

1 JOINT LEGISLATIVE SESSION
2 OF THE NEW YORK STATE SENATE AND ASSEMBLY

3
4 Public Hearing Regarding the 2011-2012 Executive
5 Budget Proposal - Workforce Issues

6 Legislative Office Building
7 Hearing Room B
8 Albany, New York

9
10 March 2, 2011
11 Wednesday
12 9:30 a.m.

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PRESIDING: Senator John DeFrancisco,
Chairman

Assemblyman Herman Farrell
Chairman

PRESENT: Senator Diane Savino
Senator Liz Krueger
Senator Ruben Diaz
Senator John Bonacic

Assemblyman James Hayes
Assemblyman Peter Abbate
Assemblymanwoman Audrey Pheffer
Assemblyman Keith Wright
Assemblyman Felix Ortiz
Assemblyman John McEneny
Assemblyman Philip Boyle
Assemblyman Harvey Weisenberg
Assemblywoman Jane Corwin
Assemblyman Jeffrion Aubry
Assemblywoman Nicole Malliotakis

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1 SENATOR DEFRANCISCO: Pursuant to the fiscal
2 committees of the State Legislature, we are authorized
3 to hold hearings on the executive budget. Today's
4 hearing, this morning's hearing will be limited to a
5 discussion of the Governor's proposed budget as it
6 pertains to the New York State workforce.

7 Following each presentation there will be
8 some time allowed for questions for Chairs of the fiscal
9 committees and other legislators.

10 We would hope -- there is a time clock, for
11 those of you who haven't been to the new and improved
12 proceedings, please here try to stick to the time clock,
13 and that includes legislators as well, so that we can
14 timely complete this hearing since we have one this
15 afternoon.

16 So, Assemblyman Farrell, do you have
17 anything to add?

18 ASSEMBLYMAN FARRELL: No. That I am joined
19 by Assemblyman Peter Abbate and Assemblyman Jim Hayes.

20 SENATOR DEFRANCISCO: I am joined by Senator
21 Diane Savino.

22 ASSEMBLYMAN HAYES: We are also joined on
23 our side, just arriving, is Assemblywoman Nicole
24 Malliotakis.

1 SENATOR DEFRANCISCO: The first speaker is
2 Howard Glaser, Director of State Operations.

3 MR. GLASER: Good morning, Chairman
4 DeFrancisco, Chairman Farrell, members of the committee.
5 My name is Howard Glaser. I'm Director of State
6 Operations. Thanks for the opportunity to be with you
7 this morning.

8 I am joined today by Gary Johnson, our
9 Director of the Office of -- Governor's Office of
10 Employee Relations, and Patricia Hite from the
11 Department of Civil Service. I am also joined this
12 morning by two new members of our team that I would like
13 to introduce to you that the Governor is announcing
14 today, who will help lead our effort to work with our
15 labor partners in achieving workforce savings.

16 Many of you I think may know Joe Bress. Joe
17 Bress had a distinguished career in New York State,
18 serving as Director of the Governor's Office of Employee
19 Relations, as the Chair and Executive Director of the
20 New York State Ethics Commission. He made an error in
21 judgment about 15 years ago and abandoned New York State
22 to go to a company's senior vice-president for labor
23 relations and that track, but we have lured him back
24 here to help us one more time to face the challenges

1 that we have here today. Joe Bress is with us. I
2 acknowledge Joe.

3 We are also joined today by Todd Snyder, and
4 Todd is senior managing director at Rothchild. He's the
5 co-head of Rothchild's restructuring and reorganization
6 group. He's considered to be among the nation's leading
7 reorganization experts, and in that context, has
8 industry leading experience in negotiating labor related
9 restructuring agreements.

10 Todd's advised two presidents, President
11 Bush and President Obama, in restructuring of the auto
12 industry, he's represented United Airlines and dozens of
13 other companies in their work outs.

14 Given that, as Governor Cuomo stated in his
15 budget presentation that New York State is functionally
16 bankrupt, we thought that Todd's expertise would bring a
17 valuable perspective to the discussions with our
18 workforce about how to restructure our state labor
19 agreements.

20 Let me say at the outset that the Governor
21 and this administration have the utmost respect and
22 appreciation for the over 180,000 executive branch
23 employees who serve the people of the state every day,
24 day in, day out -- corrections officers to motor vehicle

1 clerks, nurses and food inspectors and everything in
2 between.

3 Our state employees are key to the delivery
4 of vital services in New York. And it's in that spirit
5 that we approach the challenges of the 2011-2012 budget.

6 One of the fundamental principals of that
7 budget is to redesign and reinvent our state government
8 with the goal of improving services, while producing
9 cost savings. We are seeking better performance, not
10 simply looking to fill a budget gap. We believe that
11 our workforce and their representatives can be and will
12 be an important source of ideas and solutions to the
13 challenges that we face.

14 That's how we do it here in New York. Those
15 challenges are very significant. There is no path to
16 fiscal stability that doesn't take into account the
17 resources we expend on workforce. Labor costs are a
18 significant portion of state spending, comprising almost
19 20 percent of general fund expenditures, or about \$12
20 and a half billion, and these costs have been rising
21 rapidly.

22 The average compensation and benefits for
23 state employees has increased 14 percent during the past
24 three years -- that's the blue bar on the left -- while

1 private sector wages in New York State have dropped 8.8
2 percent in 2008-2009 alone.

3 This gives you another look at the same
4 data. The blue line across the top with the squiggles
5 and then suddenly goes down and turns red is private
6 sector wages in New York State. That's the zero point
7 is the red line across the middle, and when it crosses
8 below that line we are actually into negative numbers.

9 The average compensation for wages only for
10 state employees today is \$67,200. That far outstrips
11 the average New York income of \$46,957. The all in
12 compensation for state employees, including benefits,
13 today stands at \$99,745 per state employee.

14 In this next slide what you see is this is
15 that data across industries. The red line across the
16 top is the average compensation for New York State
17 government employees. Below that, by industry sector in
18 each of the bar charts, is compensation by industry
19 sectors. You can get a sense about the compensation
20 differential between state employees of New York and
21 private sector employees around the country.

22 There's no question we have a very expensive
23 system. You can see the compensation growth that has
24 taken place over the last 10 years as well. Over the

1 past decade we have seen generous across the board
2 increases in wages, up 38 percent, health insurance
3 benefits up a hundred percent, and the cost of pension
4 benefits up 382 percent, not on that chart.

5 As with much of the state's spending habits,
6 this growth is simply unsustainable. So, at these
7 levels there cannot really be a serious attempt to solve
8 the state's \$10 billion budget deficit without
9 addressing workforce spending.

10 Nonetheless, recognizing the critical role
11 of the workforce, we are working very hard to wield a
12 scalpel and not an ax on labor costs. The executive
13 budget reflects that. With an early agreement by
14 employee representatives, we can hold workforce cost
15 reductions to \$450 million.

16 This amounts to about five percent of the
17 \$10 billion deficit, even though workforce costs amount
18 to 20 percent of the general fund budget. We see that
19 in the pie charts as well. Workforce costs almost 20
20 percent of the budget. We are only seeking savings from
21 workforce for about 5 percent. We think that's very
22 reasonable and reflects our view of the importance of
23 the workforce.

24 The \$450 million reduction itself amounts to

1 only about one third of the projected reduction of 1.4
2 billion in state operations. We are also looking in
3 other places for reductions as well.

4 Significant reduction in state operations is
5 expected to come from \$485 million in non-personal
6 service reductions. Things like contractors,
7 consultants, supplies and other efficiencies, not in
8 workforce savings. 450 in workforce savings, 485
9 million in non-personal services.

10 In fact, today we are taking a major step
11 reducing those costs of contracting. The Governor will
12 be announcing today that he is issuing an executive
13 order which will reduce the cost of specific personal
14 service contracts used by New York State agencies by 10
15 percent.

16 Under this order, agencies will be permitted
17 to renew the consultant contract only if the contract
18 agrees to the reduction. This action reflects the
19 Governor's philosophy that we must reduce costs and
20 increase performance in every area of state operations.
21 We are confident that working together with our state's
22 labor representatives the targeted \$450 million in
23 workforce savings can be achieved without resorting to
24 layoffs.

1 I want to emphasize that our approach is one
2 of constructive engagement with workforce determining
3 how to achieve these savings. We have already begun
4 discussions with the public employee unions to discuss
5 areas of cost reduction. Administration believes there
6 aren't many options to effect the necessary savings on a
7 recurring basis without resorting to the estimated 9,800
8 layoffs that would be necessary to achieve the \$450
9 million in savings if our efforts at constructive
10 discussion were to fail.

11 Let me give you just a few illustrations at
12 how realigning New York's approach to workforce costs
13 can avert layoffs. New York State employees, for
14 example, contribute a smaller share towards their health
15 benefit coverage than public employees in other large
16 states such as Massachusetts, Michigan, California and
17 Colorado.

18 State employees contribute significantly
19 less than their federal counterparts for health benefit
20 coverage. If New York State were to adopt the changes
21 to bring healthcare contributions in line with these
22 levels, that action, in and of itself, would avert 7,500
23 layoffs.

24 The healthcare plans we offer our employees

1 also cost too much and deliver too little. Beyond the
2 premiums that are paid, which I just talked about, talk
3 inside what's in the healthcare plan. Those plans often
4 diverge from the structure of non-public health plans.

5 For example, a New York State state employee
6 who is a non-smoker pays the same premium as an employee
7 who is a smoker, essentially subsidizing behavior which
8 is unhealthy for the employee and costly for the state
9 itself.

10 If New York State were to make sensible
11 changes in the way we deliver our healthcare plans, such
12 as addressing co-pays, deductibles and incentivizing
13 healthy choices, we could avert over 5,500 layoffs.

14 Although the state budget anticipates a zero
15 percent increase in base wages, many state employees
16 would in fact receive increases over their base salaries
17 this coming year through longevity and step increases,
18 amounting to a two to four percent real wage increase in
19 the coming year.

20 If New York were to freeze these wages, and
21 these payments, as our management employees have done,
22 that alone could avert over 3,400 layoffs. One other
23 example where New York is out of step with the private
24 sector and other public employees is the treatment of

1 overtime.

2 In New York, an employee can take four days
3 of vacation on Monday through Thursday, work 12 hours on
4 Friday, and be paid at the overtime rate even though
5 they only worked 12 hours that week. I discussed this
6 with Joe Bress yesterday. He said, you must be wrong.
7 That can't be true. That's ridiculous.

8 I said, no, Joe, it's true. I'll go back
9 and check and show it to you. It is true. These
10 practices we think just cannot be defended in the
11 state's current fiscal environment when there are so
12 many in the private sector facing a distinctly different
13 reality.

14 If New York State were to adopt rational
15 overtime, almost 1500 layoffs could be averted. Here's
16 just some examples. These solutions, we believe, are
17 not Draconian.

18 A true wage freeze would play a rational
19 approach to planned step advances and longevity payments
20 and would still leave state employees with a
21 compensation package that is far more generous than the
22 average New Yorker.

23 In the area of employee and retiree health
24 benefits, an employee could continue to receive

1 exceptional coverage while sharing a little more in the
2 cost of such coverage. These are just illustrations.
3 If there are better ideas, we are open to them.

4 Let me say that, again, we are committed to
5 working with our state employee partners to achieve
6 these savings. We know that partnership can work. Just
7 last week, Governor Cuomo's Medicaid redesign team,
8 comprised of industry stakeholders who have often been
9 passionately at odds with each other, came together to
10 find over \$2 billion in savings.

11 Our target for the workforce of \$450 million
12 is proportionately smaller. We have very dedicated and
13 talented teams on both sides, and I am confident that
14 together we will find solutions to strengthen the state,
15 are fair to our workers, and provide better service and
16 value to our taxpayers.

17 With that, I thank you very much for your
18 time. I'm happy, along with Gary and Trish, to answer
19 any questions you may have.

20 SENATOR DEFRANCISCO: Thank you.

21 Senator Savino.

22 SENATOR SAVINO: Thank Senator DeFrancisco,
23 thank Assemblyman Farrell and other members of the
24 committee. Thank you for your testimony this morning.

1 Couple of points I would like to bring up,
2 Mr. Glaser. You used the work restructuring of your
3 labor agreements more than once, which is a somewhat
4 different terminology than negotiating.

5 So, when you talk about restructuring, what
6 exactly are you suggesting?

7 MR. GLASER: Restructuring through
8 negotiating.

9 SENATOR SAVINO: That's good to hear because
10 the problems we had last year with the dollar amount
11 that was pegged to workforce, but we were never able to
12 reach, largely came about as a result of the failure to
13 actually negotiate.

14 So, I have heard you say that you are
15 beginning negotiations with the public employee unions.
16 To what extent have they been formal negotiations?

17 MR. GLASER: We have begun our informal
18 negotiations. We have mutually agreed on when we would
19 begin those formal negotiations as well.

20 The distinction is a little bit artificial
21 because a lot of foot work gets done in the informal
22 negotiations, discussion of parameters, feeling each
23 other out as to where you are. We have begun that
24 process as well.

1 I say restructuring as opposed to just
2 finding ways to fill the gap, because we want things
3 that are recurring in nature. We can't continue to have
4 the unsustainable growth in wage, in benefits and these
5 other areas just simply by finding a short one year cut.

6 So, restructuring is only meant to imply we
7 want to have savings over time so that we are not having
8 this discussion year in and year out. It would have to
9 be done in a rational basis.

10 SENATOR SAVINO: I'm going to go out on a
11 limb and say you are talking about the guaranteed wage
12 increases that are independent of any percentage
13 increases that are negotiated in the contract step
14 increases and the longevity increments.

15 MR. GLASER: What's the question?

16 SENATOR SAVINO: I would assume that's the
17 restructuring you are seeking.

18 MR. GLASER: It could be that. It could be
19 within the healthcare plan described. We don't want to
20 negotiate here obviously in this room.

21 SENATOR SAVINO: Certainly not.

22 MR. GLASER: Bargaining table, but we want
23 to put all those ideas on the table that have recurring
24 savings to them.

1 SENATOR SAVINO: I'm not going to belabor
2 this point, but I do want to just point out that when
3 you put up on your slide presentation, 40 percent
4 increase in the cost of employee compensation of state
5 workforce over the past I think seven years.

6 MR. GLASER: Three years.

7 SENATOR SAVINO: Three years. I would like
8 to remind you that they were negotiated at the
9 bargaining table.

10 MR. GLASER: They were.

11 SENATOR SAVINO: Any changes that you would
12 seek would be negotiated at the bargaining table again.

13 MR. GLASER: That is the way we do it in New
14 York and that process will be done.

15 SENATOR SAVINO: Are there any current
16 contracts that are not -- are there any contracts that
17 are not current through March 31st of 2011?

18 MR. JOHNSON: We have the contracts with the
19 NYSCOBAs, which is through '08-'09. We have the
20 contracts with Council 82 for the security supervisors,
21 which is also from '08-'09. We have jails contract I
22 guess back from '05-'07 awaiting award from the
23 arbitrator. And then the graduate students as well have
24 an agreement through '08-'09 and going to have to

1 resubmit the pay bill. It wasn't taken up last session.

2 SENATOR SAVINO: So, you actually have
3 several that have not been negotiated that are
4 outstanding before you can begin the process of
5 negotiating the ones that are going to be expiring March
6 31st.

7 MR. GLASER: We began our negotiations with
8 the units that we have contracts expiring currently.
9 Those are the potentially big ones.

10 SENATOR SAVINO: Do you think you will be
11 able to accomplish that for the budget?

12 MR. GLASER: We're going to make as much
13 progress as we can before that. I am very confident
14 that if the Medicaid redesign team in a matter of about
15 five weeks could find over \$2 billion, that basically
16 the commitment that we have from our labor
17 representative partners that we can find the savings
18 that we need by the time frame of March 31st.

19 Which would be unusual, I will say. In the
20 past, negotiations have begun and the last two rounds
21 after April 1st when negotiations -- when the contracts
22 expired, and went on through October or even later, to
23 the following -- March of the following year. By that
24 measure, we are well ahead of prior negotiations and we

1 intend to keep it that way.

2 SENATOR SAVINO: I just have one or two more
3 questions, then I'm done. I'll wrap it up.

4 Last year we enacted an early retirement
5 incentive. Can you give us any updates on how many
6 employees retired in 2010 year and how many of those
7 positions have actually been eliminated? Because we are
8 not actually seeing that level.

9 MR. GLASER: I'll let Patricia answer the
10 specific. On the general, though, when this question
11 comes up, when we think of the retirement incentive
12 offering one, all I would say about that at this point I
13 would raise is that we believe there has been
14 diminishing returns at this point to employee retirement
15 incentives.

16 And the number of thousands that Trish will
17 tell you about did this last year. Going back to the
18 well again, there may be some, but the savings is very
19 negligible because many of those people that might take
20 retirement incentive may be retiring anyway. There's
21 some that are federally funded, so it's federal funds,
22 you don't get a state benefit out of it. Cost savings
23 from a retirement incentive is actually fairly small.

24 MS. HITE: I would say there was

1 approximately 4,000 people under the early retirement
2 incentive. As you know, there was two parts to that.

3 And under Part A was the targeted incentive.
4 And those positions, or the no penalty where the
5 positions couldn't be refilled, and to our knowledge
6 those positions have not been refilled by agencies.

7 Some instances there was positions to which
8 they transferred. It's not always easily identifiable.

9 SENATOR SAVINO: On the health insurance
10 issue that you raised, one of the other things we did
11 last year is we gave NYSHIP the ability to become a self
12 insured fund to allow greater efficiencies and to bring
13 down the cost of providing coverage to our workforce.

14 Are we seeing any improvement on the costs
15 as a result of that self insurance?

16 MS. HITE: We are looking at self funding
17 now for the prescription drug contract that will expire
18 at the end of the year, which we are doing an analysis
19 and if we proceed we expect savings.

20 SENATOR SAVINO: Since I only have 56
21 seconds left, I'm going to ask you this question because
22 it's relevant to the Department of Civil Service.

23 Would you give us a brief update on the DCAS
24 plan. We are now in year four of the five year plan

1 that the City of New York was instructed to reduce the
2 number of provisional employees.

3 Where are they on it, if you can tell us.
4 And opinions on the Mayor's proposal on the
5 restructuring, is the new word these days, of the Civil
6 Service system of the City of New York.

7 MS. HITE: The DCAS plan continues to work
8 with the City of New York. They have submitted a number
9 of proposals and we received additional information. We
10 will have a discussion with staff to set up a meeting
11 under someone new that's working on the plan.

12 New York City is going to reach out and try
13 and resolve the documentation issues with respect to the
14 workforce reform plan of New York City. We are looking
15 at that and continuing to look at that.

16 Some of the proposals we agree with. Some
17 things we think they can achieve within the existing law
18 and structure but, yes. We are continuing to look at
19 that and develop our opinion with regard to that.

20 SENATOR SAVINO: Thank you.

21 SENATOR DEFRANCISCO: Thank you.

22 ASSEMBLYMAN FARRELL: Thank you.

23 I've been joined by Assemblywoman Audrey
24 Pheffer, Assemblyman Felix Ortiz and Assemblyman Keith

1 Wright.

2 Question, Chairman Peter Abbate.

3 ASSEMBLYMAN ABBATE: Thank you, Denny.

4 Mr. Glaser, now, you mentioned and it was
5 unclear to me when Senator Savino asked you about the
6 \$450 million and you are in negotiations with the unions
7 or informal?

8 MR. GLASER: Yes. We have been in
9 discussions with the unions to begin to share ideas and
10 set the framework for the formal negotiations. A
11 distinction between formal and informal is somewhat an
12 artificial one. What is, at what point do you bring in
13 the 30 people around the smoke filled room and go page
14 by page? There's a lot of discussion before that
15 happens. We are well ahead of that.

16 ASSEMBLYMAN ABBATE: What's the informal?
17 You are saying the formal, informal.

18 MR. GLASER: CSEA has asked us to begin
19 those discussions with them on March 21st, and PEF has
20 asked us to begin those discussions next week. And we
21 will be doing both on the formal side. But between now
22 and then there's a great deal of discussion.

23 ASSEMBLYMAN ABBATE: We will try to get this
24 done -- since the \$450 million is in the budget

1 proposal, we are going to try to get this done by April
2 1st or not? I mean this is something that can go on
3 longer?

4 MR. GLASER: Assemblyman, you are absolutely
5 right, time is of the essence. Our view is that we need
6 to move very quickly.

7 We believe that while the change is always
8 difficult here, that the options on the table to close a
9 \$450 million gap, the ideas we talked about today are
10 not unreasonable ones. We believe there will be other
11 reasonable ideas that will be put forth on the table
12 both by ourselves and by our union representatives, and
13 I'm very confident we are going to make significant
14 progress to fill that gap.

15 ASSEMBLYMAN ABBATE: Well, basically I know
16 the Governor and the administration has said, you know,
17 we want to get a process done, you know, transparent and
18 all. Talking about meeting on the 21st. The budget is
19 due on April 1st.

20 According to our budget reforms, and my
21 colleagues up here, we will be starting conference
22 committees sometime probably next week or the week
23 after. So, that probably won't be ready to present to
24 the conference committees. Am I correct on that that

1 nothing will be there?

2 MR. GLASER: Well, keep in mind that part of
3 the process with labor, because this is a negotiation,
4 also has to be ratified by the unions themselves. We
5 are beginning with the largest unions, these
6 discussions. Others have to follow probably after the
7 1st. So, that is a time consuming process.

8 However, if we have a solid agreement in
9 principal prior to the 1st, the Division of Budget
10 advises me that they can book those savings into the
11 budget when we get to April 1st, but it is, there is no
12 question, on all of these things time is of the essence.

13 We have emphasized this ourselves. We want
14 to move very rapidly. We want to deal with the most
15 reasonable options that we can find on the table to work
16 on the agreement. That's our goal.

17 ASSEMBLYMAN ABBATE: One other thing. Now,
18 I gather late last night the mandate relief commission,
19 committee, team came out with some recommendations.
20 Whether you are, Commissioner, recommending tier 6, I
21 didn't see anything. Are you aware, anyone, Director,
22 aware what is in the proposal for a tier 6?

23 MR. GLASER: The Governor, as you know,
24 during his campaign, discussed a new tier to get control

1 of pension costs while still meeting the needs of our
2 new employee workforce. Because it applies to
3 individuals who are not yet members of the workforce,
4 that would be added to the future, there is no budget
5 impact for our purposes for this year or even the early
6 years. So, it's not part of our discussion at this
7 point. We will have the proposal from the
8 administration down the road.

9 ASSEMBLYMAN ABBATE: Going back to tier six,
10 does anyone at the table know how tier five has been
11 going?

12 MS. HITE: I believe that would be
13 implemented by the Office of the State Comptroller, the
14 retirement system.

15 ASSEMBLYMAN ABBATE: The budget parts of it,
16 do we know any savings, you know, directed from that?
17 The Governor will do the pension part, but how much has
18 been projected now that we're a year in, almost a year
19 in?

20 MS. HITE: I don't know offhand, Chairman,
21 but we can get back to you.

22 ASSEMBLYMAN ABBATE: I mean, is it working?
23 If we have hired people under tier five, if we have
24 hired a couple hundred or so, what would the savings be

1 if we multiply that? Before we go to a next step, how
2 many parts of tier five are there is one of the problems
3 that I can't figure out where the savings are going to
4 come from.

5 MS. HITE: We can get back to you with that
6 information.

7 MR. JOHNSON: Just understand that it is in
8 effect for any new employees coming in under tier five.

9 ASSEMBLYMAN ABBATE: We have no idea how
10 it's going or what is projected to save money?

11 MR. JOHNSON: Because it is a different
12 tier, and because it is a reduced benefit, in the long
13 term those savings will kick in with all the new
14 employees coming in under that tier.

15 ASSEMBLYMAN ABBATE: Just to change the
16 subject a little. I was looking at one of the slides
17 and we are shown that, you know, government employees,
18 state workforce is at a level and all comparable, not
19 comparable but different than -- the private sectors are
20 a lower level.

21 I think it was slide two you showed where
22 comparable in the private sector went down or so low.
23 And I am always amazed when I see that comparison how
24 government employees, state, federal workers are at this

1 level, and the private sector is way below them.

2 The thing that always upsets me, and when
3 you look at it, is some of these major corporations are
4 making so much money and profits, it's sad to see that
5 those employees are not coming up a level. We are
6 always trying to bring people down.

7 I would like to see New York State, if those
8 people can get better compensation, do better, more
9 people hired, that means more taxes for the state if
10 they are doing well, we do well in the construction
11 industry, usually people in the construction make good
12 money, they get a good paycheck, they will spend money
13 in the state buying new car, buying new appliances.

14 I think that helps. Just for some reason we
15 are always looking to bring people down. I would like
16 to see the attitude trying to get people up so we can
17 build our economy, bring jobs to New York.

18 MR. GLASER: We could not agree with you
19 more, Mr. Chairman. Bring more money in the hands of
20 private sector employees by attracting businesses into
21 the state, making it an attractive place to do business,
22 holding the line on taxes, while having the smart
23 economic development strategy that will help bring those
24 numbers up.

1 So, we are not looking at the comparison
2 because we want to see the private sector compensation
3 and the stimulus in that arena low, but just a
4 comparison of this is the reality in the state, that
5 state workforce employees on the whole earn about
6 \$20,000 more than private sector workers in New York
7 State. That's a significant difference, and we think
8 worth noting, in the current fiscal environment.

9 ASSEMBLYMAN ABBATE: Thank you.

10 SENATOR DEFRANCISCO: Thank you.

11 I just wanted to clarify something. I know
12 that Patricia Hite, the Acting Commissioner of Civil
13 Service, and Gary Johnson, New York's Governor's Office
14 of Employee Relations, you have been at the table. Do
15 you have prepared remarks as well or you are just there
16 to answer questions?

17 MR. GLASER: We have spared you from an
18 overload of executive branch testimony.

19 SENATOR DEFRANCISCO: We appreciate that
20 very, very much.

21 We have been joined by Senator Liz Krueger.

22 I had a couple of questions. I've heard the
23 term wage freeze mentioned by different people. What do
24 you mean by wage freeze, is it the wage freeze and then

1 some later date those wages that were frozen will be
2 compensated for at a later date or freeze means that
3 particular raise is gone forever?

4 MR. GLASER: The executive budget assumes no
5 increase in the base wage for the workforce in the
6 coming year. In other words, that we would negotiate a
7 zero. It assumes that we negotiate a zero.

8 That still requires \$450 million of
9 workforce savings. So, wage freeze, think of it in two
10 parts. There's the base wage that's the zero, but then
11 there's other compensation, step increases, longevity
12 payments, those are X hundred millions of dollars as
13 well that will take place automatically.

14 It's one of the places we just think it's a
15 rational basis where one would have a list of options to
16 look at. So, wage freeze, we assume zero. That still
17 has to be negotiated. We hope to have constructive
18 discussions with our partners.

19 Should we fail to do that, by the way, the
20 450 gets much larger very quickly. Every one percent
21 increase in wages is \$117 million in workforce costs.

22 SENATOR DEFRANCISCO: So in the event -- I
23 assume there isn't a wage freeze or there's no
24 negotiations that successfully bring the deficit down,

1 then that's when you kick into these number of employees
2 that have to be laid off.

3 MR. GLASER: Yes, Mr. Chairman. As we said
4 in the executive budget, and I want to emphasize here
5 today as well, layoffs are the last resort. We will
6 look at every opportunity to avert layoffs. If we fail
7 to achieve or fall short of \$450 million in savings,
8 that will result in head count reduction.

9 SENATOR DEFRANCISCO: Now, if there is no
10 agreement by April 1st, does that mean the layoffs begin
11 at that point? Or is there a drop dead date in order to
12 realize the savings you need to realize?

13 MR. GLASER: The way the Division of Budget
14 has booked this is that we would begin the formal
15 planning for reductions on April 1st if we don't have
16 the workforce savings agreed to by that point.

17 They don't take place immediately. We have
18 a little bit of a breather because there is not an
19 immediate you lay people off on April 2nd, nor would we
20 want to do that. We want to ensure that we have a
21 strong transition plan, have a smart plan for how we
22 manage the agencies, how we deal with the employees.

23 There would be some period of time. Would
24 that be a month? Would that be five weeks? I couldn't

1 say at this point.

2 SENATOR DEFRANCISCO: But I assume it also
3 means that if it's two months -- the longer the number
4 of months the more likely that the greater number of
5 layoffs; is that fair to say, because savings have not
6 been realized as early as anticipated?

7 MR. GLASER: It's kind of a seesaw. Either
8 you need to find greater head count or you need to find
9 greater savings per employee basis. It gets more
10 expensive every day that you don't have a labor
11 agreement after April 1st because we have to still come
12 up with 450, when if you went to six months, you got a
13 labor agreement in six months, you still have to find a
14 full year of savings.

15 SENATOR DEFRANCISCO: Now, you mentioned
16 earlier that the Governor signed an executive order that
17 will be announced later on today. I want to make sure I
18 understood what you said.

19 If it's a consulting contract, for example,
20 and it's a recurring consulting contract that happened
21 in the past, the Governor is going to be asking for a 10
22 percent increase in order to continue it?

23 MR. GLASER: Decrease.

24 SENATOR DEFRANCISCO: I meant decrease, I'm

1 sorry.

2 MR. GLASER: That's exactly right. We took
3 a hard look at the use of consulting contracts.
4 Sometimes they are necessary. So, the first phase is is
5 it necessary to have consulting contracts, can you do
6 this through the state workforce. That's number one.

7 Secondly, if you have a recurring contract
8 that is up for renewal, prior to the renewal they are
9 asking the contractor to reduce the price by 10 percent
10 in order to get the renewal. Every agency must go
11 through that process. Should they fail to achieve, or
12 they want the exception from that, they would have to
13 come to me, the Director of State Operations, for a
14 waiver. So, they will have control over every one of
15 those contracts.

16 Now, I would say also that we have baked in
17 savings of \$485 million in non-personal services in
18 state operations. Remember that the state operations
19 budget as a whole takes about a 10 percent hit. Less
20 than half of that comes from the workforce reductions.
21 The rest of it has to be managed by our agencies by
22 things like reducing the use of consultants, or making
23 them cheaper, finding ways to share services, buying
24 things more cheaply as well.

1 SENATOR DEFRANCISCO: Following the logic of
2 Assemblyman Abbate, by cutting those contracts by 10
3 percent you are reducing the salary of the private
4 sector.

5 MR. GLASER: Well, we are negotiating
6 aggressively with our vendor partners in order to
7 squeeze the most value possible. Whether that
8 translates into workforce savings from them, we would
9 like to see savings from them.

10 SENATOR DEFRANCISCO: Thank you.

11 ASSEMBLYMAN FARRELL: Assemblyman Hayes.

12 ASSEMBLYMAN HAYES: Thank you, Mr. Chairman.
13 Mr. Glaser, thanks very much for being here.

14 I want to follow the same line of
15 questioning. I think everybody is very concerned about
16 the timetable here with the negotiations at the start of
17 the new fiscal year with the budget process all coming
18 due on April 1st.

19 I commend the Governor for his efforts to
20 really, from his point of view, present all the
21 information to the legislature, clarify and make sure we
22 understand it as we move to our part of the process and
23 the conference committees.

24 I am specifically interested to know how the

1 Governor's budget plans for the activity of the Triboro
2 Amendment here in the State of New York, so if an
3 agreement is not reached at the contract expiration
4 date, the Triboro Amendment, as we all know, raises that
5 are already in the previous contracts, step increases,
6 the continued structured payment of the benefit or the
7 sharing of the benefit costs will continue.

8 Since others on the panel have asked you and
9 you responded that that's going to mean even more
10 savings are going to have to be found in the budget.

11 Senator DeFrancisco referred to it as a drop
12 dead date. There are other statutory requirements in
13 terms of laying off state employees if the Governor has
14 to go down that road because negotiations have not
15 concluded. I think the minimum is 90 days in many
16 respects.

17 So, again, is there in the mind of the
18 administration a drop dead date, a date certain, where
19 this negotiation has got to conclude or, to use a
20 different term, pink slips will be sent out?

21 MR. GLASER: Our drop dead before we must
22 begin planning for layoffs is April 1st. If we don't
23 have an agreement in place on April 1st we will begin
24 planning for reductions at that point.

1 When would those reductions take place is a
2 consequence of many factors, some of which you
3 mentioned, requirements regarding notice, etc. So, it's
4 hard to say with prediction when the layoffs themselves
5 would begin, but the planning process, that process
6 begins upon the expiration of the contracts without
7 agreements to find \$450 million in savings.

8 That is time pressure. There's time
9 pressure on all of the parties involved in this
10 negotiation and we are very cognizant of it.

11 ASSEMBLYMAN HAYES: The other question I
12 have, very quickly, the Governor has proposed mergers
13 and consolidations throughout the budget to save money
14 and has estimated about \$100 million in workforce
15 savings as a result of those specific consolidations.

16 But in my research in looking at the budget
17 there's no FTE full-time equivalent position number
18 that's included with those savings. Have you calculated
19 that in terms of reduction in state workforce in
20 achieving those savings? And is there an FTE number you
21 can share with us?

22 MR. GLASER: We don't have full numbers yet.
23 It will depend to some degree on the success of the
24 consolidation effort and the particular way it takes

1 place.

2 There are some that we know will have no
3 impacts. For example, consolidations of Parole and
4 Probation and Department of Criminal Justice Services,
5 we anticipate no reductions from FTEs from those
6 consolidations.

7 Other consolidations may have an impact, and
8 we view that as part of the point of consolidations is
9 to achieve the same level or better level of service
10 with fewer expenditures. We would have to see the final
11 outlines for consolidation plan to know what the savings
12 will be.

13 ASSEMBLYMAN HAYES: Thank you very much.

14 SENATOR DEFRANCISCO: Senator Liz Krueger.

15 SENATOR KRUEGER: Good morning. Thank you
16 very much. I apologize for being late for your
17 testimony.

18 You were talking about wage freezes in
19 answer to one of my colleague's other question. Is that
20 an across the board plan for every agency? Or how are
21 you planning to deal with...

22 MR. GLASER: The budget anticipates, as it
23 has been proposed, a no wage increase for 2011-2012 for
24 all bargaining units, zero percent for all bargaining

1 units.

2 The scheduled increases for step advances,
3 the longevity payments, are not included in the
4 executive budget for reasons that Assembly Member Hayes
5 talked about earlier which would automatically take
6 effect on April 1st. Without a negotiated agreement
7 they would take effect.

8 SENATOR KRUEGER: This would apply to public
9 authorities as well as state agencies or just state
10 agencies?

11 MR. JOHNSON: In regards to the wage freeze,
12 we would not be negotiating with the authorities in
13 terms of the wage freeze. That's a separate process.

14 SENATOR KRUEGER: If you're not successful
15 at meeting your targets as laid out in the Governor's
16 budget, is it also anticipated that the layoff situation
17 would be an across the board? How would you make those
18 cuts and decisions?

19 MR. GLASER: As I mentioned, the planning
20 process would begin on April 1st. To do that, it takes
21 into account many factors for the needs of the state
22 agencies where reductions have taken place before.

23 One of the difficulties is you eliminate
24 positions, not people, and you never quite know how it's

1 going to shake out. People may move laterally from
2 agency to agency. So, you have a rough idea. How the
3 game -- how the dominos ultimately fall out is more of
4 an art than a science, and that's one of the tricky
5 things.

6 SENATOR KRUEGER: In correlation to that,
7 you also answered some questions about contracts, trying
8 to renegotiate the contracts down, but also the
9 potential, it seems to me, whatever happens quickly goes
10 forward, negotiations with unions, wage freezes that do
11 or don't happen, layoffs that do or don't happen, then
12 it opens up the stage so that perhaps moving down a road
13 fairly quickly and contracting out even more work that's
14 currently done by state workers.

15 How are you factoring that in or what do you
16 think the rules of the game are for replacing state
17 workers with contracted workers?

18 MR. GLASER: Thanks for that question,
19 Senator. Exactly the opposite. In fact, as mentioned
20 in the testimony, we are seeking greater savings from
21 non-personal services than from personal services,
22 meaning that our agencies are going to have to find ways
23 to reduce their spending on things like contracting, on
24 temporary workers, and any other outside expenses that

1 they have.

2 That is just where the bulk of the state
3 operations expenditure reductions would come from. We
4 are very sensitive to that point.

5 SENATOR KRUEGER: Actually, you triggered an
6 additional question from me. As we have seen already
7 when there is a mandate on the agencies to each take
8 significant cuts in their operating budgets, and they
9 either are not supposed to take it from personnel
10 service or choose not to want to do so, they take bigger
11 hits to their non-personnel.

12 And for some agencies, that's large
13 quantities of contracted out for human and social
14 services, so that you see in some agencies the proposals
15 to cut contracts. We are not talking about contracted
16 out workers versus state workers, but in child welfare
17 and social services through OTDA, through contracts with
18 the various substance abuse and mental health and
19 supportive services and housing programs, being asked to
20 take 50 percent cuts, because the instructions seem to
21 be you can do this without hitting your own staffing.

22 How do you see this translating in actual
23 delivery of services by the State of New York?

24 MR. GLASER: Thanks for that question. We

1 have emphasized, this is very important to us, that our
2 state agency heads that are commissioners, both the
3 existing commissioners and the new commissioners, their
4 function today is to operate as the chief operating
5 officer of these agencies.

6 And they have a twin goal in that respect.
7 Their job is to find reductions and efficiencies in
8 savings without overly reducing services and finding
9 ways to produce better results for the taxpayers and for
10 the clients that those agencies serve. That is the
11 mission of these agencies.

12 We do not see them making wrong decisions
13 about quickly cutting here in order to target. We have
14 very carefully done, told our commissioners this is a
15 different time to be a public servant. It's a time that
16 demands something a little bit different, to manage the
17 agencies, to manage through deficiencies and cost
18 reductions, while holding the level of services as best
19 as we possibly can and improving it toward that end.

20 A very important component for us is the
21 SAGE Commission effort that the Governor announced that
22 Paul Francis heads up for us. Because ultimately, if
23 this is just about cuts, you are right, we can't just
24 continue to cut and cut state operations without

1 impacting services at some point.

2 So, really, we need to take a look
3 holistically at how the state agencies work, where there
4 are efficiencies, where consolidations can take place.
5 And that's the effort of redesign and restructuring that
6 must accompany this immediate process of finding the
7 cuts for the long term efficiency of the government.

8 SENATOR KRUEGER: Let me say today, in more
9 a response, comment, that today we are in the workforce
10 hearing talking about the impacts on the state workforce
11 from the proposed Governor's budget. Previous day I sat
12 through an eight hour hearing on human services where
13 providers talk about actually being zeroed out of the
14 budget or a 50 percent cut across the board in their
15 program categories because these commissioners, which
16 you described, respectfully, and I share in your respect
17 for them as professionals, found themselves in a rock
18 and hard place.

19 They have to meet their target, and to be
20 quite blunt, it's probably easier to zero out entire
21 programs where you don't have any direct connections
22 with as opposed to them being the staff in your own
23 building.

24 So, I do think there are some very skewed

1 outcomes from these across the board required cuts
2 without perhaps some evaluation of what are, in fact,
3 the priorities for the government of New York State,
4 particularly in bad economic times.

5 MR. GLASER: Appreciate that, Senator.

6 One thing I would say is that may reflect
7 decision by a past administration and past
8 commissioners. Currently, the agency heads have not
9 made those decisions about program specific changes they
10 are going to make. Anything we have done is transparent
11 and in the budget.

12 Where we have increased expenditures in a
13 particular agency or decreased them, that's transparent
14 in the budget. \$485 million, which is what this goes
15 to, in projected savings for next year, is a process of
16 planning that is taking place now and will accelerate
17 over the course of the year but has not resulted in any
18 final plans by any of the agencies yet.

19 So, I think there's more to come and we are
20 very cognizant of your point and agree with the need to
21 balance all these.

22 ASSEMBLYMAN FARRELL: Thank you.

23 We have been joined by Assemblyman McEneny.
24 To question, Chairman Keith Wright.

1 ASSEMBLYMAN WRIGHT: Good morning. Thank
2 you, Mr. Farrell. I will be very quick. And I do
3 apologize for being late as well.

4 Did any of you discuss or bring clarity to
5 the success of what's called a Chapter 500 IT in
6 sourcing program?

7 Number one, how many state employees -- how
8 many employees have been in sourced, number one. How
9 many have been in sourced? How much has the state
10 saved, if you will, by the in sourcing of employees?
11 And finally, how can we replicate the success of this
12 program to reduce the state's reliance on consultants?

13 MS. HITE: Yes. It's been very successful.
14 We have worked over the past year with our partners to
15 implement it and 126 appointments have been made of
16 state employees in sourcing projects.

17 ASSEMBLYMAN WRIGHT: How many? I'm sorry.
18 I didn't hear you.

19 MS. HITE: 126 new employees. We have 304
20 positions that have been established under the
21 legislation for agencies to fill.

22 The Department of -- the Division of Budget
23 did provide a report which outlined that in savings
24 associated with those, too, which I can forward to you.

1 We have also done the selective
2 certification as provided for under Chapter 500 to
3 provide greater flexibility for agencies to hire IT
4 specialists to avoid the need to hire consultants in the
5 future. So, I would say it's been a success, the
6 various provisions associated with.

7 ASSEMBLYMAN WRIGHT: So, it's reduced the
8 need for the consultants?

9 MS. HITE: To avert the need to hire in the
10 future. A lot of the initiatives have been taken with
11 respect to legislation. 126 people have been in
12 sourced.

13 ASSEMBLYMAN WRIGHT: Thank you.

14 Thank you, Mr. Chairman.

15 ASSEMBLYMAN FARRELL: Jack McEneny.

16 ASSEMBLYMAN MCENENY: Thank you. I
17 apologize. I had two committee meetings on the way down
18 here.

19 When I looked at your chart with the 16.3
20 percent increase in compensation, I wondered, did that
21 include salary and fringe benefits or just salary?

22 MR. GLASER: I'm not sure which of the
23 charts you are referring to. I think we talked about 14
24 percent increase. This is in historical New York State

1 compensation for this one year.

2 ASSEMBLYMAN MCENENY: 16.3 percent since
3 '03.

4 MR. GLASER: That is pure wage compensation.
5 It's for private sector employees. This is a private
6 sector employee chart, not a public.

7 The point of this chart was to show that
8 wage income for private sector employees in New York had
9 begun to nose dive. That's where it turns red to the
10 right part of your screen. You see decreases in private
11 sector wage while we have corresponding increases in
12 public sector wage. Apples to apples compensation, only
13 the compensation.

14 Specific number, Assemblyman, is 2008-2009
15 private wages declined 8.8 percent during that period of
16 time, and public employee wages by contract went up.

17 ASSEMBLYMAN MCENENY: We are just talking
18 wages. We are not into health insurance or retirement
19 and other fringe benefits.

20 MR. GLASER: We have some other data that
21 can be shown about the all in wages, but on this
22 particular one, yes, it's wage alone.

23 ASSEMBLYMAN MCENENY: Thank you. One of the
24 things that public employees and unions and their

1 members are always telling me is that they have offered,
2 and in fact have in their contracts, particularly in
3 PEF, a provision where a worker could offer to take a
4 reduction in hours, a four day week, maybe a month off
5 in some cases, maybe a shorter day, all of which would
6 have reduced compensation and saved the state money.

7 They say that the problem is that when they
8 offer this it is almost routinely turned down by
9 commissioners or the equivalent. Will the
10 administration advocate that where those contracts exist
11 that the rate of honoring these requests will increase,
12 since it's a relatively painless way of doing business,
13 and it's already in the negotiated contract, so there is
14 an appropriate precedent for it.

15 MR. GLASER: Absolutely. We are very
16 interested in that program. It's good for the
17 employees. It has to be done, of course, in a way
18 that's consistent with fulfilling the mission of the
19 agency. The only thing that I would say is that the
20 savings are relatively small, but it is an excellent
21 program.

22 I would ask Gary if he has any comment on
23 that.

24 MR. JOHNSON: We agreed with PEF last year

1 that we would communicate with the agencies to promote
2 the program. We continue to do that. Anecdotally
3 there's a question of really how much employees are
4 interested in doing it because of its voluntary nature.
5 We want to get whatever savings we can from that
6 program.

7 ASSEMBLYMAN MCENENY: That's good because
8 it's a useful tool, and believe me, laying a person off
9 doesn't help the mission of the agency in a better way.

10 I would hope -- I was very disappointed with
11 the number of individuals who were let go in the month
12 of December by the prior administration.

13 And that I recall regularly -- now, I
14 represent most of the City of Albany and six towns here
15 in the Capital District and I would ask them, where are
16 the cuts occurring? And they would say, we gave you the
17 agencies.

18 I would say, I don't care about the agencies
19 as much as I care about the geography. We are the State
20 Capital. We have a concentration of state workers here
21 and it makes a major difference on our economy.

22 When I put in a bill or any of us put in a
23 bill we are required, if there is implications, to put
24 in a fiscal note. I would hope that should it come into

1 a reality of layoffs that the administration would have
2 a fiscal note based on geography which would say what
3 the real cost of the layoff is.

4 The human cost is obviously extraordinary,
5 but also there is reduction in sales tax and income tax,
6 a new dependency on unemployment, social services,
7 Medicaid. And also it's very damaging to the private
8 sector.

9 I always give the most obvious example, a
10 dry cleaning establishment. That's the first thing that
11 goes. Dentists are particularly susceptible to layoffs
12 because people don't get their teeth fixed unless they
13 are hurting.

14 There's an awful lot of private sector
15 industries that are very much dependent upon the state
16 workers' paycheck. And I would hope that there would be
17 a fiscal note attached to any proposal which would
18 include on a geographic basis what the disproportionate
19 impact would be, from a provincial point of view, on my
20 Capital District, as well as other areas of the state.

21 Finally, I noted yesterday or the day before
22 that the Governor made comments to the effect that
23 school superintendents' salaries should not really
24 exceed that of the Governor. I wonder if he will,

1 either legally or by moral force, apply that \$175,000
2 maximum, or advocate for it, in the authorities, in the
3 not for profits that exist primarily because state
4 dollars go in there, and in other areas, including State
5 University system.

6 If in fact, in this new era people should
7 think twice before they earn more money, more
8 compensation than the Governor, it should not just be
9 school superintendents who become the poster children or
10 the target of this comment, but if that philosophy is
11 genuinely held then it should be extended to areas which
12 the Governor controls or has influence over, and to
13 those areas which exist, be they non-for-profit or not,
14 because they are dependent upon state dollars.

15 MR. GLASER: Thank you very much for those
16 comments, Assemblymember.

17 We completely agree on that last point. In
18 fact, where we have had control we have taken steps in
19 that direction. For example, at the Empire State
20 Development Corporation Dennis Mullen was the prior
21 Chair and the incumbent, the salary through the
22 authority was -- and I may not have this exactly right,
23 but I believe was about \$215,000 or \$225,000.

24 Ken Adams, who is our new nominee, has

1 agreed to take a reduction to below the Governor's
2 salary of I believe \$175,000. So, we want to send that
3 message out.

4 Similarly, Assemblyman Towns, Chairman
5 Towns, is our nominee or will be our new commissioner at
6 DHCR, but what they did at DHCR in the past
7 administration is they paid the commissioner through
8 Sunny Mae, which enabled the Commissioner to earn
9 \$225,000.

10 I know that's an important job. It's three
11 agencies into one. Arguably, it saved some money
12 because you weren't paying two other salaries, but still
13 is a message that's discordant with the other data we
14 talked about today.

15 So, Assemblyman Towns agreed to take salary
16 of I believe \$150,000, very significant reduction, as a
17 way of sending a message that we want to do our share.
18 And where we control the costs we will do that. Where
19 we don't with the authorities we will use persuasion as
20 well.

21 Your point on the geography, I thank you for
22 bringing that up. Couldn't agree more that we have to
23 consider all the impacts of reductions, including the
24 geographic, and that's something that we would like to

1 work with you on as we move forward.

2 ASSEMBLYMAN FARRELL: Just one question.

3 Not a question, a comment.

4 You made a comment about the smokers and the
5 changing of their insurance. We got to be very careful
6 with that because one of the big things we are all
7 getting worried about is the fact that pretty soon from
8 the womb to the tomb they will be checking whether you
9 had 10 colds or 11 and you will have a set -- and I
10 remember, I'm old enough to remember when certain
11 ethnics couldn't get insurance just on the assumption
12 that they would be sick and die early. No reason, just
13 adding to the other problems.

14 So, when we go into it now, I understand why
15 we are doing it with the cigarettes, but once you open
16 that up it allows people to start thinking about other
17 ways to check who should get what insurance at what
18 price.

19 MR. GLASER: Thank you. I know the Governor
20 is known to have had a humidor in his office. I'm not
21 saying that that would make him a smoker, but we are
22 sensitive to that. We raised it in the testimony
23 because it raises a deeper issue of within the health
24 plans how do we incentivize healthy behavior that, if we

1 don't, costs everybody more.

2 ASSEMBLYMAN FARRELL: We do not accidentally
3 create a world we don't want to live in, where you call
4 an ambulette it tells you the price.

5 Thank you very much.

6 SENATOR DEFRANCISCO: Thank you. Thank both
7 of you as well. Your prepared remarks were outstanding.

8 The next speaker is Fran Turner from CSEA,
9 and I'm going to change the order a bit. Ken Brynien
10 from PEF will be on deck.

11 MS. TURNER: Good morning. I am joined by
12 our contract administrator for CSEA and he will be at
13 the table negotiating with the Governor's office.

14 I have to remark on some of the slides I saw
15 so I'm going totally off testimony here. I saw an
16 average state salary up on a slide of \$67,200, I
17 believe, and I saw an average private wage of \$46,957.

18 And I want to talk about the average salary
19 of CSEA, which is -- \$40,000 is our average salary. And
20 I want to talk about -- I know we are going to go to the
21 table and we are going to negotiate, but you know what?
22 Everybody needs to realize that there are people in
23 different circumstances all over the state.

24 And certainly, the CSEA employees making

1 40,000, that's a little below that average private
2 salary that I saw on the sheet. So, it's very tiring
3 when you have to come in and always talk about why we
4 are having this argument about the race to the bottom
5 and because private sector wages have to go down public
6 sector wages have to go down, and why we have this
7 pension envy and this health benefit envy.

8 You know what? Why aren't we looking at it
9 as the economy of the state? Because I don't care if
10 you layoff a state worker or you layoff a private sector
11 worker, you are still hurting the economy. You are
12 still hurting the local economies in the communities.

13 I also have to say: We understand the
14 fiscal condition of the state. We are going to do our
15 best to try to reach some savings, but don't think for
16 one minute that even if all the unions come to the table
17 and can find \$450 million in savings, that there is not
18 going to be layoffs, because there's a whole other part
19 of the budget, that I believe Assemblyman Hayes started
20 to bring up, that includes reductions of a hundred
21 million for closures of facilities, whether they be
22 correctional, or whether they be juvenile detention, or
23 whether they be psychiatric centers or OMRDD or OPW,
24 whatever, those are going to result in layoffs.

1 A hundred million dollars is going to
2 translate, when you close those facilities, into
3 layoffs. The worst part of this budget is we don't even
4 know where those facilities are.

5 So, if you are forced to vote on that
6 language, which we all understand the language in the
7 appropriation bill, you are going to be voting on
8 something you don't know what's going to close, where
9 it's going to close, and you don't know how it's going
10 to affect your local community.

11 I also want to talk a little bit about
12 health benefits because, once again, we need to make a
13 distinction between this race to the bottom. A CSEA
14 member pays the same amount as someone working in state
15 service that makes a hundred thousand dollars for their
16 healthcare.

17 So, if you are buying a family policy you
18 are paying 25 percent of the premium, just as a person
19 making a hundred thousand is paying 25 percent of
20 premium. There is a lot of room to be made here, but
21 you know what? To build this economy we have to look at
22 how do we help everybody, and how do we make it fair,
23 and how do we all share.

24 And I would say to you that, going to the

1 table and asking for these broad across the board
2 givebacks in longevities and steps, without taking into
3 consideration what people make and their years of
4 service to the state, is not the right thing to do.

5 I'm going to give you an example that Ross
6 gave me of a grade 17, which is one of our highest
7 grades. I have a local president who was at a training
8 last week who has worked for the state for 42 years.
9 She is a grade 17. After 42 years of service she earns
10 \$52,000 a year, which doesn't even come to that average
11 state salary we saw up there. So, keep this in mind.

12 You know, also, I have to comment on this
13 \$450 million in savings, because we have to talk about
14 the service side and what would it mean to have all
15 these 9800 layoffs.

16 We have a bad budget as it is, and even
17 besides these 9800 layoffs you are going to see layoffs
18 across the state and the healthcare industry, and
19 education, and human services and local governments.

20 What is our state going to look like? And
21 this budget is very hurtful. It's hurtful for our
22 elderly, our developmentally disabled, our mentally ill.
23 And at the same time, we sit here and we see a budget
24 that is not even going to extend the surcharge on upper

1 income?

2 I have to commend the Assembly, because I
3 did read the articles that you are going to include it
4 in your one House bill because I don't know how we make
5 the neediest people suffer the most, and we still extend
6 a tax credit to the wealthiest three percent in the
7 State of New York. Everybody has to share in this.

8 In order to share, everybody has to be at
9 the table. I would strongly urge you to get the
10 Governor to come to the table and negotiate with you as
11 well, and negotiate over those parts of the budget that
12 we don't know about, those parts of the budget where
13 facilities may close and oftentimes those facilities are
14 the employee of the community.

15 Because, you know what? When all is said
16 and done, and you want to step back and say we don't
17 have room to move in this budget, and when these cuts
18 happen to your communities and to the people in need in
19 your communities, come June, July, they are going to
20 look to you and say, what happened? How did this
21 happen? We didn't know about it.

22 So, we urge you to get the Governor to go to
23 the table, just as we are going to go to the table, and
24 see what we can work out. I could go on and on but you

1 have the testimony, so, I would be glad to take any
2 questions because I see I got this clock in front of me.
3 It's quite different here.

4 SENATOR DEFRANCISCO: It's a wonderful
5 thing.

6 MS. TURNER: Yeah, it is a great thing. You
7 know? Good for you.

8 SENATOR DEFRANCISCO: Senator Savino.

9 SENATOR SAVINO: Thank you, Senator
10 DeFrancisco. Fran, always good to see you.

11 I'm going to ask you a couple of the same
12 questions I asked Mr. Glaser with respect to the
13 discussions that you had with the administration,
14 recognizing that last year's budget proposal was
15 somewhat different than this year's, in the last year
16 the Governor actually put in what he wanted to get at
17 the bargaining table into the budget, which of course
18 created a dynamic that it made it impossible for him to
19 get any of these things.

20 And we don't need to rewrite history, but
21 this year they are pegging a dollar amount. And I heard
22 him say that there hasn't been any formal, there's been
23 informal, but how do you define formal? Honestly, the
24 way we define "formal" in collective bargaining is you

1 put your demands on the table.

2 So, have they, in fact, put any demands on
3 the table?

4 MS. TURNER: No. We're going to go to the
5 table on March 21st and the demands will be -- proposals
6 will be exchanged and that will start the formal
7 collective bargaining negotiations.

8 As Howard said, there are some initial
9 conversations that we are trying to have like the bigger
10 picture conversation before you get to the table but --
11 on the 21st.

12 SENATOR SAVINO: Since so much of the items
13 of the budget are not part of what he's termed to be the
14 subject of collective bargaining, the \$450 million in
15 savings that he needs to achieve, a lot of it has to do
16 with the restructuring of some of these agencies which
17 affect the members that you represent.

18 Have you had discussions with them on the
19 way some of these changes will be implemented, either
20 the mergers, the downsizing of OCFS facilities, the
21 shifting of employees?

22 MS. TURNER: We have not had any
23 conversation, and obviously we are very concerned,
24 Diane, with the language in the appropriation bill

1 because not only have we not had conversation, and I am
2 not sure that conversation will come up at the
3 negotiating table, but we have no notice anymore either,
4 right?

5 Whether the notice should be 12 months or
6 something less than 12 months, we have no notice. That
7 notice was there not just to protect employees. That
8 notice was there because communities need to know. If
9 the state is the largest employer in a small community,
10 in the North Country, that notice was in there for them
11 as well, so that they could plan on a reuse of the
12 facility or trying to bring someone -- another employer
13 in to make up for that job loss up there, but we haven't
14 had those conversations.

15 SENATOR SAVINO: And so no other discussions
16 about -- one of the things that we have seen in the
17 executive budget proposal is that in an effort to help
18 some of these communities deal with the economic impact
19 of the loss of these jobs in those regions, that there
20 would be some pot of money for them to apply to.

21 Has there been any discussion about that and
22 would it affect your members or would --

23 MS. TURNER: No. There has been no
24 discussion. We know as much as you do.

1 SENATOR SAVINO: That's not good.

2 One other thing, again, I will ask you. On
3 the early retirement incentive that we did last year we
4 pegged it to so many people that were supposed to leave
5 and so many of those positions were supposed to be
6 eliminated.

7 We have not yet gotten a head count, a real
8 head count reflection of what that early retirement
9 incentive meant. But what I'm also curious about is one
10 of the other things we found last year is the hard
11 hiring freeze was affecting the ability of a lot of
12 these agencies to meet their mandates, particularly in
13 places like OCFS and in Corrections and what was OMRDD.

14 Has there been any lifting of that hiring
15 freeze? Have you even any hiring at all going on?

16 MS. TURNER: Not to our knowledge.

17 SPEAKER: There's been your normal attrition
18 type hiring, you know, when they really need to fill a
19 position they will fill it, but there's no additional
20 hiring going on or anything from freeze date until now.

21 So, the workforce certainly has not
22 increased in any way, shape or form during that point in
23 time. For example, you know, if you need -- if you have
24 one person working in an OPWDD group home, you have one

1 person working on a shift there, and that person
2 retires, you really need to fill that job because
3 somebody's got to take care of those folks, you know?

4 So, that type of hiring goes on on a regular
5 basis, and probably is -- I am going to guess at this
6 number -- but it's in the nature of 2- to 3,000 people
7 every year leave and have to be refilled.

8 SENATOR SAVINO: One of the things we have
9 seen, last year we established the Senate Bipartisan
10 Committee on Government Efficiency, kind of the
11 precursor of the SAGE Commission. I think they got the
12 idea from us.

13 We examined several of the agencies and what
14 we were able to show is that there was almost \$450
15 million in overtime that was being distributed by the
16 agencies because of the hiring freeze.

17 So, as we pointed out to many of the
18 commissioners last year, just because the workers go
19 away doesn't mean the work does, and there doesn't
20 appear to be succession planning going on in these
21 agencies, which would help bring down the high cost of
22 overtime and also continue to provide the necessary
23 service.

24 So, are you seeing any effort to curtail

1 overtime, or is it still --

2 MS. TURNER: We are still having overtime
3 problems. If you don't have the staff to service the
4 clients that need 24/7 care, you have got overtime
5 problems. And that's going to continue. You can't just
6 come in and say we are going to cut overtime by
7 \$200,000, I mean, it doesn't work -- or two million,
8 whatever, it doesn't work that way. You still have to
9 service the client, especially in the 24/7 facilities.

10 SENATOR SAVINO: So, no change.

11 MS. TURNER: No change. No.

12 SENATOR SAVINO: Thank you.

13 SENATOR DEFRANCISCO: One second.

14 We have been joined by Senator Diaz.

15 ASSEMBLYMAN HAYES: On this side, we have
16 also been joined by Assemblyman Friend.

17 ASSEMBLYMAN ABBATE: Fran, it's nice to see
18 you here again.

19 I know Diane -- I won't ask the question
20 again about the formal negotiations. We now I think
21 have a date for March 21st, which doesn't give the
22 legislature much time between April 1st to make some
23 decisions on the 450.

24 Going back on -- looking at a report here,

1 the mandate relief redesign report, which I received
2 this morning, I see you are a member on that. I'm just
3 curious. Have you had a chance -- obviously, you helped
4 put it together.

5 MS. TURNER: Back up then. I received the
6 report as a draft at five to five last night and started
7 looking at it and at 5:05 was told it was released. I
8 do sit on the mandate relief, and we did put out a
9 statement last night.

10 While there was a general discussion at the
11 table with all the members of the mandate relief team
12 about pensions, there certainly was not any specific
13 proposal. I was surprised to see that this article in
14 the mandate relief report had some specifics about
15 employees paying a bigger contribution, staying longer
16 on the job, and so on and so forth. I was very
17 surprised to see that.

18 ASSEMBLYMAN ABBATE: That's the question I
19 had.

20 MS. TURNER: I was surprised, but we haven't
21 let the ink dry on tier five, and I remember when we did
22 tier five, which was not an easy thing to do but we did
23 it. When we did tier five, the press report was we are
24 going to save \$35 billion over 25 years, right?

1 Well, you know what? There is no immediate
2 savings in another tier, and we haven't even let the ink
3 dry on tier five. So, I think that we are a ways to go
4 before we are going to consider tier six. Maybe not in
5 my lifetime.

6 ASSEMBLYMAN ABBATE: I guess I didn't get
7 the answer to my question, but, so, but there was some
8 discussion on it but very vaguely.

9 MS. TURNER: Very vague discussion. The
10 counties came in, Conference of Mayors came in, and
11 said, you know, our pension costs are exploding,
12 whatever, and that was the conversation around the
13 table.

14 Certainly, I was there and did make a
15 comment about the average CSEA pension. Once again, I'm
16 going to go back to that chart. I didn't see an average
17 pension. \$14,000. Okay? After 30 years of service,
18 our average CSEA pension is \$14,000.

19 So, it doesn't -- if you are not going to
20 take care of the abuses that you hear about in the
21 paper, and the pension padding and the people double
22 dipping, just another layer on to an already existing
23 tier doesn't get at the problems with the high cost,
24 right.

1 ASSEMBLYMAN ABBATE: I'm just trying to get
2 to was there any more specifics other than just saying
3 tier six.

4 MS. TURNER: I would not be real happy to
5 see it, but...

6 ASSEMBLYMAN ABBATE: Thank you.

7 SENATOR DEFRANCISCO: Senator Liz Krueger.

8 SENATOR KRUEGER: Thank you. Following up
9 on your earlier comment. So I have asked the
10 administration when they were at the table were they
11 planning across the board wage freezes and/or layoffs if
12 negotiations did not go as they hoped and you were in a
13 reduction of staff.

14 Because you already pointed out that nobody
15 has quite evaluated what the impact was on early
16 retirement, or what the patterns of overtime are, don't
17 you think it makes sense for us -- and, in fact, the
18 administration admitted they weren't exactly sure how it
19 would shake down when people moved positions.

20 I know it's a hard question to ask CSEA
21 because I'm quite sure CSEA's opinion is we shouldn't
22 see any layoffs, we shouldn't see any reductions in the
23 workers. But is there a more rational way to ask the
24 right questions of where are we seeing the most

1 overtime, where are we seeing the greatest holes in the
2 existing workforce, given the actions that have already
3 taken place in previous administrations?

4 Is there something you could offer us as a
5 more rational approach to getting our arms around these
6 hard questions?

7 MS. TURNER: I am not sure I understand
8 where you are coming from, Senator, but let me just say
9 this: The holes where the overtime is probably the most
10 excessive are direct care workers, right, and the
11 agencies that have 24/7 coverage. Those are your true
12 holes.

13 You know what? Those are tough jobs. They
14 are not high paying jobs. People have to be dedicated
15 to working day in and day out with the developmentally
16 disabled or the mentally ill. They are hard jobs to
17 replace.

18 Consequently, they have never been allowed
19 to take the early retirement incentive. We have never
20 -- the state has never offered the early retirement
21 incentive to the direct care workers because they
22 couldn't afford to lose them.

23 So, that's where your big overtime is. If
24 you are asking me where can we make cuts in the state

1 workforce, I can't answer that because I am not sure --
2 I am not sure where those cuts would come from, I have
3 to be honest with you.

4 If you look at history, and over the past
5 couple of years we have lost 11,000 positions. I mean
6 we have lost a lot of public sector jobs. We are
7 already doing more with less, and I don't know how much
8 more with less the members can actually do and get the
9 job done.

10 Okay? You are going to have longer lines at
11 the DMV. Get used to it. It's going to happen. You
12 are going to have less services out there. It's going
13 to happen. We get it. And we are more than willing to
14 try to work with the Governor to find the least harmful
15 places, but I can't tell you where that is because it's
16 all been in a downward spiral for quite sometime.

17 That's a hard one. You know, SUNY. SUNY's
18 going to be a five year. Used to be when I went to
19 school you had to get through in four years, right,
20 because your parents weren't going to stand for anything
21 else. Now you wonder are the students going to have
22 enough courses to be able to graduate in four years? I
23 don't know. I mean, SUNY's taken hit after hit after
24 hit. Another \$100 million this year. I don't know what

1 that means.

2 SENATOR KRUEGER: Is there -- I mean, have
3 you been able to track patterns of greater holes in
4 staffing in certain areas in the state government or
5 others because of either early retirement or, as you
6 pointed out, it's just damn hard to get people to do
7 these kind of jobs?

8 MS. TURNER: It is just hard.

9 SENATOR KRUEGER: Are these mandatory
10 overtime arrangements?

11 MS. TURNER: Yes. Most of them in the
12 facilities are mandatory overtime. But, you know what?
13 Remember something, too. As we have reduced the
14 permanent state workforce, we have brought up the shadow
15 workforce, and the shadow workforce is what I talked to
16 you about last year, the \$62 million that the state was
17 spending on temporary employees all over the State of
18 New York.

19 And you know what? That didn't even include
20 the temporary employees in mental hygiene. That didn't
21 include them. Okay. So, you can sit back and say, we
22 cut the workforce but the work is getting done.

23 Well, what you really need to look at is who
24 is doing the work because it's a temporary workforce.

1 And if you want to layoff a permanent employee who's
2 going to go collect unemployment, you might better look
3 at the temporary workforce and say, you know what? If
4 they go back to Kelly Services there's no unemployment
5 there. They are just going to get reassigned.

6 Because there is a lot of that in all the
7 state agencies. And SUNY and the Department of Health
8 are the two that come to my mind that are the biggest
9 abusers of that system. So, yeah, the work is getting
10 done because there's a whole other workforce out there
11 doing it.

12 SENATOR KRUEGER: Has there been an increase
13 in last year's testimony -- because I remember that
14 discussion -- in the number of temporary workers in the
15 state?

16 MS. TURNER: We just filed that information
17 through the Comptroller's Office and we are waiting to
18 get that back. As soon as I get that back I promise I
19 will share it with you. I don't know the answer, but
20 I'll share it.

21 SPEAKER: It's a little bit of a never
22 ending problem, Senator Krueger, because -- and I think
23 Senator Savino's conference just did a little report a
24 few weeks ago on OCFS. And they pointed out the

1 overtime issue, which was a problem in their agency and
2 is a problem in that agency. They also pointed out a
3 workers compensation problem in that agency.

4 And things dovetail, if you think about it.
5 When people are out on workers comp, the overtime
6 automatically increases if you're on a freeze because
7 you are not hiring people to fill that position.

8 So, all that meshes together when you have a
9 short workforce in the first instance, which we have had
10 for years, plus you have workers compensation injuries
11 that occur on the job, obviously.

12 I mean those jobs that these folks do in
13 OCFs, and in Corrections to a degree, the COs and OMR --
14 or OPW and OMH, those jobs subject them to injury. I
15 mean, trying to control the environment subjects them to
16 injury.

17 You get that sort of a situation and you add
18 that up, and then there goes your overtime costs. And
19 then people complain about the overtime costs. Well, I
20 mean, you got to have a little empathy for the agency in
21 this case, you know? What are they supposed to do?

22 They got to get the job done, but then you
23 got situations where people are mandated on overtime
24 three and four days a week. I mean, when you are

1 working four 16s in a week, that's a long week, you
2 know? And then that makes you more susceptible to
3 injury or depression and many other things, you know,
4 that happen to individuals.

5 So, it's a little bit of a never ending
6 problem.

7 SENATOR KRUEGER: Just one more follow up
8 question. Ms. Turner, when you were talking about the
9 average pension for a CSEA worker being \$14,000, do you
10 have a breakdown about different categories or age when
11 they retired over the years? I mean, has it skewed up
12 over time, I assume, but you have large numbers of older
13 retirees?

14 MS. TURNER: First of all, our workforce is
15 an aging workforce. I think the average age of our
16 workforce right now is 47 -- 48. We have an aging
17 workforce. Most of our workers work at least -- minimum
18 30 years. So, I don't have it broken down by -- you are
19 asking me like by title?

20 SENATOR KRUEGER: How many retirees are
21 there in the CSEA?

22 MS. TURNER: We have 65,000 retirees and
23 growing in CSEA, all the way across the state, in all
24 parts of the state. Now, remember, that's an average.

1 14,000 is an average, but remember, that state salary
2 average is 40,000. Our average salary in local
3 government is 28,000.

4 Okay? Those are all the people that plow
5 your roads and pick up your trash. In the localities, I
6 mean, that's even lower.

7 SENATOR KRUEGER: The 14,000 average
8 includes across the board local and state?

9 MS. TURNER: Yes.

10 SENATOR KRUEGER: Thank you very much.

11 ASSEMBLYMAN FARRELL: Questions?

12 Jack McEneny.

13 ASSEMBLYMAN MCENENY: Thank you, Fran.

14 I think part of my question was answered
15 when you, you know, what is it, the white lies and the
16 black lies and the statistics.

17 One of the reasons I think the public sector
18 workers appear in recent years to be making more than
19 the private sector -- by the way, there's an article in
20 the Times Union this weekend that you probably saw, the
21 average salary is about \$50,000 in Albany County. So,
22 your average worker is making 10,000 less.

23 The other counties make a little bit less,
24 but by and large, CSEA workers are making less than the

1 average. So, certainly that doesn't apply to them, but
2 as it should be, merit, seniority and longevity tend to
3 raise salaries above entry levels.

4 I suspect that one reason you look at these
5 numbers, and in some cases have public workers appear to
6 be higher paid, is because of what you just described,
7 the average age is 48 and the majority of them are long
8 term employees.

9 Merit, longevity, the steps that are built
10 into it to recognize seniority and experience are going
11 to bring them up above the entry level. By and large,
12 we have had hiring freezes. They go, they go by
13 attrition. And unless it's health and safety, they
14 don't get replaced.

15 So, the people who remain tend to reflect an
16 older workforce, whereas the overall private sector
17 workforce includes an awful lot of kids, including young
18 college kids who can't get a job and are underemployed
19 working without benefits for very little money, and they
20 skew those numbers because of youth and lack of
21 experience.

22 So, if you separate the two without actually
23 looking at the workforce you are going to get numbers
24 which will be grossly misleading. And I was very happy

1 to hear you mention that average age of 48. I think
2 that's going to be also true of PEF when compared to
3 other people on the same level, the longevity of these
4 people and their age, and then throwing in compared to a
5 workforce of young college graduates, for example,
6 haven't been able to get a job in two years, there's
7 going to create a very artificial picture.

8 MS. TURNER: For sure.

9 ASSEMBLYMAN MCENENY: Thank you.

10 SPEAKER: I'm going to use that at the
11 table.

12 SENATOR DEFRANCISCO: Thank you very much.

13 MS. TURNER: Thank you.

14 SENATOR DEFRANCISCO: The next speaker on
15 our list is Kelly Owens, but she's going to the end of
16 the list. She's at another meeting at the moment.

17 Ken Brynien, President of PEF, and his
18 cohorts.

19 MR. BRYNIEN: My clock says 10 minutes. We
20 thought Mr. Glaser had 20.

21 SENATOR DEFRANCISCO: That was Glaser, Hite
22 and Johnson had 20 together and only one of the three
23 spoke, so, we are being extremely fair here. Fairness
24 is our middle name.

1 MR. BRYNIEN: Mr. Chairman, committee
2 members, thank you for allowing me the time to speak.
3 My name is Kenneth Brynien. I am president of the
4 56,000 member New York State Public Employees
5 Federation, which represents professional, technical and
6 scientific employees of the State of New York.

7 We are New York's second largest state
8 employee union, and I'm joined here with Thomas Atrino,
9 who is the Director of our Civil Service Enforcement
10 Department, and Brian Kern, our legislative director.

11 Before we start, I would like to just tell
12 you a quick joke. Three men walked into a bar. Had a
13 billionaire, a tea party activist, and a state worker.
14 After they ordered drinks, the bartender puts out a
15 plate in front of them with 12 cookies.

16 The billionaire takes 11 of those cookies.
17 The state worker starts to complain. The billionaire
18 leans over to the tea party activist and whispers, be
19 careful, that state worker is going to want to take part
20 of your cookie.

21 That's what is going on in this country. We
22 are living in tough times for employees in both the
23 public and private sector, as the workers are the ones
24 being asked to pay, despite the fact that the people who

1 actually caused the destruction to our economy are not
2 paying.

3 Our economy was undone by some of the
4 wealthiest individuals in our society and now, with this
5 executive budget, workers are being asked to suffer
6 more, and those who lead us to this collapse are not
7 being asked for anything, not one dime.

8 Instead, nationwide public sector workers
9 are under attack. Wisconsin and Ohio today are the main
10 battle fields, but New York is also in this fight.
11 Public service didn't cause the deficit, and it begs the
12 question why state workers, school employees and
13 healthcare workers should be asked to bear the brunt of
14 the sacrifice to address this crisis.

15 I have some slides that I want to present,
16 but I want to comment on some of the state's slides for
17 a moment first. They had a slide up there that said the
18 past three years state worker wages have increased while
19 in the private sector they have declined.

20 That may be true for the last couple of
21 years. If you look at the last 20 years, where the
22 private sector salaries exploded and state workers took
23 many zeros, our wages declined compared to the private
24 sector, and now in the last few years it started to

1 catch up.

2 So, it was disingenuous, the slide that they
3 had there, and the comparisons didn't really cover state
4 workers, anyway. There are a lot of people that work in
5 the public sector that don't work in the private sector
6 and vice versa.

7 In the public sector you have yourselves,
8 legislators, you have judges, you have people that work
9 at the Governor's office. You don't find this in the
10 private sector. In the private sector what you find are
11 people that work at Wal-Mart, people that work at
12 McDonald's, and of course they are making less. You
13 don't find those people in the public sector so you
14 can't really compare them.

15 If you compare apples to apples, occupation
16 by occupation, state workers make about seven percent
17 less. Engineers that work in the state make less than
18 the private sector. Accountants, information technology
19 professionals, physicians, lawyers, physical therapists,
20 all the professionals we represent earn less because
21 they choose to work for the State of New York.

22 Our first slide shows that less than 14
23 percent of total state expenditures are actually state
24 workers. That's been the trend and it's going to

1 continue to be the trend. We are just a small part of
2 the state budget. That's before the \$700 million the
3 state is now demanding. Not 450, like you are hearing,
4 but 700 million. I will get to that in a moment.

5 State employees have sacrificed because
6 there is much fewer of us to do the increased workload.
7 In the last 25 years or so, there are 24 percent fewer
8 state workers.

9 Our raises have lagged behind the private
10 sectors and the CPI, especially when adjusted for
11 inflation. We have one of the smallest state workforces
12 per capita in the nation. In New York State, there are
13 150 state workers for every 10,000 persons, 31 percent
14 lower than the national average.

15 The state, what I said, has asked for \$700
16 million in concessions, not the 450 that they talk
17 about. That's because 450 they want directly out of
18 contracts, which they say relates to 9800 layoffs.

19 They want another 100 million out of OCFS,
20 the Office of Mental Health, and DOCs closures, which
21 will lead to another 1750 layoffs. They want \$154
22 million to eliminate the total subsidy to SUNY, which
23 could layoff another 2700 people. So, it's not just the
24 450 and the 10,000. It's a lot more money and a lot

1 more people going out the door.

2 In essence, state employees are going to
3 have to pay out of their pockets to keep their own
4 facilities open. That's what's happening here. Layoffs
5 of this magnitude will have a trickle down effect.
6 There will be \$2 billion of economic activity that's
7 lost just from loss of those 10,000 state jobs. That
8 translates to 28,000 private sector jobs that would also
9 be lost. How could this be considered economic
10 development?

11 The budget cuts that occurred in the
12 mid-1990s have reduced current year revenues by over \$13
13 billion. If we just had the same tax structure that we
14 had back then you wouldn't be \$10 billion in the red.
15 You would be \$3 billion in the black. That's a result
16 of choices that were made regarding taxes, not choices
17 regarding spending.

18 Giving the wealthiest New Yorkers a tax
19 break will only exacerbate this huge income disparity
20 and it will be counterproductive to our economy.
21 Executive budget is blatantly unfair, because what it's
22 asking through these different cuts is that the average
23 state worker will need to lose between \$2400 and \$3400
24 annually over the next four years to pay what the state

1 needs, then it says, it needs in savings.

2 You divide the number of state employees by
3 the billions of dollars that they want, and they say
4 they want recurring savings over four years, 2400 to
5 3400 a year out of everybody's pocket, lot of people
6 just barely paying their mortgage now. Meanwhile, New
7 York's richest people are going to get a tax cut of up
8 to \$21,000 a year, in addition to 124,000 a year cut
9 they are getting from the federal government.

10 Another thing we think that should be done
11 is to eliminate more of these loopholes. Eliminate the
12 corporate welfare that's going on in this state, and we
13 think you need to save \$1.3 billion a year. I think
14 everybody should pay their fair share, not just the
15 people working in our facilities.

16 The state even admits that when it stops
17 contracting out and uses state workers they could save
18 between \$25- and \$50,000 per person and their pilot
19 project has already demonstrated that could happen.

20 If you eliminate most of these consultants,
21 you could save another \$280 million a year. The state
22 says they want to start doing that and they talk about a
23 10 percent reduction in those contracts. Unfortunately,
24 the way things look like they may be worded, that's a 10

1 percent reduction in an hourly rate, so there would just
2 be more billable hours and these companies are going to
3 get the same amount of money anyway. It's not going to
4 save us any money.

5 Now, when you layoff these 10,000 plus
6 people, the state will hire consultants to do the work
7 at a higher cost, so it's not going to save anything.

8 Thanks to some efforts, as I talked about
9 with that pilot, some of the consulting has started to
10 level off, but it has not dropped significantly at all
11 and it needs to. And these consultants generally cost
12 about twice as much as state employees in many of these
13 professions, including information technology and
14 engineering.

15 The executive budget is so focused on
16 cutting state agency costs, they are not addressing the
17 public authority cost as another example of cutting the
18 lean and saving the fat, and we need to have a wholesale
19 elimination of these authorities, merge them into state
20 agencies where they are necessary, and eliminate them
21 when they are not.

22 For example, Environmental Facilities
23 Corporation, their average salaries are 54 percent
24 higher than at the Department of Environmental

1 Conservation. At New York Housing Finance Agency, their
2 staff are paid 44 percent more than the state's Division
3 of Housing and Community Renewal.

4 Other consolidations can save more money.
5 We are not objecting to most of the consolidations and
6 mergers that the state wants, but we are objecting to
7 anything that converts state jobs to private jobs and
8 closure outright of facilities.

9 Thank you very much for your time.

10 SENATOR DEFRANCISCO: Senator Krueger.

11 SENATOR KRUEGER: Thank you very much.

12 Thank you for your detailed testimony and also the
13 charts that accompany it.

14 I had asked the administration earlier would
15 wage freezes and/or layoffs have any impact on public
16 authorities or only state agencies, and they said no, it
17 has nothing to do with public authorities.

18 And you focused in your testimony on how
19 much more expensive the salaries in the public
20 authorities are than the state agencies. I have never
21 been a big fan of overabundance of public authorities in
22 the State of New York.

23 We are facing crisis and we talk a lot about
24 sharing the pain, but it's not very clear that we

1 actually are sharing the pain. How do we, even in the
2 context of where we might all disagree trying to do
3 something to reduce state costs, what can we do to fix
4 the inequities between public authorities and state
5 agencies, both salaries, and also apparently if there is
6 somebody who is going to be asked to leave the
7 government work force, why just over here and not over
8 here? What can we do about that?

9 MR. BRYNIEN: We have asked the Governor
10 that. We have asked numerous Governors that over time,
11 and they seem to think it's a difficult thing to do, but
12 I don't. The authorities don't even report to the
13 legislature. The Governor has control over these
14 authorities.

15 The Governor can eliminate these
16 authorities. He can downsize them. He can ensure the
17 salary structures are at least equivalent to the state
18 employee salary structures.

19 I don't know why Governors have not done
20 that. I have my suspicions but, in essence, you have
21 two parallel systems in a number of these agencies.
22 There is the Health Department and there's Health
23 Research, Inc. There is SUNY and SUNY Research
24 Foundation.

1 You have several of the other ones I
2 mentioned. And in all cases, all cases, the people that
3 work in those authorities earn more money. Their
4 management earns more money. There is a bigger group of
5 management than you might find in state agencies and
6 often they do equivalent work.

7 Sometimes they work sitting side by side at
8 desks, and it make no sense. But then when we are told,
9 well, cuts have to be made so we are going to cut the
10 less expensive employees, but the more expensive
11 employees, they are going to stay, that's insane.

12 What I would ask you to do is to just try
13 and put as much pressure as you can to bring some of the
14 sanity back. If you have people doing equivalent work
15 in two places, and some are career civil servants and
16 some are not, look at the ones that are not and see why
17 they are making so much money, and start making those
18 changes.

19 If you need to keep those people, and in
20 some cases you do, put them into the state agency, make
21 them civil servants, pay them state rate for those jobs,
22 and save the money that way.

23 SENATOR KRUEGER: Thank you. Your first
24 chart shows that state employee salaries and benefits

1 are less than 14 percent of the total state expenditure.

2 Is that all funds? That is not general fund.

3 MR. BRYNIEN: That is all funds.

4 SENATOR KRUEGER: That's all funds. That's
5 why it seems lower than other charts I have seen.

6 MR. BRYNIEN: Right. Other thing you need
7 to be aware of is that not all the employees I represent
8 are in those general funds. They aren't represented in
9 all funds.

10 SPEAKER: Half are general fund.

11 SENATOR KRUEGER: You have a chart that
12 shows the difference in a cost for a state worker versus
13 a contracted worker with a contracted worker seeming to
14 be so much more expensive than the state worker. That's
15 just salary or salary, benefits?

16 MR. BRYNIEN: When you combine salary and
17 benefits, the whole package, state employee, the
18 paycheck, their health benefit, their pension, whatever
19 else is there, compare that to the cost for the
20 consultant, the consultant is still, at a minimum, 50
21 percent more, usually double the price.

22 SENATOR KRUEGER: I know this discussion has
23 gone on for multiple years. What has been the response
24 from previous Governors about that fact?

1 MR. BRYNIEN: The responses have been mixed.
2 A bill got to Governor Pataki's desk which I believe he
3 vetoed. Governor Spitzer said some good things about
4 the possibility of having some legislation passed but
5 wasn't around long enough. I'm not sure if the bill
6 ever got to Governor Paterson's desk.

7 I don't know what Governor Cuomo, I don't
8 think he said anything on it at this point, but what we
9 are pursuing is a piece of legislation, what we are
10 calling our cost benefit analysis legislation, that just
11 says you compare what outside costs are to what in house
12 costs are. If we could do the same job for less, do it
13 in house. Our people do it.

14 If the consultants can do it for less, God
15 bless them, hire them. I don't think 10 percent of the
16 time they are going to do it for less, but in those
17 cases I have thoughts on it.

18 SENATOR KRUEGER: Thank you very much.

19 ASSEMBLYMAN FARRELL: Assemblyman Jim Hayes.

20 ASSEMBLYMAN HAYES: Thank you.

21 I just am curious to know your reaction to
22 the Governor's executive order mandating the reduction
23 by 10 percent of the consultant contracts as they come
24 up for renewal.

1 MR. BRYNIEN: I think that's great. We were
2 suggesting that, as a matter of fact. I think it should
3 go further than that, but 10 percent is a good start,
4 but I think I stated earlier the fear is that it depends
5 on how it's worded.

6 If you are just going to ask some company
7 you are consulting with, state wants to pay ten percent
8 less per hour for your services, and the company says,
9 okay, well, you know what? We will refigure and that
10 job's actually going to take 10 percent more hours than
11 we thought. If you pay the same amount of money, that's
12 not a cut. It has to be a real cut. If we are giving
13 the company \$10 million this year, next year you are
14 getting \$9 million and we expect the same work out of
15 you.

16 ASSEMBLYMAN HAYES: That's a good point. We
17 would suspect the Governor and his people who are doing
18 the procurement oversight would take the responsibility
19 to kind of know that and make sure that's not the end
20 run around, we hope.

21 The only other question I had for you was:
22 How do you characterize the unofficial or -- what was
23 the word Mr. Glaser used -- the preliminary
24 negotiations? The informal preliminary negotiations,

1 how would you characterize the timetable of how those
2 are going and how confident are you that PEF will be
3 able to move forward in an expeditious fashion?

4 MR. BRYNIEN: To date, there have been two
5 meetings, neither of which I would characterize as
6 negotiations. The first was a meeting to discuss having
7 a meeting. The second meeting was to further discuss
8 having a meeting.

9 So, we haven't really had any meeting yet.
10 We told them we were willing to start next week. I'm
11 hopeful we will have some meeting next week. I am not
12 sure exactly what that is going to be.

13 But formal negotiations have not started,
14 but they will start -- they are saying they want to
15 start them soon and we are saying we want to start them
16 soon. One of the problems, though, is some of the folks
17 on the other side of the table are new, we understand we
18 have a new Governor and a new staff, so we are giving
19 them a little bit of time to put that together because
20 they also need to be educated.

21 There were a couple of comments that I heard
22 regarding steps and longevity. That's an area they were
23 interested in looking at. And sometimes people think of
24 them as add ons to your base wage. They are not. The

1 steps -- people are hired at a certain rate, which is
2 below what the job rate should be.

3 If you are supposed to be making \$50,000 a
4 year for your job, you start at 40, and every year you
5 get a little bit. So, after seven years you actually
6 get to the salary you are supposed to be making. People
7 expect that and if you stop that it's not a freeze. You
8 are taking a job cut now, a wage cut.

9 The same with longevity. You've earned
10 these things after decades of working. People now get
11 the bump every year. If you say next year you are not
12 getting it, that's not holding your salary constant.
13 That's a wage cut. So, we are using different words.

14 To us, they are talking about cuts. To
15 them, they are just talking about freezing in place,
16 which is different. So, it's going to complicate those
17 discussions.

18 ASSEMBLYMAN HAYES: Thank you very much.

19 We have been joined, Mr. Chairman, on this
20 side by Assemblyman Phil Boyle.

21 SENATOR DEFRANCISCO: Senator Savino.

22 SENATOR SAVINO: Thank you. I just have one
23 question for you, Ken. First, I want to thank you for
24 the work that you did with my office last year with

1 respect to the IT in sourcing, and I'm glad to see that
2 it is being implemented and we are starting to see the
3 savings.

4 I've heard you I think address Senator
5 Krueger's question that one of the things you guys want
6 to bring forward this year is in a piece of legislature
7 that would do a cost benefit analysis for other areas to
8 see if we could find similar savings by in sourcing. I
9 totally support that idea.

10 Are there any particular areas, though, that
11 you think would be worthwhile for us to look at for the
12 same types of savings that we got with the IT in
13 sourcing?

14 MR. BRYNIEN: The two big areas of
15 contracting out, or use of consultant services in the
16 state, one is information technology and the other is
17 engineering. Whether it be in road design, whether it
18 be in inspection, but engineering services in general,
19 that seems to be one of the biggest areas, and where
20 study after study by Comptroller's Offices, both
21 Democrat and Republican, private studies, they have all
22 said the same thing.

23 The state spends enormous amounts of money
24 on outside consultants for engineering services which

1 they don't need to do. So, if we could start a program
2 dealing with that, that would be great.

3 SENATOR SAVINO: Let's get to work on it.
4 Thank you.

5 ASSEMBLYMAN FARRELL: Assemblywoman
6 Malliotakis.

7 ASSEMBLYWOMAN MALLIOTAKIS: Good morning.
8 Thank you very much for your testimony.

9 I just have a brief question regarding the
10 12 month notice for appeal. It's something I am
11 concerned about. I just wanted to know what is, I guess
12 could you share with us the concern that you have
13 regarding the Governor's proposal to appeal the 12 month
14 notice in law with closing correctional and youth
15 facilities.

16 MR. BRYNIEN: I think elimination of that 12
17 month notice law is a mistake. There are a couple of
18 different laws, there's different agencies, but they
19 were all intended to provide the time to do things
20 correctly.

21 12 months was selected as what we thought
22 would be a good point. I mean it could have been 15
23 months, it could have been eight months, I don't know
24 what the perfect time is, but you need sufficient time

1 to, if you are going to be moving people out of the
2 facility to another facility, if you are going to be
3 having parents have to change -- my child is no longer
4 going to be served in my community, going to be served
5 50 or a hundred miles away, how do I make plans?

6 If you are going to have communities that
7 are going to be decimated by job loss, or at the very
8 least decimated by local services, and now people who
9 are mentality ill who maybe have parents visiting them
10 twice a week, well, now they have to go down the Thruway
11 a couple hours. How is that going to help?

12 So, this gives time to plan things out. And
13 the legislature saw fit to make those changes to require
14 the 12 months. I think, at the very least, what the
15 legislature needs to do is to go back to the Governor
16 and say he needs to resubmit his appropriation bills to
17 eliminate or change that language, so that if you feel
18 the need to debate, make changes to the 12 month notice
19 you can do that, rather than be put into a situation
20 where it's gone or agency budget doesn't exist and you
21 have no real choice in the matter.

22 I think it's going to harm everybody, but
23 especially just the state operations. Because if the
24 Governor or any Governor says we need money out of your

1 agency, close something, some agencies might say, all
2 right, we will close it next month, and it doesn't give
3 them the time to do it right and they empty things out
4 and corrections people end up getting hurt in the
5 process, in the youth system people get hurt in the
6 process.

7 We try to help people and save people, not
8 rush things.

9 ASSEMBLYWOMAN MALLIOTAKIS: You believe the
10 12 months is an appropriate time frame or do you believe
11 it can be shortened possibly?

12 MR. BRYNIEN: I think 12 months is
13 appropriate, but I am willing to see another side of
14 that. And if we can reduce that and still do things in
15 a realistic, well thought out manner, that would be
16 fine. As I said, I am not the fountain of wisdom on how
17 many weeks it actually takes to do things. 12 might be
18 too long. I know four is too short.

19 ASSEMBLYWOMAN MALLIOTAKIS: So, maybe
20 somewhere in the middle. Thank you very much for your
21 thoughts.

22 SENATOR DEFRANCISCO: Senator Diaz.

23 SENATOR DIAZ: Thank you, Chairman
24 DeFrancisco.

1 Last year we experienced something never
2 done before in the state. Governor Paterson created a
3 way in which to do away with what he wanted by
4 threatening us and threatening the state with shutting
5 down government.

6 And that is something that is true.
7 Governor Paterson intended to use a good one than
8 Governor Cuomo is intending to use. How bad it's going
9 to be and we don't know how bad it's going to be.

10 As a legislator, everyone is expecting from
11 us to do the right thing. Last year, my colleagues,
12 they all run for cover, and they run for cover and the
13 news, the editorial board say you can do that, and we
14 get blamed for it. To do the right thing I believe we
15 call -- by our standing firm, saying, you want to shut
16 the government, go ahead.

17 What's your opinion on that?

18 MR. BRYNIEN: I don't think you can shut
19 government. I mean if you wanted a complete shut it
20 down so does that mean you send all the hospital
21 patients home? You let everybody out of prisons? I
22 mean I don't think you can just shut down the state.

23 I think what he would be able to do is shut
24 down pieces of the state, and for how long, I don't

1 know. I am fortunate that I am not in the position to
2 decide whether to call his bluff or not, or make a
3 decision is it a bluff or not, but if a shutdown can be
4 avoided I believe it should be avoided.

5 But if there are demands that are made that
6 will have the effect of shutting down pieces of the
7 state anyway, then I think there needs to be some push
8 back to try to make it realistic. I think he or any
9 Governor, just as any of you, want to see the state
10 work. And I think if everybody is willing to talk you
11 can come to some compromise that can make it work
12 without having to have that kind of a show down.

13 SENATOR DIAZ: I understand that the current
14 Medicaid would destroy practically minority communities,
15 because in my district people would suffer, hospitals
16 would be closed, and people would need to get laid off
17 and senior citizen and poor people in my district would
18 get hurt.

19 Last year, I was the only one, I was the
20 only one, I didn't get credit for it. I was the only
21 one in my conference to keep jobs safe in my district
22 when they wanted to close. I didn't get no credit for
23 that. It doesn't come because people -- other thing
24 counts more for it.

1 My question is now: Are we facing something
2 -- we are confronted something very difficult. This is
3 not -- this is worse than last year. This Governor says
4 he's in. I am running for president. He's in. You do
5 this or so I am -- my question is I don't want senior
6 citizens in my community to be cut.

7 My question is: When we are confronted
8 with, when we confronted with situation like this, what
9 is our choice?

10 MR. BRYNIEN: It is a difficult choice. I
11 have to believe that, while the Governor is saying that
12 this is what he will do, I have to believe that if he
13 has some reasonable alternative he will take it.

14 If you say no to everything he wants then I
15 guess he will say I have no choice but to shut down what
16 I can shut down. But if you come back with some
17 reasonable alternatives and he can say, I can live with
18 that, so I'll avoid shutting everything down, I think he
19 will make that, but maybe -- you guys work more closely
20 with him than I do. You know his style better than me,
21 but I have to believe that if it's reasonable he will do
22 it that way.

23 SENATOR DIAZ: Page six of your illustration
24 you say the executive budget replacing information

1 technology consultant with state employee save \$25,000
2 to \$50,000 per job. You say the savings are meager.

3 MR. BRYNIEN: Yes.

4 SENATOR DIAZ: Then you say replacing
5 consultant with state employee save up to \$280 million.

6 MR. BRYNIEN: Yes.

7 SENATOR DIAZ: That's what you are saying?

8 MR. BRYNIEN: Yes.

9 SENATOR DIAZ: Can you tell me how much
10 money we are spending in consultant?

11 MR. BRYNIEN: Altogether on consultants we
12 spend 2.9 billion, the total expenditure.

13 SENATOR DIAZ: 2.9 billion. Billion.

14 MR. BRYNIEN: Yes.

15 SENATOR DIAZ: You say that the consultants
16 it would save \$280 million.

17 MR. BRYNIEN: Right. Those billions that we
18 talk about, that's not all in personnel. It's also in
19 material costs and other things.

20 SENATOR DIAZ: I don't know what they are.
21 You are saying consultant. I don't know what they are.

22 SPEAKER: Our estimate is based on replacing
23 half the consultants. \$180 million would be based on
24 the theory that we could do -- we would replace half of

1 them with state employees. That's what that estimate is
2 based on.

3 SENATOR DIAZ: If I were the Governor, if I
4 were an administrator, I believe, and if what you are
5 telling us is correct, and I don't doubt it, but I guess
6 -- and you say this is savings, because you do not have
7 to go to college. You do not have to go to Harvard, you
8 don't have to go to Yale or Princeton.

9 If those numbers are true, you don't have to
10 go to those universities to say, hey, let me do this.
11 What will you say Governor is not doing?

12 MR. BRYNIEN: Obviously what we have been
13 saying hasn't been working well enough because we have
14 been saying this stuff for at least 10 years. They
15 understand the numbers.

16 Just to use DOT as one example. Comptroller
17 Carl McCall did a study where he said we are spending
18 way too much on these consultants. State employees can
19 do it cheaper. What was the other comptroller? Ned
20 Regan did the same thing prior to him, came out with the
21 same result.

22 State didn't believe the two comptrollers so
23 DOT commissioned their own study through KPMG, and they
24 did a private study on it and then wouldn't release the

1 report. We had to FOIL the report to get the results,
2 and the results said the same thing. DOT's own report
3 said we are spending too much money on consultants.
4 They could save a lot if they stop doing it but they
5 don't stop doing it anyway.

6 Now, some managers end up working for
7 consulting firms afterwards and there's a connection
8 there. Some commissioners have relationships with
9 consulting firms, and those relationships, they continue
10 those contracts. There are other connections throughout
11 the state that people have with each other.

12 Sometimes there are political contributions
13 made by some of these companies. I'm sure there are
14 other reasons as well, but no matter how expensive it is
15 to the taxpayer, the consultants are still used, and any
16 help we can have to curtail that would help this state.

17 SENATOR DIAZ: So --

18 SENATOR DEFRANCISCO: Excuse me, Senator.

19 SENATOR DIAZ: I'm closing. I know I'm
20 running out.

21 SENATOR DEFRANCISCO: We have been very,
22 very good to you.

23 SENATOR DIAZ: That's why I love you.

24 In closing, you are telling me that the easy

1 way or good way to save money and decided could hurt
2 many people.

3 MR. BRYNIEN: That could be one way of
4 putting it, yes.

5 SENATOR DIAZ: Thank you.

6 SENATOR DEFRANCISCO: Thank you very much.
7 Very much appreciated.

8 The next speaker is Peter Reale, Vice
9 President of Reale --

10 ASSEMBLYMAN MCENENY: Hold on. One more.

11 Quick question, Ken. Thank you so much for
12 coming. What's the average age of a PEF worker?

13 MR. BRYNIEN: I think it's a little older
14 than in CSEA's workforce. I think it might even be
15 50ish.

16 ASSEMBLYMAN MCENENY: 48?

17 MR. BRYNIEN: Maybe around 50ish.

18 ASSEMBLYMAN MCENENY: 49 or 50.

19 I work on a local authority and was doing
20 some business with some consultants and just talking to
21 them, all three of them were retired state workers.
22 This is in the engineering technical field.

23 We have had a number over the years of cash
24 incentives to leave and then the next year was early

1 retirements. And do you see some of your consultants
2 disproportionately members of your alumni?

3 MR. BRYNIEN: They are. I mean the state's
4 a good training ground and they go to these firms after
5 they retire sometimes. Sometimes they are back at the
6 same desk.

7 So, instead of the state hiring somebody,
8 you know, starting out, they are hiring somebody at a
9 higher wage to do the job they were doing last week
10 sometimes.

11 ASSEMBLYMAN MCENENY: Any state worker can
12 go back to work between age 55 and 65 and earn up to
13 \$30,000 part-time.

14 MR. BRYNIEN: They can, but if the state is
15 saying it wants to save money and so we are eliminating
16 positions to save money, then filling those chairs the
17 next week, the people making more money is sometimes the
18 same people, you are not saving anything. So, what was
19 the whole purpose of all of this?

20 ASSEMBLYMAN MCENENY: The part-timer who
21 would come back in retirement would make presumably the
22 same wage as the person the next desk.

23 MR. BRYNIEN: That person -- if they are
24 coming back as a state worker part-time what they make

1 per year is less because they are not putting in a full
2 year.

3 ASSEMBLYMAN MCENENY: But not necessarily
4 per hour.

5 MR. BRYNIEN: Correct.

6 ASSEMBLYMAN MCENENY: Thank you.

7 SENATOR DEFRANCISCO: Thank you very much.

8 The next speaker is Peter Reale, vice
9 president of Reale Construction.

10 On deck is Joe Sano.

11 MR. REALE: Good morning. My name is Peter
12 Reale. I own Reale Construction Company in Ticonderoga,
13 along with my brother. We're a third generation
14 family-owned company.

15 We are a road and bridge contractor, working
16 mainly for New York State DOT and County Highway
17 Departments, and are members of the Associated Builders
18 and Contractors—the Empire State Chapter. ABC is a
19 trade association of construction and
20 construction-related firms with chapters throughout the
21 United States.

22 I am here in support of the ABC Compensation
23 Trust. The ABC Compensation Trust is a group
24 self-insurance program for workers' compensation

1 coverage started by ABC members and available only to
2 members of ABC-Empire State.

3 It is offered to ABC members who meet the
4 qualifications set by the trustees, and provides
5 workers' compensation coverage that is very competitive
6 with other insurance, we have a group safety program,
7 and assistance in resolving workers' compensation claims
8 and returning employees to work.

9 Since 2008, I have served as one of the
10 trustees of the ABC Trust. As an ABC Trust trustee, I
11 am aware that many workers' compensation trusts were not
12 as well run as ours. Some of these trusts were
13 mismanaged and went out of business, leaving unfunded
14 liabilities.

15 Both the Workers' Compensation Board and
16 trusts that remain in business have learned hard lessons
17 from the insolvencies from the poorly-run trusts.

18 In October, the Workers' Compensation Board
19 proposed lengthy new regulations (46 pages in length)
20 that make dramatic changes in the way that self-insured
21 groups are to be organized and operated. We would like
22 to see minor revisions to those regulations, but believe
23 that the new regulations will be sufficient to prevent
24 the mistakes of the past from occurring again.

1 corporation to satisfy, but is difficult for a group
2 trust to meet, and would add a one and a half to two
3 percent fee, which is about \$600,000 a year in our case.

4 A well-run trust, such as the ABC Trust,
5 already has cash reserves equal to our liabilities, as
6 required by the Workers' Compensation Board, and we
7 would like to work out some system where a full-funded
8 reserve account, usually held in trust or by an
9 investment house, would satisfy the security
10 requirement.

11 We are willing to work out the details with
12 the Workers' Compensation Board so that they will have
13 some control over this reserve fund, and can assure that
14 it is sufficient to cover all the trust's liabilities.

15 The ABC Trust and most other self-insured
16 groups would have a problem meeting this new homogeneity
17 requirement in the Governor's budget bill. Unless the
18 current proposal is changed, it may mean the end of
19 self-insured groups.

20 Group self-insurance has many unique
21 advantages that should continue to be available to
22 participating employers. The ABC Trust is able to
23 provide additional safety services for all employees of
24 trust members through three unique safety centers

1 located in Albany, Syracuse, and Rochester.

2 No other workers' comp provider, insurance
3 company or the State Insurance Fund has such facilities.
4 The ABC Trust has trained thousands of construction
5 employees in these centers, and that training has meant
6 fewer injuries at each of the companies that are members
7 of the ABC Trust.

8 The ABC Trust wants to continue in
9 operation, and I want to continue to get my workers'
10 compensation coverage through this trust. As a business
11 owner in New York, I have benefited from our membership
12 in the trust. It allows me to be more cost competitive
13 in my business at the same time it provides a safer
14 workplace for my employees.

15 My views are not unique in the ABC Trust.
16 Membership retention in the group continues to average
17 over 95 percent each year. We now have 305 contractors
18 paying \$350 million in annual payroll who have stated
19 their intentions to continue in this self-insured group
20 program, provided we are not shut down by new regulatory
21 provisions.

22 I ask your help in working out better
23 provisions for group self-insured programs than those
24 that would be mandated by this budget.

1 Thank you for your time.

2 ASSEMBLYMAN FARRELL: Thank you very much.

3 Questions?

4 SENATOR DEFRANCISCO: Thank you.

5 The next speaker is Joe Sano, Executive
6 Director OMCE, and on deck is Jean Moore.

7 MR. SANO: Good morning, Senators and
8 Members of the Assembly.

9 SENATOR DEFRANCISCO: Excuse me. May I ask
10 you a favor?

11 MR. SANO: Sure.

12 SENATOR DEFRANCISCO: Could you please not
13 read every line in this speech. I am sure you
14 understand the points you want to emphasize. It sure
15 makes it a lot easier for us.

16 MR. SANO: Not a problem, Senator.

17 SENATOR DEFRANCISCO: Thank you.

18 MR. SANO: I will read every other line.

19 Good morning. Thank you for the opportunity
20 to appear before you on behalf of OMCE and the
21 management/confidential employees to discuss our
22 concerns with Governor Cuomo's budget proposals related
23 to the state workforce and state government
24 reorganization.

1 OMCE, the Organization of New York State
2 Management/Confidential Employees, is an AFL-CIO
3 affiliated labor organization that represents the
4 interests of the state's managers who are prohibited by
5 the Taylor Law from collective bargaining.

6 OMCE represents the collective point of view
7 of the M/C employees and offers specific support and
8 assistance to meet the employment-related needs of
9 individual member M/C employees.

10 Over 80 percent of the M/C employees are
11 career civil servants who obtained their position
12 through competitive examination, not appointment through
13 the Governor's office. They are a racially diverse
14 group, for the most part, of former PEF and CSEA
15 represented employees who have competitively earned the
16 right to an M/C position.

17 Now, approximately 94 percent of the state
18 workforce is unionized. There are approximately 12,000
19 all funds M/C employees, and of that, approximately
20 10,600 in the executive agencies, the Comptroller's
21 Office and the Law Department, about six percent of the
22 workforce. They are not represented through collective
23 bargaining.

24 When M/Cs were removed from the original

1 Taylor Law by Chapter 503 of the Laws of 1971, at that
2 time Governor Rockefeller stated that the M/C employees
3 would be treated "no less well" than other state
4 workers.

5 Since then, no administration has kept that
6 promise. M/C employees, under every governor, have
7 borne the brunt of budget reductions, salary and benefit
8 withholdings. M/Cs are told they need to share the
9 sacrifice, which they are willing to do, but M/Cs are
10 not willing to be the ones to bear the full cost of the
11 required workforce savings, nor should they be expected
12 to do so.

13 Every day, M/Cs tell us they want to be
14 treated fairly and equitably, and not earn significantly
15 less, often \$6,000 to \$8,700 less than the employees
16 that they supervise. M/C employees already had a
17 two-year salary freeze due to the withholding actions
18 taken by Governor Paterson. Yes, we are in litigation
19 over that matter.

20 However, M/C employees were the only state
21 employees so affected. We have given. We have made
22 sacrifices. We are tired of being the low hanging fruit
23 plucked by those who seek to use the M/Cs as examples
24 for sacrifice for others to emulate.

1 Imposing a third year, and possibly a fourth
2 year, of salary freeze on M/C employees is unfair and
3 counterproductive. Why would anyone allow this to be
4 done to the managers and their administrative staff who
5 actually run the day to day operations of state
6 government?

7 Facing a loss of \$6,000 to \$15,000 over the
8 next two years in salary results in the reduction in
9 final average salary for pension calculations; will
10 result in lower average salary for retiree health
11 insurance calculations; will result in a reduction in
12 purchasing power; loss of tax revenue to the state;
13 difficulty and inability to fulfill their financial
14 commitments.

15 It's just interesting to note that some
16 people get it. I noticed that in 2009 Mayor Bloomberg
17 restored the frozen salaries of his managers, and just
18 this past week Onondaga County came to the realization
19 that it was important to reinstate the salary structure
20 for their managers as well.

21 SENATOR DEFRANCISCO: We have very
22 enlightened people in Onondaga County.

23 MR. SANO: Just goes to prove it, Senator.
24 Before I address the workforce reduction

1 proposals, I want to say we support the continuation of
2 the personal income tax surcharges, modification to the
3 stock transfer tax rebate.

4 DOB's own figures and projections show that
5 there has been no mass exodus of those taxpayers who pay
6 a fair share of their incomes in those two higher
7 earning additions to the tax rate tables.

8 Now, let's think about generating some
9 revenue from the now fully rebated stock transfer tax.
10 Generating in excess of \$16 billion annually, this 100
11 percent fully refunded tax needs a brand new approach.

12 A new option may be for the state to retain
13 the funds and rebate them one year after the funds were
14 received, rather than the current, as I understand it,
15 of quarterly rebates.

16 Thus, the state could invest those funds and
17 get a full year of interest arbitrage on the retained
18 funds, interest in the hundreds of millions of dollars
19 for 12 months prior to that rebate. Perhaps Wall Street
20 might even be willing to voluntarily refuse all or part
21 of those rebated funds. Wall Street helps out Main
22 Street, wow, what a concept.

23 Let me attempt to place some flesh on the
24 place holding bones that the Comptroller has indicated

1 that are pretty much what's in the executive budget.

2 The Division of the Budget figures that an
3 average state employee costs \$100,000, as we saw
4 earlier, per year with fringes. So, if layoff becomes
5 the human resources tool of choice, then 9800 employees
6 will be laid off in October, for a half a year's savings
7 of \$450 million after you pay out vacation time and so
8 forth. You are going to net about \$450 million.

9 In the past, we have faced similar
10 ultimatums and have always found a way to reach common
11 ground and avoid catastrophe. Resolution is again
12 within our reach once again, but only if the Governor
13 and the legislature are serious about treating M/C
14 employees as essential partners in running state
15 government.

16 Now, it is quite probable that we will be
17 talking about some form of mandated, broad, full and
18 open offering of a retirement incentive program where as
19 many as 4,000 to 6,000 could be off that payroll.

20 Such voluntary attrition obtained from broad
21 employee participation makes budgetary sense in that it
22 voluntarily removes senior state employees with higher
23 salaries from the state payroll, and helps curtail the
24 threat of layoffs, which would disproportionately affect

1 younger state employees.

2 Yet agencies cannot be allowed to feign
3 participation or to mute their participation as they
4 have in the past. Agencies dipping below their -- this
5 is the way we used to do it in the old days -- agencies
6 dipping below their critical fill level would be
7 authorized to fill such critical positions with DOB
8 approval.

9 Controls are in place, using reassignment,
10 retraining, rehiring of those that are affected --
11 before we went to open recruitment, you could go and
12 recycle people that were identified in other agencies
13 for reduction as part of filling the holes that were
14 part of the state workforce. We have those fiscal
15 controls.

16 Give the agencies a personal service target
17 and let them manage. Let the people go who want to go,
18 and under the watchful eye of DOB, let the agencies fill
19 their critical operations by hiring or transferring
20 employees from other agencies.

21 If managed properly, an incentive could
22 yield over \$300 million in immediate savings and future
23 decreasing savings as remaining employees progress
24 through the salary schedule.

1 Let's not forget a concept that's also going
2 to be discussed as far as lag pay or some other sort of
3 mandated work-year reduction. Simply stated, a day of
4 lag or furlough will save approximately \$333 per
5 employee.

6 When applied to the applicable workforce, a
7 maximum savings of \$63 million per day could be
8 realized. Do the math and one can see how this could
9 provide immediate savings if such days were banked for
10 payment upon service separation or allowed to be taken
11 as days off without pay.

12 Let's continue, since this was discussed
13 earlier, health insurance will be on the table. It
14 always is. No New York State employee has free health
15 insurance. Every participating employee pays a share.

16 Employees' representatives will push for
17 cost containment and the state will cry out for cost
18 shifting and the result will be a compromise, yielding
19 savings of somewhere around \$100 million, which we will
20 all share.

21 I don't know where health insurance will end
22 up, but all you have to do is look to other states that
23 have adopted life-style surcharges, for example,
24 smokers, or those with -- you will like this one --

1 elevated body mass index ratios above normal, as well as
2 the implementation of wellness initiatives, all designed
3 to decrease costs.

4 We are skeptical of those plans, as well as
5 those that have piloted the concept of using one's
6 adjusted gross income as part of the formula that
7 determines what an employee or retiree pays.

8 The legislature must also give serious
9 consideration to reducing the estimated \$500 million
10 reserve kept by NYSHIP health insurance program. A more
11 prudent reserve, as our Comptroller actually states,
12 could free -- \$250 million -- could free needed funds
13 for stabilizing costs and benefits for all participating
14 employers, employees, retirees and, yes, the taxpayers.

15 Last year legislation was passed in the
16 eleventh hour budget extender to require employees and
17 retirees to pay a portion of the Medicare Part B
18 premium, 10 percent for individual and 25 percent for
19 dependent coverage.

20 Manipulations of life expectancy tables are
21 now underway and new concepts for cost shifting will be
22 threatened. Change must be a product of discussion and
23 deliberations with all stakeholders and not made as part
24 of any budget extender. Many employees and retirees

1 simply cannot afford any increased cost.

2 I do want to mention the Pipeline Problem.
3 Relax, I'm not going to be talking about the fossil fuel
4 supplies in New York State, but what I am talking about
5 is that the bulk of the state managers are centered in
6 the M1, M2 and M3 graded titles.

7 The 2010 State Workforce Management Report
8 issued by Civil Service clearly states that at current
9 levels these levels of management are about equivalent
10 in age and years of service and could be expected to
11 retire at about the same time.

12 Staff in the lower level titles represented
13 by PEF constitutes the pipeline to fill these vacated
14 managerial positions. But why would any sane person
15 take a promotion where increased responsibility and
16 workload are met with a pay scale averaging \$7,500 less
17 than you were already earning, and quite often making
18 less than those you supervise?

19 It's just stupid to think that anyone in
20 this economy would put their family's fiscal well being
21 at risk to take an M/C job.

22 SENATOR DEFRANCISCO: Thank you. You chose
23 to read every line rather than every other line, but we
24 have got another hearing at 12:30. I will give you a

1 few more minutes to kind of summarize what you want to
2 summarize, but we will never get through anybody else.

3 MR. SANO: Let me just mention succession
4 planning. I'll hit on that because that was mentioned
5 earlier.

6 Succession planning in this state is a cruel
7 joke perpetrated by administration after administration
8 that refuses to accept the fact that when these folks
9 are gone they are gone, and nothing has been done to
10 share their institutional knowledge or to prepare for
11 their succession.

12 The loss of knowledge this represents has
13 immediate and long-term impact on agency operations as
14 inexperienced workers, if somehow enticed to replace
15 experienced managerial employees, try to cope with the
16 demands and pressures of keeping this state's services,
17 facilities and responsibilities functioning.

18 So what we have now is a series of
19 situations where M/Cs are requesting demotion or
20 reassignment to PEF or CSEA represented titles, PEF and
21 CSEA represented employees continuing to refuse
22 promotions or assignment to M/C positions, and critical
23 M/C vacancies are not approved for filling.

24 Agencies such as OPWDD, OMH and Health, face

1 possible loss of accreditation, which translates into
2 reduced funding, because you just don't have the
3 managers there to supervise and it does not go
4 unnoticed.

5 Let me end by saying that what has happened
6 over the last two years is that the state's
7 classification and compensation system has been so
8 skewed that it has become a sham and it will take a
9 major comprehensive overhaul to make it once again
10 viable.

11 The M/Cs have given, they have given a total
12 of \$56 million over the last two years. If other people
13 are going to be asked to give over the next few years,
14 then we need to be restored so that there is some
15 balance back into the pay system. And once again,
16 people see that it's worthwhile to become a manager or
17 confidential in the State of New York.

18 Thank you.

19 SENATOR DEFRANCISCO: Thank you. We all do
20 have your statement, and some of the suggestions you
21 made are excellent ones at the end concerning
22 alternatives. I think that's what we need is
23 alternatives.

24 Any questions?

1 SENATOR SAVINO: Just one.

2 SENATOR DEFRANCISCO: Senator Savino.

3 SENATOR SAVINO: Thank you, Senator
4 DeFrancisco. Thank you, Mr. Sano, for that testimony.

5 One quick question. I know that the issue
6 of the salary increase that was expected to be received
7 by the OMCE members last April 1st that was withheld by
8 the Governor is being litigated.

9 How much would that -- if you were to win
10 that case, how much would that increase cost the State
11 of New York? And where are we in the litigation?

12 MR. SANO: If it was put into its entirety
13 with full retroactivity coming from a federal court it
14 would be approximately \$56 million. And where we are at
15 right now is we are waiting for the court to rule on the
16 various complaints that were lodged.

17 The state has filed a motion to dismiss on
18 each one of the complaints, and so the next step will be
19 at the appellate level for any of the complaints which
20 either side has decided to take forward.

21 So, we are at the preliminary stage in
22 federal court.

23 SENATOR SAVINO: I'm glad to hear you
24 mention the issue of succession planning. It's

1 something I've spoken to the commissioner -- the prior
2 Civil Service Commissioner, Nancy Gruenwagon -- at great
3 length.

4 You're right. There doesn't appear to be
5 any happening, and according to their statistics, 65
6 percent of the state workforce is between the ages of 49
7 and 65. Only 13 percent are below the age of 35.

8 We have a tremendous gap, and as you pointed
9 out, the number of people who are willing to take on M/C
10 positions in the state is shrinking. That's an issue
11 that we are going to have to struggle with because it's
12 not just about who becomes a manager, it's also about
13 the creditability of some of these divisions that are
14 being run.

15 MR. SANO: The best way I can leave you with
16 is that the first level of management in OMH and in
17 OMRDD, or excuse me, OPWDD, is the treatment team
18 leader, responsible for the group homes and the clients
19 in those homes and the staff accordingly.

20 The treatment team leader is an M-1. One of
21 the principal titles that feeds to that position is a
22 PEF title of psychologist. Ken Brynien is a
23 psychologist. If Ken were to leave PEF and take a job
24 as a treatment team leader at the top of his grade he

1 would lose \$8400 a year. Who in their right mind -- the
2 chevrons on the sleeve is just not worth it.

3 SENATOR SAVINO: Thank you.

4 SENATOR DEFRANCISCO: Thank you very much.

5 The next speaker is Jean Moore, Director of
6 the Center for Health Workforce Studies, to be followed
7 by Eleanor Moran.

8 MS. MOORE: Good afternoon. Thank you for
9 giving me the opportunity to speak with you today.

10 The Center for Health Workforce Studies is
11 an independent research center based at the UAlbany
12 School of Public Health, and for the past 15 years the
13 center has been conducting research on the supply demand
14 education and distribution of the health workforce at
15 state, national, local levels.

16 The center's mission is to provide timely
17 and accurate data and conduct policy relevant research
18 on the health workforce to support and promote health
19 workforce planning and policymaking.

20 The center's annual funding allocation of
21 \$392,000, which was in the DOH budget, was eliminated
22 from the proposed executive budget. If this funding is
23 not restored, the center will no longer collect and
24 analyze data on New York's health workforce, including

1 physicians, dentists and registered nurses, among
2 others.

3 These data are used to identify and renew
4 federal shortage area designations. And these
5 designations typically pull in Medicare rate
6 enhancements. We estimate about 50 million in provider
7 enhancements.

8 We also use these data to identify areas
9 where new community health centers should be established
10 and once again drawing from federal money to support
11 that.

12 We think the center is a key resource in
13 assisting the state in understanding the health
14 workforce issues it faces as it prepares to redesign
15 Medicaid and move forward with healthcare reform
16 initiatives.

17 So, for this relatively small investment of
18 \$392,000 annually, New York can leverage millions of
19 federal dollars and benefit from the center's ability to
20 work efficiently and effectively to describe the health
21 workforce supply and distribution, identify shortage
22 areas, and document the need for new primary care access
23 points.

24 The funding we have received from the DOH

1 has allowed us to monitor New York's health workforce
2 for many years, and among the things we do with the
3 money is routinely survey all licensed physicians,
4 nurses, dentists, dental hygienists, nurse
5 practitioners, PAs, and midwives.

6 We also annually monitor the outcomes of New
7 York's graduate medical education system, assessing the
8 job market for new physicians by specialty, and the
9 retention of new physicians trained in the state. And
10 we also document trends in the production of new RNs by
11 surveying the state's nursing education programs
12 annually.

13 These data are critical for assessing the
14 state's primary care capacity, identifying shortages,
15 particularly for the Medicaid population.

16 So briefly, I would like to tell you about
17 our research and what we are learning about the state's
18 health workforce. We know that employment in healthcare
19 occupations in the settings comprise more than 12
20 percent of total employment in the country in 2008.
21 More than 18.6 million Americans worked in a health
22 occupation or health setting.

23 In New York State, over the past few years,
24 healthcare employment grew at a much faster rate than

1 all other employment sectors, accounting for more than
2 11 percent of total employment in 2008.

3 Healthcare is an important economic engine.
4 In upstate New York, employment in the healthcare sector
5 has grown by almost 28 percent since 1990, while
6 employment outside the health sector declined by nearly
7 seven percent.

8 So, while it seems that the current economic
9 downturn has slowed job growth in all employment
10 sectors, healthcare continues to be one of the fastest
11 growing employment sectors in the country and the state.

12 And projections from the State Department of
13 Labor predict growing demand for health workers to at
14 least 2018. This is, in part, due to an aging
15 population, which really is a double whammy, because
16 they will increase demand for services while an aging
17 health workforce will reduce the available supply of
18 workers.

19 In addition, it's important to recognize
20 that increasing access to health insurance through the
21 federal Accountable PEER Act further increase demand for
22 health services and health workers. Over half of the
23 job growth in New York in the next decade is projected
24 to be in health occupations.

1 One area of analysis for us is the physician
2 workforce. We recently completed our annual analysis of
3 the supply and distribution of physicians in New York.
4 And our study found that while the number of physicians
5 continues to grow, they are not well distributed across
6 the state. In particular, the Mohawk Valley and North
7 Country regions have the smallest number of physicians
8 for the populations they serve.

9 Even in regions like New York City, where
10 there is an abundance of physicians, there are pockets
11 of shortages, especially of primary care physicians.
12 There are 3.6 million New Yorkers living in 53 areas
13 designated by the federal government as primary care
14 shortage areas. In other words, many New Yorkers do not
15 have easy access to a physician.

16 The center also studies the in state
17 retention of new physicians completing their graduate
18 medical education in New York. Our most recent survey
19 found that less than half of new physicians stayed to
20 practice in New York after completing training in the
21 state.

22 We learn that physicians who would most
23 likely remain in New York after they complete their
24 training were those who attended a New York high school,

1 went on to a New York medical school, and completed
2 their GME training in New York.

3 So, clearly, home grown physicians are the
4 ones that are most likely to be in New York once they
5 complete their training.

6 In 2007, the center began conducting a
7 survey of dentists in New York at the time of license
8 renewal. We have learned that New York's active
9 dentists are older on average than dentists in the US
10 overall. Dentists are much less diverse in the state
11 population, with many fewer black and Hispanic dentists
12 relative to the general population.

13 And New York has a dentist population ratio
14 that is well above the national average, but despite
15 this large supply of dentists, access to dental care for
16 underserved populations remains problematic.

17 Currently, there are nearly 50 federally
18 designated dental shortage areas across the state, with
19 the majority of them targeting either Medicaid eligibles
20 or low income populations. Our research points to the
21 need for strategies that increase the supply of dentists
22 to serve the underserved populations.

23 New York's nursing workforce is of critical
24 interest to healthcare planners. In 2007, the center

1 launched a registration survey for all licensed RNs in
2 New York. We found that New York has an aging nursing
3 workforce and more retirements of older nurses are
4 likely in the near future.

5 RNAs are not as diverse as the populations
6 they serve, particularly Hispanics. There was wide
7 regional variation in the level of education for
8 registered nurses. Nearly half of RNs in New York City
9 report holding a bachelor's degree as their highest
10 level, compared to only 18 percent of registered nurses
11 in the North Country.

12 It's critical for policymakers to understand
13 this wide regional variation and educational attainment
14 in order to identify the most effective strategies that
15 support RNs' advancement.

16 Each year the center surveys RN education
17 programs in New York. Most recently we found that in
18 2009 RN graduations increased by almost 9 percent over
19 the previous year. It was the seventh consecutive
20 annual increase in RN graduations in the state.

21 So, as New York plans for its future
22 healthcare delivery system it is essential to
23 acknowledge that the aging population will result in an
24 increase in demand for services, and an aging health

1 workforce will likely retire and contribute to a decline
2 in the supply of the health workers.

3 A national shortage of physicians is
4 predicted over the next decade. Many other health
5 professional and occupations may be in short supply in
6 the future as well.

7 Now more than ever the state needs reliable
8 data to help them form decisions on the programs and
9 policies that assure an adequate supply of health
10 workers to serve New Yorkers.

11 The center's health workforce research can
12 provide the data needed to develop strategy aimed at the
13 delivery of safe and effective healthcare services. For
14 the relatively small annual investment of \$392,000 for
15 the center, New York can leverage millions of federal
16 dollars and benefit from the center's ability to
17 describe workforce supply distribution, identify
18 shortage areas, and document the need for new primary
19 care access points.

20 Again, the loss of the center funding and
21 data put New York at a competitive disadvantage to
22 acquire substantial federal resources as the state
23 prepares to redesign Medicaid and healthcare reform
24 programs.

1 We urge that the proposed state budget be
2 amended to reestablish a separate line item in the DOH
3 budget to restore the center to its current level of
4 funding. This funding for the center assures New York
5 valuable health workforce data and analysis that cannot
6 be found elsewhere, and expertise that is second to
7 none.

8 Thank you very much for your consideration.

9 SENATOR DEFRANCISCO: Thank you.

10 Any questions?

11 We have been joined by Senator Bonacic.

12 SENATOR SAVINO: I just have one.

13 SENATOR DEFRANCISCO: Senator Savino has a
14 very short question.

15 ASSEMBLYMAN FARRELL: And we have been
16 joined by Assemblyman Jeff Aubry.

17 SENATOR SAVINO: I just have one question.
18 Thank you for your testimony.

19 The zeroing out of the \$392,000, we have
20 seen in some of the other areas in the budget is they
21 have taken a bunch of programs that are traditionally
22 lined out of the budget, zeroed them out and replaced it
23 with a smaller amount of money for everyone to compete.

24 Is that what is happening with this?

1 MS. MOORE: Yes.

2 SENATOR SAVINO: What is the overall
3 reduction in the bigger pot of money?

4 MS. MOORE: I mean, one of the issues for us
5 is that we do health workforce monitoring. So, if the
6 budget passes and we don't have a line in the budget it
7 means that we can't continue the monitoring.

8 So, our concern is the delays with which we
9 might see funding that could be very critical to our
10 very survival. That is, it's not clear we will be able
11 to keep doing what we are doing or that the center will
12 be able to sustain itself while waiting for a very
13 limited amount of money available through a pool of
14 resources.

15 So, it's just that approach simply doesn't
16 work for us given how small we are and how focused our
17 work is.

18 SENATOR SAVINO: Thank you.

19 SENATOR DEFRANCISCO: Thank you very much.

20 The next speaker is Eleanor Moran, Executive
21 Director of Displaced Homemaker Program.

22 For those keeping score, MACNY has
23 cancelled, and the next person on deck will be Frank
24 Mauro, Fiscal Policy Institute.

1 ASSEMBLYMAN FARRELL: We have been joined by
2 Assemblyman Weisenberg.

3 MS. MOORE: Good afternoon. As you noted,
4 my name is Eleanor Moran and I'm joined today by another
5 director, Dominique Rath. In response to your need to
6 get to another hearing, I will summarize what we had
7 presented to you.

8 The first thing I need to do is just give
9 you a few critical statistics, and they are on the front
10 cover of the testimony. One of the things that I am
11 hearing we look at this year is what's the return on
12 your investment. It's \$14 to one dollar. That's a
13 significant return on investment.

14 Moving approximately 1,339 woman to gainful
15 employment and financial independence in 2010 resulted
16 in anywhere between \$28- and \$35 million in newly earned
17 wages. And that, of course, depends on what rate they
18 were hired at, but that's the range.

19 Reducing public assistance rolls by
20 approximately 889 individuals, and by moving them to
21 employment in 2010, results in approximately \$4.6
22 million of savings in public assistance benefits. So, I
23 think right off the bat we are seeing that this is
24 clearly a cost effective program.

1 Most of you have heard me here year after
2 year explain what a great job we are doing, but for
3 those of you who are new, just a very quick
4 understanding, that we serve a legislatively defined
5 group of individuals who were dependent on someone else
6 for their primary source of income, have lost that
7 source of income, may be divorced, separated, may be the
8 spouse of a dislocated worker or a disabled worker. A
9 variety of scenarios. The main purpose is to help these
10 individuals, basically women, return to the workforce.

11 This year we are asking that you restore our
12 level not to last year's level, but to our 2008-2009
13 level. That year we were receiving \$5.3 million.
14 2009-2010 we were bumped to 7.8, which gave us a
15 tremendous advantage of reaching the poor.

16 This year we are operating 22 centers with
17 \$2.7 million. That's a 62 plus reduction. And I know
18 the Governor has asked this year that we all feel the
19 pain. We are feeling the pain already and being zeroed
20 out of the budget. We need you to not only get us
21 returned to the budget, but at a level where we can
22 continue to reach an increased demand. The funding has
23 gone down. The demand has gone up. So, we need you to
24 be able to help us with that.

1 In preparing our statements for today, and
2 after listening carefully to Governor Cuomo's state of
3 the state address, it's crystal clear that this program
4 does, and can continue, as the Governor said, to empower
5 local communities to help themselves.

6 How can we accomplish this? We can unite
7 with you and your employers in helping women acquire
8 employment that will support their families, move them
9 or prevent them from depending upon our welfare system,
10 and will facilitate their journey to financial
11 independence.

12 We are hearing every day the key to success
13 of building the economy is jobs. It's jobs for our
14 women. They could be your sisters, your aunt, your mom,
15 anybody, but we have to get them back to work earning a
16 substantial living.

17 The Governor clearly stated that he supports
18 funding based on performance. Gosh, you folks have
19 supported us for over 33 years so we must be doing
20 something right. We have the performance numbers. We
21 have demonstrated that the investment is worth it and
22 it's beyond a financial investment. The investment in
23 the quality of life in the community, the rebuilding of
24 families, it's more than a dollar and cents issue.

1 We thank you tremendously for the support
2 you have given us in the last 33 years, but we really
3 need your support this year, we really do. And we are
4 representing those folks in your community who are
5 counting on you to help them build families in the
6 community.

7 Speaker Sheldon said that we need to move
8 through this challenge hand in hand. We couldn't agree
9 more. As far as his suggestion to adjust the sails,
10 let's do that together. Let's adjust them to catch the
11 wind, that wind being the programs that are successful,
12 supportive, and show positive results.

13 Let's keep the Displaced Homemaker Program
14 at the forefront of this vision of the 21st century of
15 this great Empire State. We want to be there with you.
16 If we are cut out of the budget we cannot help you.

17 You legislators are here to protect the
18 needs, the rights and the welfare of your constituents.
19 The healthier you make those you represent the stronger
20 each community becomes. The stronger each community
21 becomes, the stronger our great State of New York
22 becomes. And the stronger each state becomes then the
23 stronger is the entire country.

24 We need you to work together with us in

1 addressing very basic issues that help our families
2 become working families, not welfare families. We need
3 you to cultivate families which will ultimately
4 contribute to the financial strength of the state.

5 Each of your offices has received a purple
6 packet. There is a surprise, you would never think it
7 would come in a purple packet, I am sure. But there are
8 the statistics, there are testimonials from our
9 employers, from our workforce investment boards, and
10 from our participants.

11 We have such tremendous partners in each one
12 of our communities that help us do a better job for you
13 without duplicating services, I might add.

14 What I would really like you to look at as I
15 leave here, and I am going to stop in just about 60
16 seconds, is look at the big picture with us. Look at
17 the cost of the program. Do you want to pay now \$5.3
18 million, or do you want to sustain a \$30-, \$40- or \$50
19 million support system of individuals who cannot move
20 out of unemployment, who cannot support their families?

21 What will you do with these families who are
22 faced with this poverty issue if you don't help them
23 now? I could go on, and you know that I could, but I
24 won't because I understand you need to move forward and

1 there are other people that need to be heard. I ask on
2 behalf of the 22 centers that you, please, again, find a
3 way to fund this program so that we can help you.

4 If you have any questions, I'll be happy to
5 answer them. Thank you for your time.

6 SENATOR DEFRANCISCO: Senator Savino.

7 SENATOR SAVINO: Thank you, Eleanor. I
8 heard you testify in the past, and yes, your program is
9 excellent. Does your -- does participation in your
10 program allow women who are on public assistance to meet
11 the compliance with the work requirement programs?

12 MS. MORAN: Yes. We have to work out
13 different agreements with different locales but we -- I
14 know I can speak for our centers. We have different
15 agreements with the local departments of Social Services
16 so that they can either acquire the training, or many of
17 us are work experience sites, so they come to us and
18 actually gain work experience, which is the next step
19 for them, acquiring paid employment. Yes, they are not
20 penalized.

21 SENATOR SAVINO: In the budget, in addition,
22 the Governor has a proposal for public assistance
23 recipients who miss two workfare requirements that they
24 will be hit with the full family sanction. He projects

1 that savings about \$22 million, but if you eliminate
2 your program and put them in a position where they
3 cannot comply, it becomes a multiplier effect, but we
4 are actually setting them up to fail if we do this.

5 MS. MORAN: That is correct. We really need
6 to be there. We try, also, if there's an extenuating --
7 let's just say an extenuating, very serious illness or
8 something, and they really can't be there, we make
9 accommodations so they get those hours in somehow, so
10 there is no penalty, there is no sanction. It doesn't
11 do them any good if you become another obstacle for
12 them, so we try to see that that does not happen.

13 SENATOR SAVINO: Thank you.

14 MS. MORAN: Thank you. Have a great day.

15 SENATOR DEFRANCISCO: Thank you very much.

16 Next speaker, Frank Mauro, Fiscal Policy
17 Institute, followed by Suri Duitch.

18 MR. MAURO: Good afternoon. Thank you for
19 the opportunity to speak with you. I am giving out
20 copies of our briefing book on the budget as a whole,
21 and the economic situation, but I'm going to focus on
22 just a few pages that deal with the employment situation
23 because I think that in the budget debate that's going
24 on here, budget debate in Washington and other policy

1 debates going on in state capitals and Washington,
2 around the country, that employment is the key issue.

3 If you would go to -- I will start with page
4 6. One of things I think it's important to recognize in
5 adopting this year's budget is that we are in the midst
6 of a very slow recovery from a very deep recession.

7 Almost all forecasts are for a very moderate
8 recovery that keeps unemployment rates high. The
9 recession officially lasted from December of 2007 to
10 June 2009, and it was the longest and deepest since the
11 depression of the 1930s.

12 Nationally, job losses through December 2009
13 were 8.7 million jobs over the two years. In terms of
14 New York, if you go to page 10 and 11, the situation was
15 pretty disastrous for New York as well. It wasn't as
16 bad as for the nation as a whole.

17 Between December of 2007 and December of
18 2010, the United States lost about 5.2, 5.3 percent of
19 all of its payroll jobs. New York State lost 3.2
20 percent. So, we are doing less bad than the rest of the
21 country but it's not very comforting given that we still
22 have this high employment.

23 If you look at the graph on page 11, in the
24 three years since the recession began, New York has lost

1 fewer jobs than the nation overall. Upstate lost less
2 jobs than the downstate suburbs. New York City did a
3 little better than the 52 county upstate area.

4 The upstate metro areas west of Albany lost
5 the least jobs, but as I am sure you know, that part of
6 upstate frequently loses less jobs during recessions and
7 it gains less jobs during recovery. So, it's relatively
8 flat, but at least it didn't get hit by the recession as
9 hard as other parts of the country.

10 On page 12, some of the data about the
11 recession in New York. Unemployment averaged over
12 800,000 in 2010. That's 90 percent greater than 2007.
13 So, between 2007 and 2010 the number of people in New
14 York who are unemployed virtually doubled, up 90
15 percent.

16 Counting discouraged workers, and
17 underemployed people who are working part-time and
18 wanted to work full-time, the Labor Department at the
19 federal and state level estimates that over 1.3 million
20 New Yorkers are directly affected by the lack of
21 employment.

22 Unemployment has risen much more among
23 blacks and Hispanics. The under employment rate among
24 blacks was 22 percent at the end of 2010, 19 percent for

1 Hispanics. The recession pushed New York's poverty rate
2 up from 14.2 percent in 2008 to 15.8 percent in 2009.

3 The number of people receiving Food Stamps
4 has increased by a million. And the second to the last
5 bullet on page 12, perhaps the most shocking statistic,
6 is that a record one million New Yorkers lost employer
7 provided health insurance in 2009.

8 That means, according to the Census Bureau's
9 estimates, between 2008 and 2009, one million more
10 people were without employer provided health insurance.
11 Only a modest recovery is forecast. So, our main policy
12 suggestion on page 13 is that this is not the time for
13 budget austerity, that cutting employment right now is
14 going to worsen the recovery, slow it down, rather than
15 speed it up.

16 Jump to page 16, the role of public sector
17 employment in this recession. New York State has long
18 -- New York State and New York City, so, both New York
19 City and the areas, the whole state, have lost public
20 sector jobs faster than the nation as a whole. Between
21 2008 and 2010 there's been a decline in public sector
22 employment. I should say state and local employment.
23 This doesn't include federal government employment.

24 What you probably notice in the federal

1 unemployment reports during 2010, in almost every month
2 in 2010 there were gains in private sector jobs but
3 losses in public sector jobs, which meant the total job
4 increase, the total recovery was less.

5 Over the last two years, from December of
6 2008 to December of 2010, in New York State as a whole
7 we lost 44,300 state and local government jobs, compared
8 to what it was in 2008. This is from the estimates that
9 are done jointly by the New York City Department of
10 Labor and the Federal Department of Labor.

11 Jump to page 63, for getting the numbers by
12 year, and basically what this says in terms of New York
13 State as a whole, in 2010, in other words between
14 December of 2009 and December of 2010, New York State
15 gained 36,000 payroll jobs, but it lost 34,000
16 government jobs, which meant that if it wasn't for the
17 drag on the economy caused by the reduction in state and
18 local government employment, employment in New York
19 would have increased by 70,000, rather than 36,000.

20 So, we are in a position right now where
21 cutting government jobs is dragging the recovery down
22 and the private sector is in a tentative recovery, it's
23 gaining traction, but if the purchasing power of
24 government employees is reduced, the overall economy

1 does not recover its consumer spending as well.

2 But I think we all recognize that government
3 shouldn't employ more people than it needs just for the
4 sake of the economy unless we have a WPA-type jobs
5 program, which we don't have, but it certainly should be
6 considered.

7 But absent a WPA-type jobs program for doing
8 community projects that aren't getting done, the
9 question is is government employing too many people in
10 New York.

11 If you jump to page 79, what we have done
12 here is we have taken the biweekly payroll disbursements
13 for New York State from the State Comptroller's Office
14 by quarter since 1985, adjusted it for inflation, and so
15 obviously, unadjusted for inflation, New York's payroll
16 expenditures have increased from 1985 to 2010, but when
17 you adjust for inflation the amount that's spent on
18 government employment by New York State, spent on
19 payroll disbursements, has remained virtually flat.

20 So, I don't think that the conclusion can be
21 reached that the Governor is proposing to cut government
22 employment because we are doing too many things. It's
23 because of the need to balance the budget. And what our
24 conclusion is is it would be a counterproductive step

1 right now to reduce government employment further during
2 a period when the economy is trying to gain traction for
3 the recovery.

4 Thank you.

5 ASSEMBLYMAN FARRELL: Questions?

6 MR. MAURO: Thank you very much.

7 SENATOR DEFRANCISCO: Next is Suri Duitch,
8 followed by our featured and last speaker, Kelly Owens.

9 MS. DUITCH: My name is Suri Duitch. I
10 oversee the workforce adult literacy college transition
11 and continuing education programs at CUNY. Thanks for
12 the opportunity to testify.

13 I am just going to talk quickly, summarize
14 my testimony. I'm not going to focus on the proposed
15 budget cuts to CUNY because that's been covered in the
16 higher education hearings, except to say that the base
17 aid cut in particular would have a real impact on our
18 workforce programs at our community colleges, which is
19 where those programs, the majority of those programs
20 are.

21 So, CUNY is perhaps one of the major, if not
22 the major, work force engine in New York City. We have
23 260,000 degree program students and 250,000 enrollments
24 in our continuing education programs last year. We

1 prepare people for entry level jobs, for advancement.
2 We try to shape the future of the workforce in a way
3 that people will have good quality jobs and employers
4 will have reliable and highly qualified employees.

5 And then I am going to say something at the
6 end just very quickly about college success, because
7 over time, a college degree becomes more and more
8 important in terms of having good jobs and opportunities
9 for a good career over the long term. So, finishing
10 college, which is a major issue for us, is a workforce
11 issue.

12 So, just to give a few examples of how we
13 prepare our students for the jobs of today. We --
14 obviously most people who come to CUNY to enroll in our
15 degree programs are coming for economic advancement in
16 some way, and that goes as well for our adult education
17 programs, vocational programs, adult literacy programs.

18 English as a second language. For example,
19 many New Yorkers are stuck in entry level jobs because
20 their English language skills aren't strong enough for
21 them to advance out of those jobs. So, ESL is a very
22 high priority for CUNY.

23 There are a few different examples in my
24 testimony. Just to mention quickly, we have a green

1 maintenance for buildings program in New York City
2 College of Technology in downtown Brooklyn, for example,
3 that is preparing people for maintenance jobs in the
4 building field, but also giving them the base of skills
5 they need to advance over the long term, including
6 things like environmentally sustainable maintenance
7 practices and building energy systems.

8 Jobs Plus is another program that's in my
9 testimony. It is an on sight program in public housing
10 that works with residents of a housing development to
11 place them in jobs and to help them advance, but
12 basically to increase their earned income.

13 But, of course, CUNY's focus is not just on
14 entry level and first jobs, it's really on career paths
15 and long term opportunities for our students. That's
16 the case in all of our programs. So that even, for
17 example, Project Welcome, which is at Kingsboro
18 Community College, prepares people for entry level jobs
19 in the hospitality and retail field.

20 People earn college credit in those
21 programs, and that college credit can be used to go into
22 degree programs at the college. So, out of a thousand
23 people they placed over the past six years, 250 of them
24 have come back and enrolled in a degree program at the

1 college.

2 The university helps current workers
3 increase these skills so they become more competitive.
4 1199, which is the city's healthcare union, has a long
5 term partnership with CUNY where thousands of workers
6 have come back to the university so that they can
7 advance in their career paths in the healthcare field.

8 And we also do a lot to make sure that our
9 programs are up to date. So, for example, we have a
10 program called the New York City Labor Market
11 Information Service, based at the graduate center, which
12 does quantitative and qualitative analysis of labor
13 market data.

14 We have industry advisory boards at many of
15 our colleges, and then we do our own industry research.
16 So, for example, in the healthcare field, looking at
17 emerging occupations such as patient navigator,
18 community health worker and positions in health
19 information technology.

20 And just to mention, quickly, we try to
21 shape the work base of tomorrow. So, one example is the
22 efforts of our Early Child Professional Development
23 Institute, which is doing a huge amount to help New York
24 State professionalize the child care workforce by doing

1 things like developing a workforce registry where
2 individuals can track their credentials and their
3 progress for becoming more qualified for their work by
4 developing actual academic programs.

5 And, an effort such as this, a number of
6 years ago CUNY participated in and it helped bring in
7 healthcare benefits to the direct care workforce in the
8 developmental disabilities field. And that turns into
9 more highly qualified workers, less turnover, better
10 quality services.

11 We have a number of economic development
12 programs that help create and retain jobs. One, the
13 ripple example is LaGuardia Community College which
14 partnered with Goldman Sachs to launch the 10,000 Small
15 Businesses Initiative, which is Goldman Sachs small
16 business lending arm, and LaGuardia was the first
17 educational part of that, for that program, and
18 developed a curriculum that is being used across the
19 nation.

20 And then, finally, to say something about
21 college success. CUNY recently announced -- actually
22 the mayor, Mayor Bloomberg, recently announced very
23 aggressive new goals for graduation rates in our
24 undergraduate programs at CUNY, as well as increases in

1 the high school graduation rates.

2 We are trying to double our -- the
3 percentage of our associate degree students who graduate
4 in the next 10 years, and greatly increase graduation in
5 our bachelor's degree programs as well.

6 One of our programs that helps do that is
7 called the Accelerated Study in Associate Program was
8 recently mentioned in a recent US Department of Labor
9 RFP.

10 Just one more program I would mention, which
11 is called the CUNY Start College Transition Initiative.
12 Being stuck in remediation, in remedial course work that
13 was required of most of our entering students at CUNY is
14 a major factor in why students don't graduate, but leave
15 before graduation.

16 We have developed a very intensive
17 initiative that we are piloting at four colleges right
18 now and expanding, doubling for the fall, where we have
19 had excellent results in helping students increase their
20 academic skills, their college level academic skills, so
21 that they actually test out of needing remediation
22 altogether, which is a big deal.

23 And we are looking forward to tracking those
24 students over the long term so that we can see if,

1 indeed, they are, indeed, more likely to graduate and
2 join the workforce sooner.

3 So, I will stop there. Thank you.

4 SENATOR DEFRANCISCO: Any questions?

5 ASSEMBLYMAN AUBRY: Thank you very much.

6 You have not quantified any of these
7 programs with dollar amounts or fiscal requests?

8 MS. DUITCH: That's right. There is a -- I
9 said I wouldn't talk about the proposed budget cuts to
10 CUNY, but there's a proposed budget cut of \$83 million
11 for our senior college operating budget, a proposed cut
12 of \$37.5 million in our operating FTE reimbursement at
13 our community colleges; some proposed cuts in childcare
14 services through the Office of Children and Family
15 Services; cuts in services to students with
16 disabilities.

17 So, there are a number of different cuts and
18 there also is a list of state budget priorities for
19 CUNY, which we would be happy to show it to you.

20 ASSEMBLYMAN AUBRY: Thank you very much.

21 ASSEMBLYMAN FARRELL: Thank you very much.

22 ASSEMBLYMAN HAYES: Mr. Chairman, for the
23 record, we have been joined on our side by Assemblywoman
24 Jane Corwin. Thank you.

1 SENATOR DEFRANCISCO: Last speaker is Kelly
2 Owens, YWCA.

3 MS. OWENS: Hello. We're going to be very,
4 very brief because we want you to be happy with us, so
5 we are going to be very, very brief.

6 We are really here to talk about women
7 within New York's workforce and the impact of the
8 workforce system on them, and also to talk a little bit
9 about Displaced Homemakers.

10 The YWCA believes that the publicly funded
11 workforce system could be doing more to help low income
12 and middle income working women in New York State. With
13 the elimination of the Displaced Homemaker funding, that
14 is the only funding in New York State strictly for
15 women.

16 So, it is our belief that by defunding that
17 program you are essentially taking any specific
18 workforce dollars away from women.

19 Just a couple of statistics to sort of put
20 out there for you so you know in which concept we are
21 speaking. Women in New York State, single female head
22 of households in New York State with children under the
23 age of 18 is at 36 to 37 percent since 2007. That's a
24 scary statistic for us. We believe that we could be

1 doing a much better job with our workforce dollars to
2 help those women reach a level of self sufficiency.

3 You have my full testimony. It goes into a
4 lot of detail about how long women stay in the workforce
5 system compared to men, and that they leave making about
6 two thousand less per quarter than men.

7 So, we should be looking to take women into
8 non-traditional jobs, or jobs that at least provide them
9 a self sufficiency wage.

10 I'm going to stop there and ask if you have
11 questions and we will certainly follow up with anything
12 we can't answer today.

13 SENATOR DEFRANCISCO: I see your testimony
14 also is seeking support for the Displaced Homemakers
15 Program as well. Do you work with them?

16 MS. OWENS: We run one Displaced Homemaker
17 center in New York City. We do work with most Displaced
18 Homemaker centers. We don't believe there are enough
19 displaced homemaker centers in New York State. Not
20 every community is lucky enough to have one.

21 We also run our own workforce development
22 programs. This is Kathy Granchelli. She is the
23 Executive Director of YWCA of Niagara. She runs a
24 workforce program that isn't funded by any public

1 dollars but is an excellent, wonderful program at
2 Caroline's House in Niagara.

3 SENATOR DEFRANCISCO: Thank you. Any
4 questions?

5 Thank you. That concludes the hearing on
6 workforce issues.

7 (Hearing concluded at 12:46 p.m.)

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