

State Workforce

Overview

The Executive Budget reflects collective bargaining agreements with 90 percent of the State workforce that has resulted in initial savings of \$300 million and on-going health benefit savings of \$230 million. The size of the State workforce is expected to be relatively stable in 2014-15, following a significant period of contraction.

State employees deliver services to the public and manage a range of facilities and provider networks. They oversee and administer billions of dollars in program funding and capital projects. There are 179,759 State employees employed in Executive agencies, the SUNY and CUNY systems and in the Offices of the Attorney General and State Comptroller. The number of positions in agencies directly controlled by the Executive will have declined by 8,239 (6.5 percent) between the period December 2010 to the end of 2014-15, from 127,392 to 119,153.

Approximately 94 percent of the State workforce is unionized; there are 10 employee unions and 14 negotiating units. In addition, approximately 10,800 employees are considered Management/Confidential (M/C) and are not represented by a union.

State employees receive an average compensation (salary and other pay) of \$66,993 plus fringe benefits, totaling \$104,160.

The largest State employers are:

Agency	Workforce (3/31/14 Estimate)
State University of New York	43,342
Department of Corrections and Community Supervision	29,001
Office for People With Developmental Disabilities	19,031
Office of Mental Health	14,616

Maintaining a Cost-Effective State Workforce

The State has settled collective bargaining agreements with 90 percent of the entire workforce and nearly all of the workforce that is subject to direct Executive control. These agreements yielded significant wage and benefit savings, including:

- No general salary increases for three years (2011-12 through 2013-14);
- Two percent general salary increases in 2014-15, as well as in 2015-16 for CSEA, NYSCOPBA, Council 82, and UUP;
- A two-year temporary reduction in employee compensation; and
- Increases to employee/retiree health benefit premium shares, copays, out-of-network deductibles and coinsurance that save nearly \$230 million annually.

In 2012-13, the State enacted Tier VI pension reform to help control increasing retirement costs for State government, local governments and school districts. As of April 1, 2012, all newly hired public employees belong to Tier VI. This new pension tier requires employees to contribute, depending upon annual salary, between 3 percent and 6 percent of their salary toward their pension; raises the retirement age for non-uniformed employees from 62 to 63; reduces the pension multiplier so that a 30-year employee, for example, will have a 55 percent pension benefit instead of a 60 percent benefit; extends the Final Average Salary period from 3 to 5 years; and places a \$15,000 cap on overtime factored in the calculation of Final Average Salary. In addition, Tier VI provides new employees who do not belong to a bargaining unit and earn more than \$75,000 per year the option of enrolling in a defined contribution plan. It is estimated this reform will significantly diminish long-term pension costs, saving the State, local governments and school districts more than \$80 billion over the next 30 years.

Additionally, in calendar year 2013, the State commenced the provision of prescription drug coverage to its Medicare eligible retirees through a Part D Employer Group Waiver Plan (EGWP). This will facilitate the maximization of Federal Medicare reimbursement, thereby reducing the State's Other Post-Employment Benefits (OPEB) liabilities from \$59 billion to \$54 billion without reducing current benefit levels.

Finally, the State's employee and retiree health plan, the Empire Plan, is now entirely self-insured. The medical component of the Plan became self-insured on January 1, 2013, and the hospital, prescription drug and mental health components became self-insured on January 1, 2014. Previously, the State paid a set annual premium to its health insurance carriers to fund benefit claims. Under the new arrangement, the State assumes full responsibility for the payment of benefit claims. This allows the State, local governments and public authorities (and their employees and retirees) to avoid paying annual New York State and certain Federal Affordable Care Act taxes, fees and assessments.

Proposed 2014-15 Budget Actions

- **Eliminate Reimbursement of Supplemental Medicare Part B Premiums for Higher Income State Retirees.** Annual spending growth in the area of employee and retiree health benefits is nearly 7 percent, or roughly \$200 million. Retirees account for about 45 percent of such spending, or \$90 million. Currently, to minimize the cost of retiree health benefits, upon turning 65 all retirees participating in the New York State Health Insurance Plan (NYSHIP) are required to enroll in Medicare Part B (Medical Insurance Coverage).

To further curtail retiree health benefit spending growth, the Executive Budget will eliminate State reimbursement of the additional monthly Federal Medicare Part B premium – the Income Related Medicare Adjustment Amounts (IRMAA) – which has been paid by higher-income retirees since 2007. The State will continue to reimburse the regular Federal premium of \$104.90 per month in 2014. The additional IRMAA premiums are paid by single retirees who earn more than \$85,000 per year and married retirees who earn more than \$170,000 per year. This demographic consists of less than five percent of 145,000 State retirees and dependents with Medicare coverage. Depending upon income bracket, the additional IRMAA premiums range from \$42.00 to \$230.00 per month in 2014. This action will take effect on January 1, 2014, resulting in savings of \$1.7 million in 2014-15, but will grow to over \$7 million on a full annual basis in 2017-18.

Workforce Summary

Category	2014-15				Change	
	3/31/14 Est.	Attrition	New Fills	3/31/15 Est.	Number	Percent
Workforce Subject to Direct Executive Control	119,413	(3,318)	3,058	119,153	(260)	(0.22)
University Systems	57,137	0	0	57,137	0	0.00
Departments of Law and Audit and Control	4,407	0	69	4,476	69	1.57
Grand Total	180,957	(3,318)	3,127	180,766	(191)	(0.11)

Other State Workforce Actions

Investments. In the area of human services, positions will be filled in the Office for Temporary and Disability Assistance to support the Supplemental Security Income program takeover from the Federal government. Additionally, staff will be added in the NYS Gaming Commission to support the Upstate New York Gaming Economic Development Act and the Department of Public Service to provide oversight to the Long Island Power Authority and the Public Service Enterprise Group (PSEG) Long Island, the private utility that will handle the day-to-day operations of the Long Island electric grid.