STATE WORKFORCE

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The State Workforce is growing steadily due to the concerted efforts of suspending a years-long hiring freeze, eliminating application fees for civil service exams, expanding opportunities for individuals with disabilities, and making it easier to onboard healthcare and public safety employees through the **Hiring for Emergency Limited Placement (HELP) program**.

The Executive Budget builds on this progress by expanding the **HELP** program, removing educational barriers to employment, incentivizing recruitment through elimination of pay deferrals, making workforce investments in several agencies and increasing the operational capacity of the State's correctional system.

BUILDING ON THE SUCCESS OF THE HELP PROGRAM

In 2023, the Department of Civil Service launched the HELP program to address the statewide workforce shortage in critical health and safety titles across state government. Since then, more than 6,000 have been hired into healthcare and public safety positions, helping to reduce the staffing shortages in these crucial roles.

The Executive Budget builds on this success by expanding HELP so that agencies can fill vacancies open to the public, from office assistants to engineers, on a permanent basis. This expanded program will enable State agencies to fill critical vacancies more effectively, while the Department continues to implement efforts to improve and transform the civil service hiring process by establishing new testing centers and recruitment offices across the State.

REMOVING EDUCATIONAL BARRIERS TO EMPLOYMENT

The Executive Budget directs the Department of Civil Service to review college degree requirements for hundreds of civil service titles and consider equivalent experience where it is sensible to do so. This change could affect hundreds of titles across state government agencies.

By combining experience-based hiring with degree-based hiring, the state will expand opportunities for many New Yorkers without diluting the quality of the candidate pool. Many employers that have made a college degree optional report that non-graduates with experience perform nearly or equally well on key factors such as time to reach full productivity, time to promotion, and level of productivity.

ELIMINATING THE LAG PAYROLL AND SALARY WITHHOLDING PROGRAM FOR NEWLY HIRED STATE EMPLOYEES

The Executive Budget advances legislation to eliminate the Lag Payroll and Salary Withholding Program for new State employees hired on or after July 1, 2024, pursuant to agreements with the labor unions representing Executive Branch State employees, and the election of the Judiciary and Legislature for employees under their purview.

The elimination of these decades-old, collectively negotiated measures is necessary to improve the State's recruitment of new employees, particularly in entry-level jobs. The Lag Payroll requires employees to wait approximately one month before receiving their first paycheck, and the Salary Withholding

STATE WORKFORCE CATEGORY	YEAR-END ACTUAL 3/31/21	YEAR-END ACTUAL 3/31/22	YEAR-END ACTUAL 3/31/23	CURRENT ACTUALS 12/27/2023	YEAR-END ESTIMATE 3/31/24	YEAR-END ESTIMATE 3/31/25	YEAR-TO-YEAR CHANGE
Subject to Direct Executive Control	111,230	106,690	108,080	110,260	121,653	121,470	-183
University Systems	59,853	58,256	59,023	60,756	60,510	60,510	0
Independently Elected Agencies	4,476	4,394	4,319	4,317	4,790	4,840	50
GRAND TOTAL	175,559	169,340	171,422	175,333	186,953	186,820	-133

Program requires a 10 percent pay reduction over the first ten weeks of employment. The continuation of these measures is not feasible in today's ultra-competitive labor market considering the economic realities individuals are facing in providing for the necessities of life.

STATE WORKFORCE INVESTMENTS & EFFICIENCIES

The Executive Budget will provide staffing investments to reinforce careers and public services in several agencies. The Budget also advances legislation to allow the State to close up to five prisons – following the provision of 90 days notice – to increase the operational efficiency of the correctional system.

Below is a list of selected agencies where the Executive Budget proposes additional workforce investments.

- **Office of Mental Health:** To support the recruitment and retention of the mental health workforce and additional inpatient beds.
- **Office for People with Developmental Disabilities:** To support the Intensive Treatment Opportunity (ITO) Expansion.
- **Department of Health**: To support creating and establishing the regional Emergency Medical Services districts.
- **Office of Information Technology Services:** To support project development, increased cybersecurity activity and maintenance of mission-critical systems.
- **Division of State Police:** To support the initiative to stop organized retail theft.
- **Division of Homeland Security and Emergency Services:** To support expanded emergency service capacity, the reduction of fatal fires and the prevention of domestic terrorism.
- **Office of Parks, Recreation and Historic Preservation:** To support the park police, public safety, the opening of the Sojourner Truth Park and the administration of federal grant funding.

Several agencies will also benefit from investments in the budget, including, but not limited to the Office of the Attorney General, the Department of Taxation and Finance, the State Education Department, the Justice Center and the Office of Temporary and Disability Assistance. There is also a proposal to transfer the Office of Renewable Energy Siting to the Department of Public Service to better align the State's energy siting and permitting efforts.

COLLECTIVE BARGAINING

The State reached collective bargaining agreements with the Public Employees Federation and United University Professions in FY 2024, and is actively negotiating successor agreements with other unions representing State employees whose contracts are now expired.

The settled agreements provide annual 3% salary increases, a $3,000 bonus payment, and changes to the health insurance program that will encourage in-network employee utilization to help control health insurance costs.

Coupled with the prior-year agreement with the Civil Service Employees Association, and the extension of provisions to unrepresented employees, the State has reached agreement with approximately 80% of its workforce through FY 2026.

LOAN FORGIVENESS PROGRAM AWARENESS CAMPAIGN

To assist recruitment efforts for hard-to-fill positions, such as engineers and mental hygiene employees, the Executive Budget directs the Office of Employee Relations to commence an awareness campaign for the federal government's Public Service Loan Forgiveness (PSLF) Program. This campaign will seek to recruit and retain State employees by ensuring they are aware of this valuable program and its potential benefits.

The PSLF is a federal program that rewards and incentivizes public service work by cancelling a portion of borrowers' federal student loans. The program requires borrowers to be full-time employees of an eligible public service employer and make 120 qualifying payments towards their student loans, after which the remainder of their Federal student loan debt can be forgiven if proper documentation is submitted to the Federal government.

These efforts will build on legislation signed by the Governor in 2022 to make the program more accessible by setting a standard hourly threshold for full-time employment for PSLF purposes and clarifying key legal terms associated with the program.

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. Fixed costs include payment in lieu of taxes to the City of Albany for the Empire State Plaza and taxes on other state-owned land, as well as payments for judgments/settlements against the State under the Public Officers Law and in the Court of Claims.

All Governmental Funds spending is projected to decline as a result of the proposed prepayment of the FY 2025 Pension obligation in FY 2024, illustrated in the following table.

- **NYSHIP**. The increase in spending reflects medical inflation including the rising cost of prescription drugs and an anticipated increase in utilization of non-essential procedures postponed during the pandemic.

- **Pensions**. The decline in spending is a result of the proposed prepayment of the FY 2025 Pension obligation, of approximately $1.9 billion in FY 2024. This proposal is estimated to result in approximately $110 million in interest savings.

- **Social Security Payroll Tax**. The increase reflects general salary increases pursuant to the recent collective bargaining agreements and current spending trends.

- **All Other.** Workers' Compensation, other fringe benefits and fixed costs reflect wage and property tax increases, and current spending trends.

SUMMARY OF ALL FUNDS FRINGE BENEFIT AND FIXED COST SPENDING				
CATEGORY	FY 2024 (MILLIONS OF DOLLARS)	FY 2025 (MILLIONS OF DOLLARS)	DOLLAR CHANGE (MILLIONS OF DOLLARS)	PERCENT (%)
NYSHIP	4,765	5,467	702	14.7%
Pensions	3,812	671	(3,141)	(82.4%)
Social Security	1,177	1,197	20	1.7%
Workers' Compensation	603	648	45	7.5%
Other Fringe Benefits / Fixed Cost	714	762	48	6.7%
Total	**11,071**	**8,745**	**(2,326)**	**(21%)**

PROPOSED EXECUTIVE BUDGET ACTIONS

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 relief for local governments and lower state taxpayer costs. 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 judgments is established at a fixed rate of as much as 9 percent annually. 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.

Eliminate Subsidy for the Medicare Part B Income-Related Monthly Adjustment Amount

To limit costs to the Medicare program, the Federal government requires higher-income retirees to pay a greater share of Medicare Part B premium expenses. These additional expenses are known as the Income-Related Monthly Adjustment Amount (IRMAA). In 2024, these IRMAA expenses are imposed on retirees with an annual income of $103,000 or higher ($206,000 or higher for joint filers) and range from $70 to $419 per month. Currently, the State fully reimburses retirees for the value of Part B IRMAA expenses.

The Executive Budget proposes the State mirror the federal government's policy decision to have higher-income retirees pay a higher proportion of their health insurance costs by ceasing IRMAA reimbursement. Eliminating this reimbursement will save the State $23.5 million annually ($5.7 million in FY 2025 due to the lag in reimbursement).

NYSHIP Interest and Intercept

Approximately 900 local governments, school districts, and other public employers participate in NYSHIP and are billed monthly premiums by the Department of Civil Service. Unlike other amounts owed to the State, interest does not accrue on unpaid premiums by participating NYSHIP employers. This creates a moral hazard in which there are no financial consequences for employers that do not make timely payments. When this occurs, these costs must be absorbed by the State, NYSHIP enrollees, and other participating employers.

The Executive Budget proposes to allow the Department of Civil Service to assess interest on late premiums. It would further allow the Budget Director to intercept State payments to participating NYSHIP employers with outstanding premium amounts. Enactment of this legislation would lower State costs by $20 million in FY 2025.