

13. STATE WORKFORCE

Overview

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. There are 180,252 full-time equivalent State employees within 59 Executive agencies, the SUNY and CUNY systems and in the Offices of the Attorney General and State Comptroller. The Executive has direct control over 65 percent of the State workforce (118,311 full-time equivalent employees). Staffing levels are expected to remain relatively stable in FY 2017.

Category	FY 2017		Change	
	3/31/16 Est.	3/31/17 Est.	Number	Percent
Workforce Subject to Direct Executive Control	118,311	118,538	227	0.19
University Systems	57,465	57,465	0	0.00
Office of the State Comptroller	2,643	2,663	20	0.76
Department of Law	1,833	1,839	6	0.33
Grand Total	180,252	180,505	253	0.14

Approximately 94 percent of the State workforce is unionized with the remaining portion serving in

Management/Confidential (M/C) assignments. State employees receive an average compensation (salary and other pay) of roughly \$69,000. Over the past five fiscal years, the State has spent an average of \$6.6 billion on employee fringe benefit programs, including employee and retiree health insurance, pensions and workers' compensation.

In FY 2013, the State enacted Tier VI pension reform to help control escalating 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 reform will significantly diminish long-term pension costs, saving the State, local governments and school districts more than \$80 billion over 30 years.

Consistent with Governor Cuomo's push to restore economic justice by making New York the first state in the nation to enact a \$15 minimum wage for all workers, the Budget includes the phased-in minimum wage increase for State employees and employees of the State University of New York.

Promoting Workforce Fairness and Affordability

Minimum Wage for State Workers

The minimum wage for State workers is being increased on the same phased-in schedule as is currently underway for fast food workers. The initial increase took effect in the first pay period beginning on or after December 31, 2015. As of that pay period, all State workers are receiving an hourly wage that is no less than:

- \$10.50 per hour for State employees whose job location is within the five boroughs of New York City; or
- \$9.75 per hour for State employees in all other job locations.

This initial increase will benefit nearly 2,000 employees. When fully phased-in on July 1, 2021, the \$15 minimum wage will benefit approximately 10,000 Executive Branch State employees (including employees of the Office of the Attorney General and Office of the State Comptroller), as well as employees of the State Legislature and the State Judiciary. The minimum wage is also being increased for more than 28,000 employees of the State University of New York.

The immediate costs of the increases will be absorbed in agency budgets as a result of increased efficiencies.

Collective Bargaining

Most State employee union contracts will expire at the end of FY 2016. Employees represented by the Public Employees Federation (PEF) and the Police Benevolent Association of New York State (PBANYS) are currently working under expired contracts. The union representing State Police Investigators has had no contract in place for the period beginning April 2011. The State is currently engaged in collective bargaining with these unions. The State Police Troopers and Commissioned and Non-Commissioned Officers whose contracts expire at the end of FY 2018 will receive a 1.5 percent general salary increase at the start of FY 2017 and again in FY 2018.

Meeting Emerging Priorities

Since 2013, the workforce levels in agencies subject to direct Executive control have remained stable, with annual changes of 1 percent or less. The FY 2017 Executive Budget continues that trend – there are no

planned layoffs and no newly announced facility closures.

In FY 2017, the State workforce will remain stable in most agencies or modestly decline via attrition primarily associated with continued efforts to improve operating efficiencies. The Budget includes workforce increases in select State agencies to support investments to meet emerging priorities, including:

- **The Department of Corrections and Community Supervision.** Additional staff will support a variety of efforts, including meeting the requirements of Executive Order #150, which requires 16 and 17 year old youth to be housed at a separate facility from adults. Youth offenders will be transitioned to the Hudson Correctional Facility where they will receive specialized age-appropriate programming and individuals with mental health needs will have access to services provided by the Office of Mental Health.
- **The Department of Health.** Additional staff will support the continued take-over of Medicaid Administration from the counties.
- **The Office of General Services.** Additional staff at the Business Services Center will support human resource and finance operations for various State agencies.

Employee Fringe Benefits and Fixed Costs

The State provides a variety of fringe benefits to its current and former employees, including health insurance, pensions and workers' compensation coverage.

Category	FY 2016 (millions)	FY 2017 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	3,479	3,709	230	6.6
Pensions	2,202	2,370	168	7.6
Social Security	981	966	(15)	-1.5
Workers' Compensation	454	357	(97)	-21.4
All Other	509	540	31	6.1
Total	7,625	7,942	317	4.2

All Funds spending is projected to increase by \$317 million (4.2%). The health insurance cost increase is primarily attributable to increased prescription drug costs, including increased utilization of specialty drugs for chronic conditions and price inflation for most other drugs. Pension costs are growing primarily due to the increase in the graded rate associated with pension amortizations, as determined by the pension systems. Workers' compensation costs are increasing based on growth in the average weekly wage for benefit

calculations and medical costs, partially offset by the use of \$140 million in existing reserve funds.

Proposed FY 2017 Actions

State Retiree Health Insurance Reform

The Executive Budget includes the following three proposals to help restrain the growth in State retiree health care costs:

- **Implement Differential Health Care Premium Contributions for Certain New Retirees Based on Years of Service.** The Budget provides more equitable funding for retiree health insurance coverage for certain new civilian State retirees with less than 30 years of service. Currently, an employee retiring with 10 years of service pays the same amount for their health insurance coverage as an employee who retires with 30 years of service. Under this proposal, similar to the calculation for pension benefits, new civilian retirees would pay differential healthcare premiums based on years of service. Those retiring with less than 30 years of service would have to contribute a greater share of their health insurance costs. Costs would be proportionately greater for an individual with ten years of service, and gradually decrease until they are no different than current levels once an individual reaches 30 years of service. This change would

take effect with new retirees as of October 1, 2016.

- **Eliminate Reimbursement for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed this supplemental IRMAA premium in 2007 to require high income retirees to pay more of the increasing Medicare costs. New York, and only one other state (Hawaii), provide reimbursement of the premium to all high income retirees and their dependents. This taxpayer subsidy of New York State's high income retirees currently ranges from \$584 annually for new retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, to a subsidy of \$3,216 annually for new retirees with AGI above \$214,000. The Budget eliminates this reimbursement effective January 1, 2016.
- **Maintain Reimbursement of the Medicare Part B Standard Premium for New State Retirees at \$104.90 per month.** New York is one of only three states (along with Hawaii and California) that provide full reimbursement of the standard premium to all eligible retirees and their dependents. Under this proposal, New York would continue to reimburse the standard premium for new and existing retirees (\$104.90 per month), but would not provide reimbursement for an unfunded Federal Cost of Living Adjustment imposed on new retirees, IRMAA payers or non-Social Security payers (\$17 per month). This change would take effect October 1, 2016.