



Division of
the Budget

STATE WORKFORCE

IMPROVING GOVERNMENT EFFICIENCY



New York State has **improved** and **expanded services** while keeping a stable workforce for

7 YEARS



SAVING THROUGH PENSION REFORM

Tier VI pension reform has **lowered taxpayer pension costs** through 2020 by more than

\$1.4 billion



(\$534 million for State and \$879 million for local governments – not including NYC).



The Budget proposes reforms to control growth in employee and retiree health care costs, which have **increased by 14 percent** in **three years**.

Budget Highlights

State Workforce Levels.

For the seventh year in a row, the State workforce is expected to remain relatively stable.

Support Unions; Protect Public Workers.

As part of the Governor's Justice Agenda, the Executive Budget advances a proposal that prohibits public employers from disclosing personal contact information of public employees as certain organizations target them in an effort to convince them not to support the unions that represent them in collective bargaining.

State Retiree Health Insurance Reforms.

Over the past three fiscal years, employee and retiree health care costs have increased by approximately 14 percent. The Budget proposes reforms targeted towards moderating the cost increases associated with higher income members and other retirees.

Interest Reform. The Budget proposes to provide a market rate of interest on court judgments paid by public and private entities. A prevailing market interest rate – rather than the current fixed 9 percent rate that was established when interest rates were at 15 percent annually – is fairer to all parties and will facilitate timely court decisions.

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. The FY 2020 Executive Budget assumes stable staffing levels in the fiscal year and includes proposals to help restrain the growth in State retiree health care costs.

Overview

There are about 184,000 full-time equivalent State employees within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), and in the Offices of the Attorney General and State Comptroller. Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments. The Executive has direct control over roughly 65 percent of the State workforce, with the balance of the workforce in the University Systems and agencies run by independently elected officials.

The total workforce level for agencies subject to direct Executive control is recommended to remain stable, consistent with results for the past seven years.

Table 16: Summary of Workforce Levels

	Current Actual FY 2019 PP 19	Year End Estimate 3/31/19	Year End Estimate 3/31/20	Current Actual to 3/31/20 Year End Estimate (Decr)/Incr	3/31/19 Year End Estimate to 3/31/20 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	117,381	119,327	120,005	2,624	678
University Systems	60,294	59,876	59,876	(418)	0
Independently Elected Agencies	4,416	4,502	4,502	86	0
Grand Total	182,091	183,705	184,383	2,292	678

The Budget recommends workforce increases in select State agencies to support emerging programmatic priorities, including: the Department of Health (+154) to support the continued take-over of Medicaid operations, administration of new lead enforcement standards, assumption of the Medical Indemnity Fund program, and Behavioral Health Parity; the Department of Corrections and Community Supervision (+153) for Special Housing Units related to agreements with the New York Civil Liberties Union and codification of solitary confinement reform; the Department of Taxation and Finance (+110) to increase Audit Program staff; New York State Housing and Community Renewal

(+94) to support rent regulation reform; the Department of State (+40) to support call center activities; the Office of Mental Health (+40) to support the growing forensic needs within OMH facilities; the Department of Agriculture and Markets (+29) for required annual food safety inspections; the Gaming Commission (+19) for legally mandated 24/7 presence at casinos; Parks, Recreation and Historic Preservation (+17) to support the Penn & Fountain/Shirley Chisholm Park; the Division of Homeland Security and Emergency Services (+9) to support expanding Emergency Services programs; the Department of Public Safety (+8) to support the siting of Article 10 generation facilities; the Department of Environmental Conservation (+5) to support operations at the Frontier Town Campground, Equestrian and Day Use Area; the Board of Elections (+4) to support cyber enhancements to election infrastructure; the Office of Indigent Legal Services (+2) to support grant management and administrative operations; and the Financial Control Board (+1) to strengthen analytical capabilities.

Promoting Workforce Fairness and Affordability through Collective Bargaining

The State has multi-year labor agreements in place with several unions, while negotiations are underway with other unions.

The Civil Service Employees Association (CSEA) and DC-37 Rent Regulation employees have five-year labor contracts that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and in overtime.

The State and the United University Professions (UUP) have a six-year collective bargaining agreement that covers academic years 2017 through 2022. The agreement provides for a 2 percent general salary increase in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

Members of the Police Benevolent Association of the New York State Troopers (NYSPBA) have a five-year collective bargaining agreement that provides a 2 percent general salary increase in FYs 2019 through 2023.

Performance Profile

Improving Government Efficiency.

The State workforce under Executive control has declined via attrition by roughly 7,400 positions (-5.8 percent), since Governor Cuomo took office as agencies streamline operations, enhance efficiencies, and target new hires to achieve specific programmatic goals on behalf of New Yorkers.

Saving through Pension Reform.

Tier VI pension reform (effective April 1, 2012) has lowered taxpayer pension costs through FY 2019 by \$1.4 billion (\$534 million State and \$879 million for local governments excluding NYC).

Reaching Collective Bargaining Agreements.

The State has multi-year labor agreements in place with CSEA, UUP, PEF, GSEU, NYSPBA, and DC-37 Rent Regulation. The agreements provide for 2 percent annual increases in salary, consistent with overall spending constraints.

Employees represented by PEF and the Graduate Student Employees Union (GSEU) have three-year collective bargaining agreements providing 2 percent annual salary increases in FYs 2017 through 2019. Salary increases provided to the Public Employees Federation (PEF) and Graduate Student Employees Union (GSEU) employees were also extended to Management/Confidential (M/C) employees. Negotiations on the next contracts with PEF and GSEU are expected to commence later in the year.

The State is in negotiations with all other employee unions whose contracts concluded prior to FY 2019, including the New York State Police Investigators Association (NYSPIA), Council 82, and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA). Negotiations also continue with the Police Benevolent Association of New York State (PBANYS), whose contract expired at the end of FY 2015.

Employee Fringe Benefits and Fixed Costs

The State provides a variety of fringe benefits to its current and former employees, including health insurance, pensions, payment of the Social Security payroll tax and workers' compensation coverage for injured workers.

All Governmental Funds spending on fringe benefits is projected to increase by \$263 million (3.0 percent). This growth is primarily attributable to the health insurance and workers' compensation programs, offset by relatively flat spending for pensions and social security, and reductions in other fringe benefits and fixed costs.

Growth in the health insurance program of \$116 million (2.8 percent) is reflective of medical inflation and current enrollment levels. Workers' compensation costs are increasing by \$51 million (8.9 percent) due to growth in the average weekly wage for benefit calculations and medical costs. Overall pension costs are projected to remain relatively stable due to improved investment returns and ongoing savings from the 2012 pension reforms. Social Security spending is also relatively stable due to steady workforce levels.

Table 17: Summary of Fringe Benefits Spending (All Funds)

Category	FY 2019 (millions)	FY 2020 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,196	4,312	116	2.8
Pensions	2,422	2,462	40	1.7
Social Security	1,032	1,065	33	3.2
Gross Workers' Compensation	576	627	51	8.9
All Other	684	707	23	3.4
Total	8,910	9,173	263	3.0

Proposed FY 2020 Budget Actions

Supporting Unions by Protecting the Personal Privacy of Public Sector Employees

The decision by the Supreme Court in *Janus v. AFCME* overturned more than 40 years of precedent in deciding that government workers cannot be required to contribute to the labor unions that represent them in collective bargaining. In the aftermath, certain organizations seeking to erode union membership and weaken them have targeted public sector workers at their homes and workplaces in an effort to convince them to stop paying their dues, even as their unions continue to represent them and provide workplace support and protections.

As part of the Governor's Justice Agenda, the Executive Budget advances a proposal to protect the privacy of all public employees by prohibiting public employers from disclosing the personal contact information of public employees. This aligns with the Governor's pledge to protect union members and ensure the labor movement continues to deliver on the promise of the American Dream.

State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 14 percent, from \$3.2 billion in FY 2016 to \$3.7 billion in FY 2018 (retirees and dependent survivors comprise about half of this cost). This growth is significant comparative to the benchmark growth rate of two percent per year. The Executive Budget includes three proposals to help restrain this growth.

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed the supplemental IRMAA premium in 2007 to require high income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high income retirees. This subsidy is worth \$649 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a taxpayer subsidy of \$3,900 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2019. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$2.9 million in FY 2020 (due to the lag in reimbursement), increasing to \$12.4 million in FY 2021.
- **Establish a Floor for State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2019, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$135.50 per month. The cost of this reimbursement is \$249 million. This proposal maintains State reimbursement at \$135.50 per month, consistent with CY 2019 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provide savings of \$2.3 million in FY 2020 and \$12.3 million fully annualized in FY 2021. Only five other states reimburse the

Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.

- **Implement Differential Health Care Premium Contributions for New Civilian Hires at Retirement Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post April 1, 2019 civilian hires in approximately 30 years once the current retiree group is largely replaced.

Provide a Market-Rate of Interest on Court Judgments

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgements is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at a time when interest rates were at 15 percent as a way to protect taxpayer costs. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.