

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. There are 181,744 full-time equivalent State employees within 59 Executive agencies, the State University of New York (SUNY) and City University of New York (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 (118,809 full-time equivalent employees). Staffing levels are expected to remain stable in FY 2018.

Overview

Workforce levels in agencies subject to direct Executive control have remained stable, with annual changes of 1 percent or less over the past five years. The FY 2018 Executive Budget continues that trend with continued efforts to capture operational efficiencies via attrition.

Table 15: Summary of Workforce Levels

Category	FY 2018		Change	
	3/31/17 Est.	3/31/18 Est.	Number	Percent
Subject to Direct Executive Control	118,809	118,673	(136)	(0.11)
University Systems	58,433	58,433	0	0.00
Office of the State Comptroller	2,663	2,663	0	0.00
Department of Law	1,839	1,839	0	0.00
Total	181,744	181,608	(136)	(0.07)

Nearly all agencies have stable workforce levels, with modest attrition reductions expected for the Office of Mental Health (-353) and the Office for People with Developmental Disabilities (-253) as streamlining of institutional capacity continues. The Budget also includes workforce increases in select State agencies to support emerging programmatic priorities. This includes:

- **The Department of Health.** 163 net additional personnel to support the continued take-over of Medicaid Administration from counties as part of the Governor's effort to provide mandate relief and help localities stay under the 2 percent property tax cap.

Budget Highlights

Create the Empire Star Public Service Award. This award will represent the highest honor a State employee may receive and will include a \$5,000 professional development scholarship.

State Retiree Health Insurance Reforms. The Budget includes three proposals that will restrain retiree health insurance expense growth. Over the past three fiscal years, New York State Health Insurance Program (NYSHIP) retiree costs have increased about 16 percent, from \$1.11 billion in FY 2014 to \$1.28 billion in FY 2016. This exceeds the two percent spending benchmark and challenges the State's ability to remain economically competitive.

Performance Profile

Pension Reform. Tier VI pension reform enactment has helped control escalating retirement costs for the State, local governments and school districts. This reform will significantly diminish long-term pension costs, saving the State, local governments and school districts more than \$80 billion over 30 years.

Improving Government Efficiency. The executive controlled State workforce has declined by nearly 10,000 positions (-8.4%), comparing when Governor Cuomo took office in 2011 to the December 2016 workforce. Agencies are streamlining their services and focusing on filling critical vacancies.

- **The Department of Corrections and Community Supervision.** A net increase of 126 staff primarily to reflect revised projections of facility staffing requirements.
- **The Department of Motor Vehicles.** 107 net additional staff primarily to implement the Federal Real ID Act, also including five staff to support the ridesharing initiative.
- **The Division of Homeland Security and Emergency Services.** 98 additional staff to train airport employees on increasing security awareness, to train firefighters and emergency management staff in swift water rescues, and for the new Cyber Incident Response Team initiative.
- **The Department of Transportation.** 86 net additional staff for engineering personnel to provide design and construction inspection services needed to deliver the State's \$27 billion capital plan for roads and bridges.
- **The Office of Temporary and Disability Assistance.** 73 additional staff to support increased emergency shelter oversight responsibilities in the new Division of Shelter Oversight and Compliance to ensure safe and secure temporary accommodations for homeless individuals and families.
- **Other Agencies.** Other agencies with a net increase in the workforce include the Division of State Police for the processing of sexual offense evidence kits related to Chapter 500 of the Laws of 2016 (+26); the Office of Children and Family Services for the Human Services Call Center program expansion (+11); the Office of Indigent Legal Services to assist with reimbursement-based contract grants (+3); and the Office of Parks, Recreation and Historic Preservation for the new Cave of the Winds Attraction in Niagara Falls (+2). Other agencies with a net decrease via attrition include: the Office of Information Technology Services (-179); Office of the Medicaid Inspector General (-27); Department of State (-14); and the Department of Economic Development (-5).

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 of \$70,740. Over the past five fiscal years, the State has spent an average of \$7.2 billion on employee fringe benefit programs, including employee and retiree health insurance, pensions, the Social Security payroll tax and workers' compensation insurance for injured workers.

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 is significantly diminishing long-term pension costs, saving the State, local governments and school districts more than \$80 billion over 30 years.

Promoting Workforce Fairness and Affordability through Collective Bargaining

The State has reached responsible labor agreements with several employee unions, and is in the midst of negotiations with the remaining groups. Labor agreements are in place with unions representing State Troopers, Officers and Investigators through FY 2018. In addition, three-year agreements have been reached with the Public Employees Federation and with the Graduate Student Employees Union (pending member ratification). Both agreements provide for annual 2 percent general salary increases in FY 2017, FY 2018 and FY 2019, respectively. The budget also includes extension of the provisions of these agreements to M/C employees.

The State has also reached agreement with the New York State Correctional Officers and Police Benevolent Association on a five-year labor contract through FY 2021 (pending member ratification). This agreement would provide for annual 2 percent general salary increases through FY 2021, and differentials typically received within the law enforcement community (e.g., Hazardous Duty Pay), the cost of which are offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and reductions in overtime costs.

The State is negotiating comparable responsible successor agreements with all of the remaining unions, including: the Civil Service Employees Association, United University Professions, Council 82, the Police Benevolent Association of New York State, and District Council 37 (Housing).

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.

All Governmental Funds spending, including the Judiciary, is projected to increase by \$325 million (4.1%). The health insurance growth is primarily attributable to medical inflation and, to a lesser degree, increased medical services utilization. Pension costs are growing primarily due to lower than expected investment returns. Workers' compensation costs are increasing due to growth in the average weekly wage for benefit calculations and medical costs, partially offset by the use of existing reserve funds. The 'All Other' decrease of \$136 million primarily reflects increased escrow receipts of \$190 million offset by growth in Federal and other funds.

Table 16: Summary of Fringe Benefits Spending (All Funds)

Category	FY 2017 (millions)	FY 2018 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	3,682	3,976	294	8.0
Pensions	2,457	2,540	83	3.4
Social Security	988	992	4	0.4
Gross Workers' Comp.	459	539	80	17.4
All Other	347	211	(136)	-39.2
Total	7,933	8,258	325	4.1

Proposed FY 2018 Budget Actions

The Empire Star Public Service Award

New York State is composed of a diverse and dedicated workforce of remarkable men and women who provide invaluable services to millions of New Yorkers every day. Many of these public servants stand-out for going above and beyond the call of duty. They exceed what is expected of them in their day-to-day work, and in unforeseen circumstances and emergencies. In recognition of these extraordinary employees, Governor Cuomo proposes to launch the Empire Star Public Service Award.

The Empire Star Public Service Award will represent the highest honor a State employee can receive and will include a \$5,000 professional development scholarship. Through this award, the Governor will publicly recognize and highlight the outstanding service and accomplishments of public employees from all ten regions of the State, nominated by their co-workers for exemplary job performance. Recipients will have distinguished themselves from their peers through meaningful contributions to State government, demonstrating their dedication to serve New Yorkers with a high level of performance, integrity and pride. An Awards Selection Committee, which will include the Department of Civil Service and the Governor's Office of Employee Relations, will review all nominations.

State Retiree Health Insurance Reforms

The Executive Budget includes three proposals to help restrain the growth in State retiree health care costs. Over the past three fiscal years, New York State Health Insurance Program (NYSHIP) costs for retirees have increased about 16%, from \$1.11 billion in FY 2014 to \$1.28 billion in FY 2016. This is well beyond the benchmark growth rate of 2% per year, and challenges the State's ability to remain economically competitive.

- **Implement Differential Health Care Premium Contributions for Certain New Retirees Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more 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 retirees 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 ten years of service, and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change would take effect with new civilian retirees as of October 1, 2017.

- **Eliminate Taxpayer Subsidy 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 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 \$642 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a subsidy of \$3,535 annually for retirees with AGI above \$214,000. The Budget eliminates this reimbursement effective January 1, 2017. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA.
- **Maintain Reimbursement of the Medicare Part B Standard Premium for New York State Retirees at Current Levels.** Currently, New York taxpayers reimburse the standard premium for new and existing retirees at \$104.90 per month for those who enrolled in Medicare on or before December 31, 2015 and \$121.80 per month for those who enrolled in Medicare on or after January 1, 2016. This proposal would freeze reimbursement at the current levels rather than providing automatic inflationary increases, and make escalators subject to the annual budget process. This change would take effect May 1, 2017, based on rates in effect December 31, 2016. Only five other states reimburse the Standard Part B premium (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.

Reduce the Interest Rate on Court Judgments

The Executive Budget proposes to reduce the interest rate on court judgments paid by the State, local governments, and certain public corporations and authorities to a market rate. Currently, the interest rate on judgements can be as high as 9 percent annually, which leads to excessive 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 government.