



Division of
the Budget

STATE WORKFORCE

IMPROVING GOVERNMENT EFFICIENCY



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



8 YEARS



PRUDENT COLLECTIVE BARGAINING AGREEMENTS



The State's multi-year labor
agreements align with
overall spending constraints.



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

↑13%

in 3 YEARS

State Workforce

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. The FY 2021 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 approximately 185,000 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 eight years.

Table 16: Summary of Workforce Levels

	Current Actual FY 2020 PP 19	Year End Estimate 3/31/20	Year End Estimate 3/31/21	Current Actual to 3/31/21 Year End Estimate (Decr)/Incr	3/31/20 Year End Estimate to 3/31/21 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	117,801	119,962	118,955	1,154	(1,007)
University Systems	61,004	60,707	60,707	(297)	0
Independently Elected Agencies	4,462	4,502	4,502	40	0
Grand Total	183,267	185,171	184,164	897	(1,007)

The Budget recommends workforce increases in select State agencies to support emerging programmatic priorities, including: the Division of Alcoholic Beverage Control (+191) to support the new Office of Cannabis Management, including staff from the Department of Health; the Office of the Medicaid Inspector General (+69) to support new program integrity initiatives; the Department of Environmental Conservation (+47) to implement the Climate Leadership & Community Protection Act and the Resiliency and Economic Development Initiative; and the Department of Agriculture and Markets (+40) for the State Fair and additional inspection activities. To support the goal of strengthening accountability for Medicaid determinations, staff also are being added at the Department of Health (+22) to enable the State to assume a greater role in local government Medicaid administration, as well as for administration of ongoing Medicaid operations, regulation of health care providers and support for public health priorities, including preserving access to appropriate family planning services.

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Agencies reflecting a decline in workforce entirely through attrition include the Department of Corrections and Community Supervision (-1,247) as facilities restructure and close; the Office of Mental Health (-105) due to facility transformation and restructuring and the Jail-Based Restoration Program; and the Office of Children and Family Services (-63) resulting from the closure of the Youth Leadership Academy.

Promoting Workforce Fairness and Affordability through Collective Bargaining

The State has multi-year labor agreements in place with most of the unionized workforce providing a 2 percent general salary increase in each year of the respective contract periods. These agreements generally include the provision of additional compensation supplemented by savings in health insurance and overtime.

The State continues to negotiate new agreements with the Public Employees Federation (PEF) and the Council 82 Security Supervisors Unit. Additionally, negotiations will continue with the Police Benevolent Association of New York State (PBANYS) following the recent issuance of a four-year arbitration award through FY 2019 in alignment with the settled agreements.

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 Officer's Law and in the Court of Claims.

All Governmental Funds spending is projected to increase by \$334 million (3.7 percent) as illustrated in the following table. Growth in the health insurance program is reflective of medical inflation and current enrollment levels. The increased cost of pensions and Social Security is the result of higher salary costs due to collective bargaining and 27 payroll checks as opposed to 26 due to the calendar pay schedule. Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

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Table 17: Summary of All Funds Fringe Benefit and Fixed Cost Spending

Category	FY 2020 (millions)	FY 2021 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,308	4,512	204	4.7
Pensions	2,448	2,495	47	1.9
Social Security	1,097	1,134	37	3.4
Gross Workers' Compensation	566	583	17	3.0
Other Fringe Benefits / Fixed Cost	683	712	29	4.2
Total	9,102	9,436	334	3.7

Proposed FY 2021 Budget Actions

State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 13 percent, from \$3.43 billion in FY 2017 to \$3.87 billion in FY 2019 (retirees and dependent survivors comprise about half of this cost). This growth is significant compared 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 \$694 annually for retirees with an Adjusted Gross Income (AGI) between \$87,000 and \$109,000, growing to a taxpayer subsidy of \$4,164 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2020. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$3.7 million in FY 2021 (due to the lag in reimbursement), increasing to \$15.7 million in FY 2022.
- Cap State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2020, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$144.60 per month. The cost of this reimbursement is \$233 million. This proposal maintains State reimbursement at \$144.60 per month, consistent with CY 2020 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provides savings of \$2.2 million in FY 2021 and \$11.8 million fully annualized in FY 2022. 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

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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 October 1, 2020 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 judgments 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 12 percent. 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.