the long-term has moved in line with the NYS



This story was reported by **Rachelle Blidner**, **Deon J. Hampton** and **Rachel Uda**. It was written by Blidner.

[New York State] motto: ever upward," he wrote in an email.

Average employee pay increased by nearly 15 percent since 2011, from \$32,657 to \$37,483, data show.

Long Island town officials attributed rising payroll costs to contractual salary increases, as well as cost of living adjustments, growing health care costs, and payouts for unused vacation and sick time to leaving employees.

"Every year both the police and the (CSEA) get contractual increases, and when their salary's increased by whatever

percentage, then their overtime payments will increase because now it's being paid at a higher rate," Glen Cove Deputy Mayor Maureen Basdavanos said. "Also, the health insurance goes up every year, so all those things combined end up making for the increases in payroll for the year."

Increased overtime played a large role in boosting payroll

costs, officials said.

In Shelter Island and Islip, overtime grew from filling in for employee vacancies, retirements and resignations, officials said. In Southampton, employees worked extra hours around the U.S. Open golf national championship tournament held in 2018 in Shinnecock Hills.

"Overtime cost increases are

## Town and city payrolls

2017 2018



NEWSDAY / ROD EVER

# Affordable homes are no shore thing

*The Associated Press*

WASHINGTON — Living by the beach is becoming even more cost-prohibitive.

While many Americans know about the sky-high costs of housing in New York City or Seattle, affordability is increasingly worsening in areas where the wealthy vacation and a large share of local workers cater to their needs. The trend taps into the growing economic inequality that is reshaping American society.

Roughly 78 percent of U.S. metro areas have seen home prices rise faster than wages, according to an Associated Press analysis of home values tracked by CoreLogic and government income data. Of the top 10 communities with the biggest gaps between home values and incomes, half were seaside communities. But there were also several places with a growing concentration of highly paid tech jobs.

“In places that see a widening gap, buying a house and achieving the American Dream is going to be increasingly difficult,” said Ralph McLaughlin, deputy chief economist at CoreLogic. “But if you can get your foot in the door, the benefits may last for a lifetime.”

The widest chasm in home prices relative to incomes was in Honolulu, followed by Los Angeles and another Hawaii

city, Kahului. Others in the top 10 with the largest gaps in affordability include Key West, Florida, and Ocean City, New Jersey, both tourist destinations. Just outside the top 10 are San Diego, Santa Cruz and part of Cape Cod, Massachusetts.

Consider Ocean City. This southern stretch of the Jersey Shore includes the Victorian cottages of Cape May, the sweeping mansions of Avalon and wood-planked boardwalk of Ocean City, which became a family-oriented resort destination after banning the sale of alcohol. Home prices have climbed 158 percent since 2000, while wages have increased just 45 percent.

The area balloons in size each summer with a swell of vacationers, which creates seasonal jobs. But the wealthy with summer homes — who have seen their incomes soar — often earn their fortunes elsewhere. Few restaurant employees and seasonal workers benefit from a growing stock portfolio or lavish bonuses. So as home prices rise and income growth lags, the year-round population of surrounding Cape May County has fallen 8.6 percent since 2000.

Other metro areas in the top 10 of worsening affordability include major tech hubs such as San Jose, California, and Austin, Texas. The boom in

parts of California has been so robust that price growth in Los Angeles, San Diego, and San Francisco is now running below 2 percent and could turn negative, possibly narrowing the gap relative to incomes.

Rounding out the top 10 are the California cities of Napa and San Luis Obispo, and Boise, Idaho.

On Long Island, the median home price has increased by about 130 percent since 2000, from \$208,500 in the first three months of 2018 to nearly \$476,000 in the July-through-September period of 2018, the most recently available figures show. The Associated Press analysis found that Long Island home prices have risen more than twice as quickly as wages, which climbed by only 61 percent during the same period.

Areas where homes are still affordable relative to incomes are generally in two types of areas. They're either in mid-size cities, such as Albany and Valdosta, Georgia, where home prices have yet to fully recover to their pre-2008 peaks. Or, they're in places in Illinois such as Bloomington or Peoria, where home prices never experienced either a surge or subsequent crash from the housing bubble, and have seen property values stay mostly flat since 2008.

*With Maura McDermott*

# ON RISE



HOWARD SCHNAPP

driven between gaps of employees retiring and the hiring of new personnel, which means the current workforce has to fill those gaps,” Southold Supervisor Scott Russell said.

In Brookhaven, performing work with staff rather than contracting it out led to more overtime, town chief of operations Matt Miner said. Glen Cove, like Long Beach and the East End towns, sees much of its overtime payments come from having its own police force.

“Overtime is always a difficult thing to plan for,” Glen Cove’s Basdavanos said.

## Snow boosted OT

And a series of late-winter snowstorms in early 2018 boosted overtime pay in several towns, primarily from public works and highway departments, officials said.

Only two of 15 municipalities saw smaller payrolls in 2018. Hempstead officials attributed the decrease to a continued reduction in staffing, and Long Beach officials undertook pay changes, including ending the policy of drawdowns of accrued time for active employees.

Highlights of the data include:

- Last year’s payroll costs increased for the first time since 2016, when they began declin-

ing after spending reached a peak of \$750.1 million in 2015. Spending was still about \$42 million more than the low of \$702.8 million in 2013.

- Shelter Island, Islip and Southampton towns had the largest percent payroll increases last year, with respective boosts of 6.65 percent, 6.02 percent and 5.81 percent.

- Hempstead, the largest township in the country, had the largest payroll of all Long Island towns at \$169.8 million, about \$81 million more than the next largest payroll of \$88.6 million in Oyster Bay.

- Overtime pay increased by 8.77 percent islandwide to a total of \$38.4 million. The largest boosts were in Shelter Island and Hempstead, which had respective increases of 42.07 and 41.96 percent. Oyster Bay and Long Beach had the largest declines at 18.58 and 17.36 percent respectively.

- There were 19,877 town and city workers on Long Island in 2018, 34 fewer employees than the year before. Hempstead had the biggest staff with 3,855 employees. Shelter Island had the smallest at 135 employees.

- The average pay for town and city employees was \$37,482.67. Southold workers had the highest average salary of \$58,201.88. Babylon had the lowest, \$24,193.13.



Home prices have increased 158 percent in Ocean City, N.J., since 2000; wages, just 45 percent.