



Division of
the Budget

STATE WORKFORCE

DEPARTMENT OF HOMELAND SECURITY

oversaw procurement and distribution of **supplies and equipment** and



managed **testing operations**.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

staff established and continue to operate **testing sites statewide**.



State employees provided support to the

UNEMPLOYMENT INSURANCE

program benefits hotline



NYS EMPLOYEES SPRUNG TO ACTION DURING THE PANDEMIC

STATE POLICE

provided **safe transport** of samples to labs, helped with **collecting data** from travelers at NYS airports



DEPARTMENT OF AGRICULTURE AND MARKETS

distributed **face coverings** and **hand sanitizer** to farms



launched **on-farm testing** for workers

THE DEPARTMENT OF CORRECTIONAL INDUSTRIES

developed/produced **hand sanitizer** shipping **100,000 gallons a week** to schools and other institutions



Budget Highlights

State Workforce Levels. In light of the strict hiring freeze during the pandemic, the Budget assumes a reduced workforce level, with exceptions to maintain capacity in institutional settings and other key investments. This is a necessary measure, however, priority workforce needs will continue to be addressed.

State Retiree Health Insurance Reforms. Over the past three fiscal years, employee and retiree health care costs have increased by approximately 8.6 percent. The Budget proposes reforms targeted towards moderating the cost increases associated with higher income members and other retirees.

NYSHIP Integrity. The Budget assumes NYSHIP will conduct a Dependent Eligibility Verification Audit to strengthen program integrity by eliminating enrollees who are not eligible for health insurance coverage.

Interest Reform. The Budget proposes to provide a market rate of interest on court judgments paid by public and private entities. A prevailing market interest rate – rather than the current fixed 9 percent rate that was established when interest rates were at 12 percent annually – is fairer to all parties and will facilitate timely court decisions.

The New York State workforce undertook an incredible effort to support and safeguard New Yorkers during the global pandemic as they delivered vital public services and managed a range of critical facilities and provider networks. In light of the strict hiring freeze during the COVID-19 pandemic, the Executive Budget assumes a reduced workforce level from prior years, with exceptions to maintain capacity in institutional settings and other key investments. While this is a necessary measure given economic circumstances, priority workforce needs will continue to be addressed. The Budget also assumes the continued deferral of general salary increases to avoid layoffs.

Overview

The State has multi-year labor agreements with several unions and is negotiating successor agreements with unions whose contracts are expiring or have expired.

The Budget assumes a workforce level of approximately 178,000 annual-salaried, full-time equivalent (FTE) positions within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), the Offices of the Attorney General and the State Comptroller. The current level of the workforce under the direct control of the Executive is approximately 113,000 FTEs (63 percent). Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments.

As a result of Federal inaction, New York State was blindsided by COVID-19 and in Spring 2020 was the epicenter of the global pandemic, causing economic upheaval across the State. The economic disruption devastated State revenues and the Governor moved quickly to control spending, including by implementing freezes on wages and hiring. The strict hiring freeze resulted in significant attrition in FY 2021, mitigating the need for more difficult workforce actions. Since the start of the fiscal year through December 2020, agencies subject to direct Executive control are down roughly 5,200 FTEs, and 6,000 FTEs with the inclusion of the University Systems and the Elected Offices.

The Budget proposes additional reductions in the Department of Corrections and Community Supervision (-800), Office of Mental Health (-446) and the Office of Children and Family Services (-285) based on proposals for facility transformation, restructuring and select closures in DOCCS and OCFS. These reductions will be achieved through attrition.

Workforce investments include: the Department of Health (+339) to support the Medicaid takeover; the Division of Alcoholic Beverage Control (+208) to support the new Office of Cannabis Management, including staff from the Department of Health; the Office of the Medicaid Inspector General (+35) to support new program integrity initiatives; the Department of State (+31) to support the Office of Renewable Energy Siting; the Board of Elections (+15) to support Campaign Finance; the Office for People with Developmental Disabilities (+12) for oversight of a new repair review process related to rehabilitation and property maintenance costs of voluntary operated individualized residential alternative providers; the Division of Criminal Justice Services (+7) to support policing reform; the Department of Environmental Conservation (+7) to support the Climate Leadership and Community Protection Act program; and the Office to End Domestic and Gender-Based Violence (+3) to support the Enough is Enough program.

To better serve people with addiction and mental illness, the Executive Budget integrates the Office of Addiction Services and Supports and the Office of Mental Health into a new Office of Addiction and Mental Health Services. Additionally, the Institute for Basic Research in Developmental Disabilities (IBR) will combine with the New York State Psychiatric Institute (NYSPI), the Lake George Park Commission will realign with the Department of Environmental Conservation and the Gaming Inspector General function is transferred to the Office of the State Inspector General.

Table 16: Summary of Workforce Levels

Category	Current Actual FY 2021 PP 19	Year End Estimate 3/31/21	Year End Estimate 3/31/22	Current Actual to 3/31/22 Year End Estimate (Decr)/Incr	3/31/21 Year End Estimate to 3/31/22 Year End Estimate (Decr)/Incr
Subject to Direct Executive Control	112,784	113,000	112,170	(614)	(830)
University Systems	60,318	60,315	60,315	(3)	0
Independently Elected Agencies	4,452	4,492	4,492	40	0
Grand Total	177,554	177,807	176,977	(577)	(830)

Responding to the Pandemic

New York State’s workforce stood by New Yorkers in their time of need, from partnering with other agencies to staff call centers to service on the frontlines of the pandemic, including, but in no way limited to:

- Employees of several agencies, including Division of Homeland Security and Emergency Services (DHSES), Division of Military and Naval Affairs (DMNA), Office of Victim Services, and Division of Criminal Justice Services (DCJS), supported the Department of Labor’s Unemployment Insurance program benefits hotline. The Multi-Agency Task Force

to combat violations of coronavirus-related regulations at bars and restaurants is led by SLA and State Police.

- The Justice Center has supported the State's pandemic response by assisting with four call center activities, either directly within the Justice Center's own call center or by providing staff to assist other agencies' call centers, including: fielding questions related to sick and paid family leave for the NYS Worker's Compensation Board; helping the Department of Health and the Department of Tax and Finance set up COVID testing appointments and answer general COVID questions; and triaging calls from the Office for People with Developmental Disabilities' COVID-specific hotline. Through these efforts, the Justice Center has handled approximately 70,000 calls with New Yorkers regarding COVID-19.
- Department of Environmental Conservation (DEC) staff from every division, including Emergency Management staff, Forest Rangers, and Environmental Conservation Police Officers, are serving on the frontlines of the State's response to COVID-19. To date, more than 1,000 staff have volunteered to help combat the pandemic, supporting more than 20,000 missions in New York's coronavirus fight. DEC staff stood up and operated testing sites, delivered food, PPE, and test kits, supported Department of Health and Labor call centers, and are now standing up vaccination sites across the state.
- Department of Agriculture and Markets (Ag&Mkts) staff, with its partners, distributed more than 100,000 face coverings and tens of thousands of gallons of hand sanitizer to farms across the State. Ag&Mkts also launched on-the farm COVID-19 testing for farm workers, in partnership with NYS DOH, in targeted areas of the State that see the greatest number of seasonal farm workers.
- DHSES Emergency Operation Center (EOC) has been activated since March 2020 in response to the pandemic. Their asset management personnel have coordinated the receipt, storage and distribution of millions of pieces of PPE and durable medical equipment at locations throughout the State. They are involved in the management of the State's diagnostic testing operations, including test kit procurement, distributing medical supplies, and facilitating mask fit testing.
- During the early stages of the response, the State Police were responsible for the safe transport of thousands of test samples from numerous testing sites to appropriate laboratories for analysis. Additionally, the State Police assumed an important role of assisting Department of Health officials in collecting data from travelers entering New York State, at seven of the State's regional airports.
- Department of Corrections and Community Supervision (DOCCS) decommissioned over 3,000 top bunks allowing less congestion within dorm settings and developed new protocols to prevent the spread of COVID-19. Further, DOCCS Correctional Industries program (CorCraft) was enlisted to develop and produce hand sanitizer. Upwards of 100,000 gallons a week was shipped across the state to schools, not for profits, and other institutions filling the shortage originally experienced at the start of the pandemic.

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 \$1.62 billion (18.7 percent) as illustrated in the following table. The growth is primarily attributable to the planned repayment of deferred Social Security payroll taxes authorized under Federal CARES Act. Growth in the health insurance program reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The pension increase reflects an increase in the State's employer contribution rates following updated actuarial demographic assumptions and a valuation date during a bear market. Increases in workers’ compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

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

Category	FY 2021 (millions)	FY 2022 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	4,443	4,707	264	5.9
Pensions	2,521	2,833	312	12.4
Social Security	504	1,451	947	187.9
Workers’ Compensation	479	520	41	8.6
Other Fringe Benefits / Fixed Cost	693	743	50	7.2
Total	8,640	10,254	1,614	18.7

Proposed FY 2021 Budget Actions

NYSHIP PROGRAM INTEGRITY

The Budget assumes the New York State Health Insurance Program (NYSHIP) will conduct a Dependent Eligibility Verification Audit to strengthen program integrity and eliminate enrollees who are not eligible for health insurance coverage. The last audit was conducted in FY 2016 and industry best practice is to perform this function every five years.

State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 8.4 percent, from \$3.66 billion in FY 2018 to \$3.97 billion in FY 2020 (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 \$713 annually for retirees with an Adjusted Gross Income (AGI) between \$88,000 and \$111,000, growing to a taxpayer subsidy of \$4,277 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2021. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$4 million in FY 2022 (due to the lag in reimbursement), increasing to \$17.1 million in FY 2023.
- **Cap State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2021, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$148.50 per month. The cost of this reimbursement is \$247 million. This proposal maintains State reimbursement at \$148.50 per month, consistent with CY 2021 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual Budget process. This proposal provides savings of \$1.8 million in FY 2022 and \$9.3 million fully annualized in FY 2023. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey).
- **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 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, 2021 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.