



Testimony to discuss retention and recruitment for civil service jobs in New York State, the New York State pension fund, pensions, and civil service benefits.

Presented Before:

New York State Senate Civil Service & Pensions Committee

Chair, Senator Robert Jackson

October 11, 2023

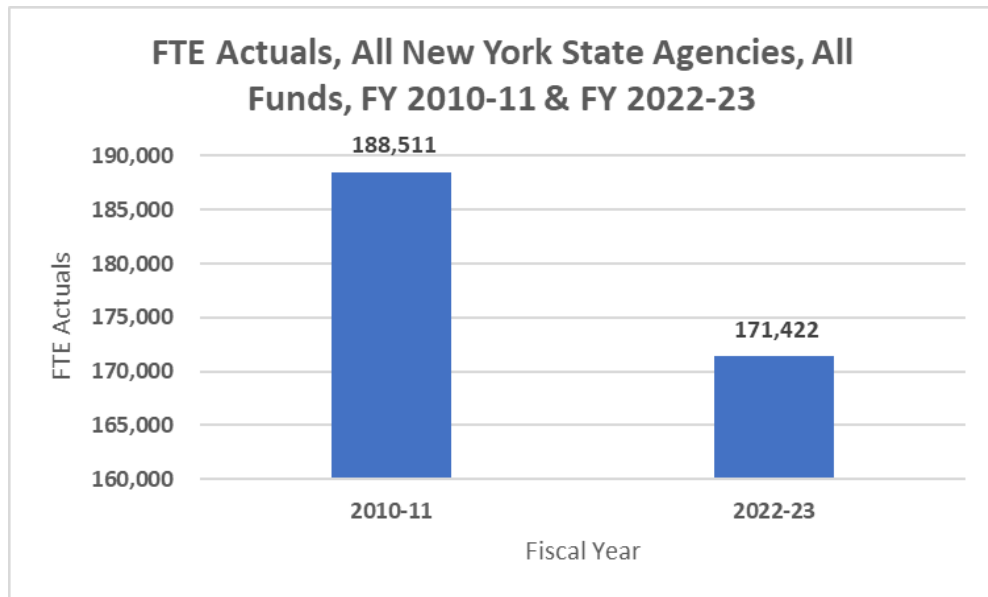
Albany, New York

The Civil Service Employees Association (CSEA) represents over 300,000 members in state and local governments, as well as school districts and public authorities. Our members serve as the backbone of our state, providing essential services that allow New Yorkers to get to work and school, receive critical health care, mental health treatment, services for the developmentally disabled, and more.

However, these dedicated employees face considerable challenges. Years of state inaction and austerity budgets, compounded by statewide hiring freezes, have decimated the public sector workforce. Our members, who take immense pride in their work, are now struggling to meet the demand for services.

In the past decade, the erosion of the public sector workforce in New York State has reached crisis levels. Local governments have lost nearly 28,000 positions between 2012 and 2023. State

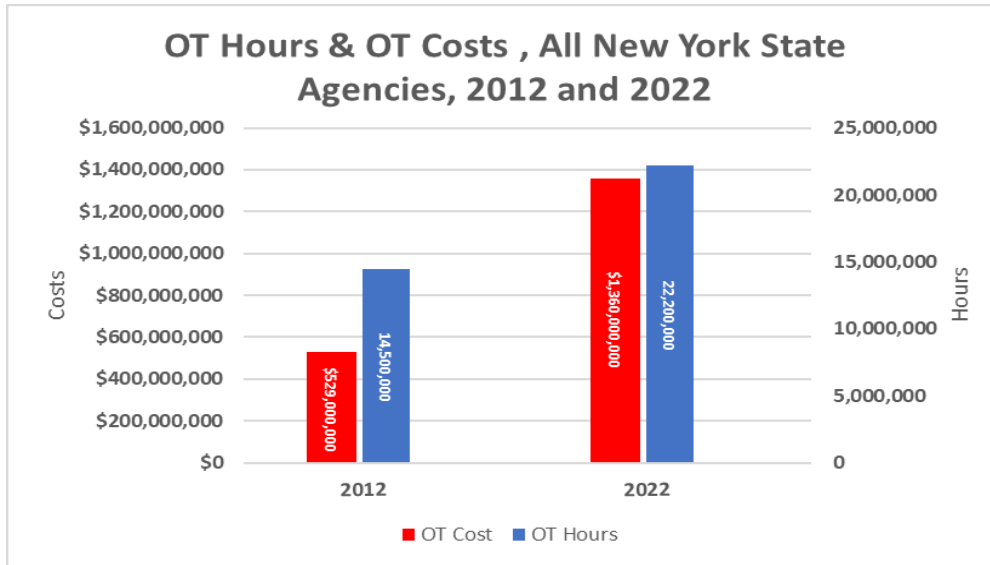
government agencies have been hit just as hard, with a staggering 9% reduction—a loss of 17,089 Full-Time Equivalents (FTEs) between Fiscal



Year (FY) 2010-11 and FY 2022-23. This reduction comes at the same time as a looming wave of retirements, with over 26% of the state workforce eligible for retirement in the next five years.

This workforce contraction is compounded by the fact that the Department of Civil Service itself has seen a 26% reduction in staff over the same period. The department plays a central role administering civil service examinations, hiring, and onboarding employees. As a result of this staffing deficit, the process to recruit, test, and onboard into a public sector role can take up to six months, which can cause uncertainty, financial strain, and ultimately a decision not to accept a role among prospective employees.

Despite this massive reduction in the workforce, the demand for services has increased. To ensure that services are continuously provided, the state has relied heavily on overtime, resulting in a \$831 million increase in overtime spending and 7.7 million more overtime hours between 2012 and 2022—a 157% and 53% increase, respectively. This reliance on overtime is not only



costly, but it creates a more stressful and difficult work environment for the employees who remain, creating further recruitment and retention challenges, and

reducing the quality of care that our direct care professionals provide.

As public sector employees take on additional shifts, work longer hours, and face more difficult working conditions, the private sector is offering higher wages, sign-on bonuses, and flexible working schedules. The state competes for employees not only with traditional employers, but also with the emerging gig economy, where an employee can work where and when they want, without a schedule and at their own pace. This presents a significant hurdle in our efforts to attract and retain top talent.

While the public sector has always been in competition with private sector employers, the benefits offered by the state’s pension system previously provided a competitive advantage. However, since 2010, these benefits have been eroded under pension Tiers 5 and 6. The benefits offered under the new pension tiers no longer serve as a recruitment or retention tool, diminishing the edge once held by public sector employers. When coupled with a smaller salary, it should surprise no one that the public sector is losing the race to recruit and retain employees.

We recognize the fact that Governor Hochul and the Legislature, particularly those on this committee, have acknowledged and acted on the crisis we are facing. We are encouraged by the

changes made by the Governor and legislature to Tier 6, including lowering the vesting period from 10 years to 5 years and excluding overtime payments when determining an employee's contribution rate. We are also pleased by recent civil service reforms, including allowing the Department of Civil Service to offer continuous recruitment exams, waiving state civil service exam fees, requiring the promotion of civil service exams, and creating centers for Careers in Government. However, while these are important changes, there is still much work to be done to address this staffing crisis.

CSEA supports building off these recent initiatives to revitalize the public sector workforce, ensuring its sustained growth and resilience. This strategy is anchored in several key pillars:

Tier 6 Reforms

3% Employee Contributions

Currently, employees contribute a portion of their salaries towards their pension benefit. However, Tier 6 provides a variable rate based on the annual wage of the employee, unlike previous tiers, which set a standard rate. CSEA supports standardizing contributions to three percent of salary, aligning the rate with Tiers 4 and 5, which will eliminate the penalty for employees who make a career in public service and earn more money over their career.

Increased Retirement Benefit

Tier 4 encouraged employees to be career civil servants by increasing their pension multiplier after they reached 20 years of service. At 20 years, Tier 4 employees are entitled to an annual pension equal to 40 percent of their final average salary. Under tier 6, benefits were cut to 35 percent of their final average salary at 20 years of service. For two employees who retire after 20 years of service, at a \$75,000 final average salary, a Tier 4 employee would receive an additional \$3,750 in annual pension benefits. Over a 20-year retirement, that amounts to a \$75,000 disparity. CSEA supports legislation to provide the same pension multiplier to Tier 6 employees as is available to their Tier 4 counterparts to help retain employees and encourage careers in the public sector.

Eliminating Salary Withholding for New Employees

When state employees are hired, they are subject to a lag pay of one month. In addition, the state reduces their paycheck by one working-day per pay period, for five pay periods. This means that new state employees do not receive a full paycheck for nearly 3 months. This places an undue financial burden on employees, particularly those with lower incomes, and creates a needless deterrent for people considering a job in the private sector. CSEA supports eliminating this garnishment for newly hired employees in the 2024 legislative session.

Virtual Civil Service Examinations

Prospective employees who are interested in pursuing a career in public service often face geographic challenges to access available examinations. Prospective employees may be unable to overcome transportation challenges, take time off work, or make the childcare arrangements necessary to take these exams. By continuing to invest in new virtual testing options, we will increase the accessibility of these exams and increase the accessibility of public service careers, particularly to marginalized communities and rural populations. We must meet candidates where they are, regardless of where they are in the state or when they are able to take an exam.

Streamlining Onboarding Processes

The current hiring process for civil service jobs, which starts with taking an exam and ends with being hired, can take 4-6 months. Most prospective employees cannot wait this long to start work and often find another job during this period. Delays are a result of insufficient investments in the Department of Civil Service, which administers this process. The Department of Civil Service needs increased funding for staff to assist in scoring and list creation, as well as additional investments to speed up and improve the onboarding processes for prospective employees.

CSEA is deeply committed to crafting a path forward that preserves and strengthens our public sector workforce. The challenges we face are formidable, and the statistics reflect the urgency of the situation. Our members continue to provide vital services to the people of New York, and it is our duty to provide them with the support and resources they need to excel in their roles.

The state's public sector plays an indispensable role in our society. We must ensure it remains an attractive career choice for those who wish to serve their communities. We appreciate your

attention to these critical matters and stand ready to work collaboratively to build a stronger and more sustainable future for New York State.