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Testimony on the FY 2022-23 Executive Budget Proposal

Workforce Development

Presented Before:
New York State Senate Finance Committee
Chair, Senator Liz Krueger

&

New York State Assembly Ways and Means Committee
Chair, Assemblywoman Helene Weinstein

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Chairs Krueger, Weinstein, Jackson, Abbate, Ramos, and Joyner, and distinguished members, thank you for the opportunity to testify today on Governor Hochul's 2022-23 Executive Budget proposal.

CSEA proudly represents the state, local government, school district, childcare providers, and private sector workers that kept our state running throughout the pandemic. While many New Yorkers worked remotely to protect themselves from COVID, it was the direct care workers, support staff, maintenance personnel, and thousands of other workers who were putting themselves at risk to provide essential services.

After two years of immense stress and exhaustion, it is time for our state to recognize the service and sacrifices made by the public workforce.

I'd like to start by saying that Governor Hochul's Executive Budget proposal is a refreshing change from what we have seen over the last decade. For the first time in recent memory there are no proposed facility closures and no proposed reductions in State-operated services for people with mental illness or developmental disabilities. State agencies are provided with the resources to hire where and when they need to, without the impediment of a hiring freeze. Coming from an environment where a flat budget was the best an agency could hope for, this is a step in the right direction.

The budget provides long overdue recognition of the importance of workers in the healthcare, mental hygiene, and developmental disabilities fields. While nothing can ever compensate these workers for the services they provided throughout the pandemic, a recognition of the need to pay these workers more (both in base salary, and with recruitment / retention bonuses) is welcome.

As important as these specific proposals are, the change in tone of the budget is equally important. Eliminating the façade of a self-imposed, arbitrary state spending cap will allow for proper investments to be made where they are needed. The promise of a more equal partnership between the State and its local governments will benefit all New Yorkers. There are no potshots taken at retirees and their health insurance and no efforts to make the legislature abandon funding important programs because it needs to "buy back" basic funding.

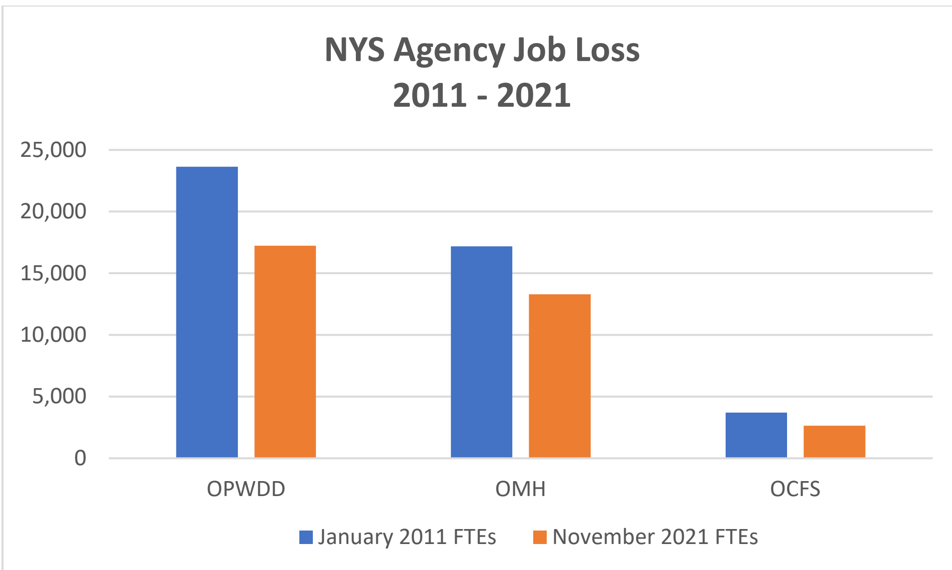
This is all positive. But while the Executive Budget represents a positive first step, the problems facing the workforce require us to do more.

Jobs at state agencies were once positions where a person could make a career. With fair pay and a solid benefits package, working for the state was a respected career where workers could go home at the end of the day proud of their work.

However, at some point, the State stopped valuing its own workforce. Over the past decade, agencies have endured flat budgets, a hiring freeze that left positions unfilled, and intentional downsizing in nearly all agencies.

In January 2011, the state had a workforce of 164,691 employees.[i] As of November 30, 2021, the state workforce had dwindled to 138,175 - a loss of over 16%.[ii]

Within direct care and service agencies, the losses have been especially devastating. Employments levels in the Office of Children and Family Services (OCFS) have decreased by nearly 30%; the Office for People With Developmental Disabilities (OPWDD) is down 27%; and the Office of Mental Health (OMH) has been reduced by nearly 25%.



In direct care, these massive reductions in staff have had an immense impact on the workers who are still on the job and are underpaid, overworked, and underappreciated.

Workers at these agencies often have no choice but to work mandated overtime for the agency to meet minimum staffing requirements. In an OPWDD group home, for example, a worker cannot simply leave at the end of their shift and leave clients unattended if their relief has not arrived. They must stay at work to get the job done even if that means working multiple shifts in a row. In 2020, OMH employees worked an average of 5.5 additional work weeks just in overtime alone. OPWDD workers weren't far behind.

This leads to a loss of work-life balance, leaving parents unable to pick up their children from school or daycare, attend their kids' sporting or school events, or be with them on weekends. It drives truly caring people to burnout and leave the industry for jobs that offer more predictable work with many times better pay.

Steps are finally being taken to remedy some of these problems.

Over the past year, CSEA worked closely with OMH and OPWDD to increase the starting salary grades for direct support professionals within each agency to make these jobs more attractive. In addition, we worked with the Hochul administration to increase the rate of overtime pay for workers providing care within agencies that are significantly stressed by staffing shortages. In addition, the elimination of the State's hiring freeze will help to recoup job losses, and the Governor's proposal to provide up to $3,000 bonuses for direct care workers will help to encourage workers to enter and stay in these fields.

But while job losses may be felt most acutely among direct care workers, the impact of workforce reductions has been widespread.

Department of Civil Service (Lost 35% of its workforce from 2011 to 2021)

We know that the State has not hired workers fast enough over the last few years and it's no wonder – the Department of Civil Service, the agency charged with implementing civil service hiring throughout the state, has lost over 1/3 of its workforce. This means that the tests needed to hire more employees can't be administered or scored, leading us to the position that we are currently in.

Department of Labor (Lost 32% of its workforce from 2011 to 2021)

Why were there delays in the processing of record-levels of unemployment claims and disbursements under the Excluded Workers Fund? Of course, the sudden influx of millions of filers was one cause, but it is also because the Department of Labor (DOL) is operating at only two-thirds its 2011 capacity, hampering its ability to keep up when there is any influx in new claims.

Department of Transportation (Lost 18% of its workforce from 2011 to 2021)

Nearly one out of five of those who worked for the Department of Transportation in 2011 are now working elsewhere. This means roads stay snow-covered for longer, lengthening commutes and creating safety hazards for motorists. The Department of Transportation cannot compete with private sector employers, and DOT employees with CDLs are in high demand and routinely leave state service to make more money in the private sector.

Department of Health (Lost 13% of its workforce from 2011 to 2021)

The Department of Health (DOH), the face of our response to the Covid-19 pandemic, entered 2020 down nearly 13% of their workforce. This left public health officials ill-equipped to deal with this health crisis.

To make matters worse, 13% of the total state workforce is eligible to retire in the next five years.[iii] These employees represent career civil servants who have the institutional knowledge that keep our agencies running. However, we have neglected to cultivate the next generation of civil servants. This will result in a brain drain that will hamper the state's ability to provide the services that New Yorkers want and need.

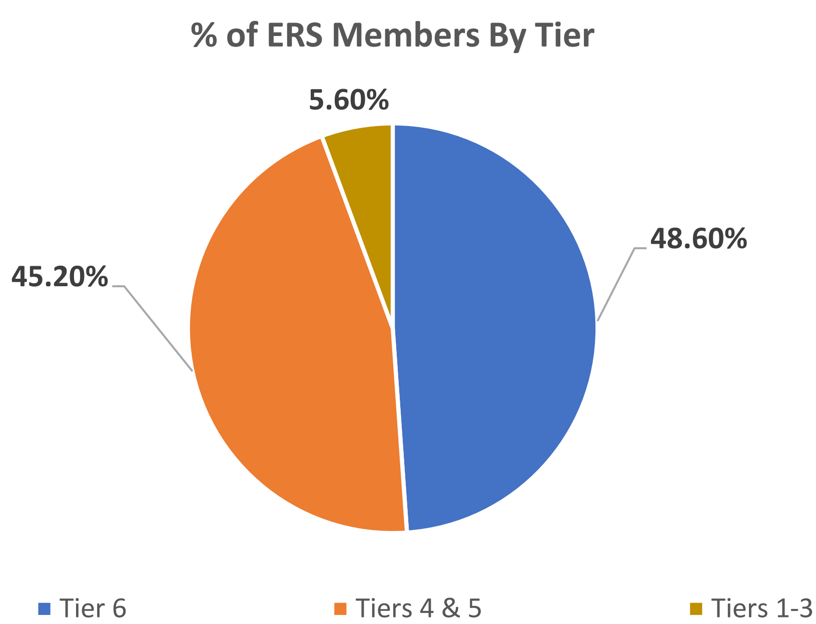
The above is just a sampling of the recruitment and retention issues that our state is facing. It is time that the State acknowledge this issue if we are to thrive and rebuild a fair and robust post-pandemic economy.

To do so, we must not only hire more workers and pay them more, but consider other changes as well.

Years ago, there was a trade off when considering a career in public service. Public employees may have accepted a lower salary than they could have made in the private sector in exchange for quality, affordable healthcare benefits and a defined benefit pension that they could count on to carry them through retirement.

Today, that calculation has changed, especially with pensions.

Since taking effect a decade ago, Tier 6 has become the dominant benefit tier within the Employees Retirement System. There are now more members in Tier 6 than any other pension tier.



Tier 6 has made it harder to recruit and retain employees in the public sector. Tier 6 members pay more for a longer period to receive a smaller benefit than members of other tiers.

Importantly, many of the Tier 6 provisions are just unfair when compared to other plans. Under the Employee Retirement Income Security Act of 1974 (ERISA), which governs private sector retirement plans, workers cannot be required to work for more than five years before becoming vested in a private sector defined benefit pension plan. For Tiers

1 – 4, members were also vested with five years of credited service. For Tiers 5 and 6, employees do not vest until ten years of service. This inequity must be addressed.

Not only do Tier 6 members have to work for longer to be eligible for a pension, but they also pay significantly more for their benefits. Members in Tier 4 are required to pay 3% of their salary for the first ten years. For Tier 5, members contribute 3% for the length of their service. The rate of contributions for Tier 6 members is dependent on their salary and can range from 3% to 6% for the duration of their service. This means that only a few step increases or raises can have a major impact on an employee's pension contributions. Further, overtime is included when determining contribution rates. This means that the employees facing the stresses of mandated overtime are also paying more for their pension.

The kicker is that when a Tier 6 member can finally retire, they will receive a significantly smaller benefit that their predecessors in other tiers. For Tiers 1-5, a member would have a pension worth 40% of their Final Average Salary (FAS) after 20 years of service. Tier 6 results in not only a lower Final Average Salary calculation for many members, but also a benefit of only 35% of FAS after 20 years.

It is undoubtedly hard for all employers to hire and retain workers during this time of the "Great Resignation." However, when someone can make more money working retail or in the food industry than they can make providing direct care or driving a snow plow, and when there is no positive trade off on the benefit side of the equation, it is very hard to recruit and retain workers in the public sector.

If we are serious about fixing our recruitment and retention issues, reforms to Tier 6 must be on the table. These changes would encourage employees to make careers in public service by making them more appealing and competitive with the private sector.

With employer pension contribution rates set to decline significantly this year, the state must seize this opportunity to invest in its most important resource – the workers who make our state the Empire State.

To be clear, it is not just the State workforce facing issues but local governments and school districts as well. Local governments saw a 39,100 decline in employees from 2011 to 2021.[iv] Thankfully, the Executive Budget proposal acknowledges the role of the State in supporting its local governments.

The budget restores the State's responsibility to fund Aid and Incentives to Municipalities (AIM) payments, rather than the scheme of "intercepting" county sales tax revenues to fund this budget line.

Increases in funding for local roads and bridges, new investments in local public health departments, support for local probation services, and permanent local sales tax authorization will all help our local governments recover from the pandemic.

The need to replenish local government workforces is no less dire than that at the state level. Hopefully these additional resources will help to do so.

However, we must ensure that these resources are spent in the appropriate way.

Finally, there may be no profession more in need of investment than school bus drivers. For school districts from Long Island to Buffalo, the need for qualified bus drivers is reaching a tipping point. While some proposals have been put forward to deal with this situation, the state is working around the edges to do what it can.

CSEA represents thousands of bus drivers across the state. The reality is that proposals like eliminating the retiree income cap and streamlining Commercial Driver's License (CDL) testing aren't going to solve the problem.

School districts, which have seen record levels of funding flow in from Washington and Albany, and are set to receive even more this year, need to invest in their workers and pay better wages. In an age when drivers with a CDL are highly sought after from everyone from Amazon to DOT, the solution simply comes down to better pay and benefits.

Whether in State or local government, school districts, or in child care, CSEA's focus this budget season is on the issue of recruitment and retention to stabilize the workforce and ensure that the services New Yorkers need continue to be provided.

For years, the state budget has largely ignored the importance of ensuring that New York's workforce is ready to meet the challenges of today and tomorrow. This budget provides an opportunity to refocus our abundant resources towards addressing this important need.

Thank you for allowing me this opportunity to testify, and I look forward to working with the legislature to implement a budget that allows us to achieve these goals.

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[i] January 2011 New York State Department of Civil Service "Workforce Management Report", with state police FTE # added from 2010-11 Executive Budget documents.
[ii] November 2021 FTE #s from the Department of Civil Service via FOIL request
[iii] 2021 Workforce Management Report
[iv] New York State Department of Labor Current Employment Statistics