Good morning, Madam Chair, commissioners, fellow residents of Miami-Dade County.

One of the greatest responsibilities we have as elected officials is that of spending public money in a way that is both prudent and wise.

In all our budgetary decisions, we must always remember that we are accountable to the residents of this great County.

The taxpayers of Miami-Dade County place their trust in us to be responsible stewards of their money, and I will always place the interests of the taxpayers first.

As Mayor, my goal has always been to provide a government that is built on transparency, efficiency and fiscal responsibility - a government that balances the needs of our residents with what they can afford to pay – a government that is fiscally sustainable and structurally sound.

It's a goal we all share.

In September, after much careful thought, deliberation, and long hours, this Board overwhelmingly approved my proposed budget for Fiscal Year 2013-2014.

In fact, for the Countywide, the vote was 12-1 and for UMSA, 11-1.

While this required us to make some difficult decisions in the face of numerous financial challenges – some of which we continue to face - we kept millage rates the same as last year, because we agreed that our residents cannot afford an increase in their tax rate.

One of the key components of our budget, if not <u>the</u> key component, is the continuation of the employees' 5% contribution to the County's overall cost of healthcare. This concession has been in place since 2010 and was agreed to by the unions in lieu of a pay cut. Let me repeat that, this concession has been in place since 2010 and was agreed to by the unions in lieu of a pay cut.

I have been very clear from the outset about the importance of this contribution to the overall structure of the budget.

In fact, starting on March 27th to just last week with the posting of the approved budget, I advised this Board eight times in writing.

I also verbally advised the Board at six meetings.

In fact, if you will indulge me, we pulled together a compilation of video clips that illustrate this point.

(Run video)

I also made it very clear during my presentation at the six budget town hall meetings, the Board's two budget hearings, and in all of my meetings with each of you that our proposed budget was based on the continuation of the 5% contribution.

Keeping this contribution in place allowed you to pass a balanced budget that maintains critical services to our residents at current or increased levels and funds our community's shared priorities, without raising tax rates.

Now, after all of our efforts, and after the fact, some wish to upset this balance.

Unfortunately, we are here today because the unions are proposing that the 5% contribution end, asking in effect for a pay raise.

This comes at a time when we simply cannot afford it.

As you consider the items before you, I ask that you keep some very important points in mind:

First, the 5% contribution is NOT an insurance issue, it is a wage issue.

Let me remind everyone that the original plan from the prior administration was to impose a 5% base salary cut. In fact, in November 2009, a 5% base salary cut was imposed on all non-bargaining unit full and part-time employees.

The end result of this change would have been that all pay plan rates would have been reset to 5% less than what they are today.

For those employees close to retirement at the time, the cut would have lowered their leave payout, since it is based on their salary, and negatively affected their pension.

However, negotiations with the unions at that time led to an alternate method of implementing a 5% reduction, one which would not affect base salary thereby not affecting payouts or pensions.

That is how the 5% base salary cut became a 5% group health contribution. Again, this is not an insurance issue, it is a wage issue.

You may hear from the unions that there was a "promise" to end the 5% contribution beginning January 1, 2014. There was no such promise. If there was, why would there be specific "re-opener" language in each contract?

As I have stated before, the January 1, 2014 date was included based on the uncertainty about the Affordable Care Act and whether the 5% contribution would continue to be allowable as a pre-tax deduction.

My commitment to the unions and to this Board was to negotiate and that if the economic conditions allowed, to end the contribution. In fact, I met with all of the union leaders on May 8th to let them know that the economic outlook heading into the budget would make ending the contribution not possible.

I have consistently been open to allowing each union to offer ideas, as long as they were verifiable and recurring, in how to make up the 5% contribution.

And I want to put on the record and make it clear that ALL of the members of the unions here before you today, that are eligible, have received merit increases and longevity payments for the past two years, and will again this year.

Cumulatively, those add up to over $160 million dollars over the three year term of this current contract. While they have given furlough days and other concessions in return, their base salary levels have continued to grow.

You may also hear from the unions today that in August, you gave raises to Solid Waste employees, the lowest paid bargaining unit, and that they deserve to be treated the same. As a result of a me-too clause, Aviation employees also received raises.

While I strongly objected to that Board action, it was done prior to your approval of the budget and does not affect our general funds. Although, I must say that even in our proprietary departments, pay raises do have consequences and fees may need to be increased earlier than projected to cover the additional personnel costs.

I cannot repeat enough that this Board passed a balanced budget under the assumption that the employees' 5% contribution would continue.

Eliminating this contribution will create a $56 million dollar hole in our current budget.

The gap for tax-supported funds would be $27 million dollars just for the 9 months remaining in this fiscal year.

Next year, we would begin with a $100 million gap in the tax-supported part of the budget, which is the value of the 5% contribution for 12 months, along with anticipated cost increases and limited revenue growth.

Filling these large gaps will require painful decisions, including service reductions to our residents and employee layoffs.

This is not a threat. This is the reality.

There are no rabbits waiting to be pulled out of a hat nor are there secret drawers of cash.

And let me be clear, I will not raise tax rates to fund pay raises.

Simply put, our goal is to continue providing services to our residents and making sure our employees continue in their jobs.

I know there will be those who say we should raid our reserves to pay for these raises. But I will tell you that our reserves are not at the levels they should be. Pursuant to our Code, our reserves should be $83 million dollars. Our reserves are projected to be $43 million dollars at the end of the fiscal year.

While we haven't been able to add to our reserves in the past few years, we've worked hard to maintain their current levels.

Raiding reserves, which are a one-time source, to fund a recurring pay raise is not only bad fiscal policy, but will only make next year's budget problem worse.

Also, these actions would put additional pressure on our credit rating, which will cost the County more when we go to the bond markets. This will impact our continuing Building Better Communities program and the recent voter-approved Jackson general obligation bond program.

Just last week, Moody's lowered our outlook from stable to negative. If we were to have our rating downgraded by one notch (from AA- to A+), our conservative estimates are that our interest costs would increase by $148 million for both programs over 10 years.

Looking toward next year's budget, and I will tell you that we are looking already, financial challenges still remain.

We know that our libraries have a $21 million dollar hole.

And, while we are very pleased to have been awarded the SAFER grant to preserve sworn fire personnel for two years, fire continues to face significant financial issues.

In dealing with this uncertain future, now is simply not the time for raises.

Let me be perfectly clear - We are NOT asking for more from our employees.

We are asking that the status quo remain.

We are asking that a fiscal crisis not be created when one doesn't exist right now.

This County must remain structurally sound.

Let me finish by acknowledging the hard work and effort of our County employees. Most have spent their entire careers in public service and take great pride in serving their community. And, as public servants we should continue to lead by example.

We have all been asked to make difficult financial decisions in our own lives. We are not asking for anything that has not been asked of our constituents who work in the private sector. Families throughout our community continue to make hard choices and sacrifices.

If economic conditions were different, I would like to reinstate the concessions made by our employees, but now is not the time. We aren't out of the woods yet, but I believe we are on the right course.

And, now is not the time to set us back, I ask that this Board stay the course – a course this Board chose on September 19th, when you passed a balanced budget.

Madam Chair, this concludes my opening remarks and I respectfully request to reserve time at the end of today's testimony for the opportunity for rebuttal.