

Public Payroll Watch

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State Workforce Under Spitzer: Back to the Future?

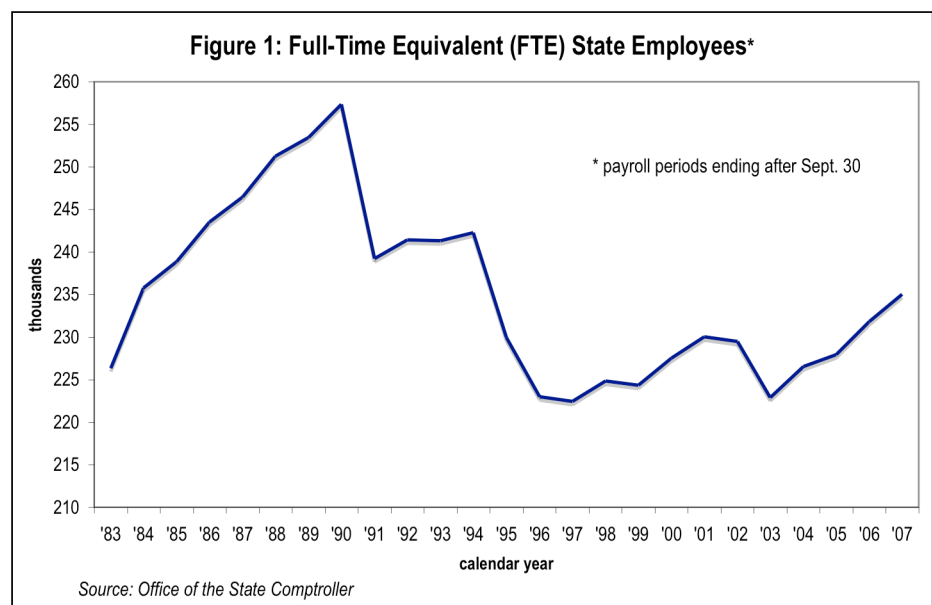
Eliot Spitzer's first year as governor of New York has seen the state workforce grow to its highest level since Mario Cuomo's last year as governor, according to payroll data from the state Comptroller's Office.

Nine months after Spitzer's inauguration, the state payroll totaled 235,014 full-time equivalent (FTE) employees, an increase of 3,158 over the same period in 2006.¹ This is the largest third-quarter count of state workers since 1994, when there were 242,271 positions on an FTE basis.

With the average full-time state employee costing roughly \$82,677 in salary and benefits, the larger workforce will only add to the challenge the governor faces in closing a projected \$4.3 billion budget shortfall in fiscal 2008-09.²

The financial burden will be compounded by forthcoming collective bargaining agreements, based on the relatively generous pattern Spitzer has just established with the state's largest union (see page 4). The growth in the payroll as measured by the comptroller's headcount is generally consistent with plans unveiled in Governor Spitzer's first budget, which calls for adding a total of 3,903 employees during the fiscal year ending next March 31.

(continued on page 2)



**Full-Time Equivalent (FTE) State Employees
Pataki and Spitzer, Comparable Periods (3rd Calendar Quarter)**

Agency	2006	2007	Change	Percent
Adirondack Park Agency	75	73	-2	-2.67%
Aging	131	125	-6	-4.58%
Agriculture and Markets	620	636	16	2.58%
Alcoholic Beverage Control	145	132	-13	-8.97%
Alcoholism and Substance Abuse Services	944	943	-1	-0.11%
Arts	51	47	-4	-7.84%
Banking	528	537	9	1.70%
Budget	379	369	-10	-2.64%
Children and Family Services	3,872	4,041	169	4.36%
City University	20,329	21,233	904	4.45%
Civil Service	687	587	-100	-14.56%
Commission of Corrections	34	34	0	0.00%
Commission on Quality of Care for Mentally Disabled	93	96	3	3.23%
Comptroller	2,442	2,515	73	2.99%
Consumer Protection Board	31	29	-2	-6.45%
Correctional Services	31,812	32,123	311	0.98%
Crime Victims Compensation Board	89	90	1	1.12%
Criminal Justice Services	664	702	38	5.72%
Economic Development	194	187	-7	-3.61%
Education	3,870	3,924	54	1.40%
Elections	59	57	-2	-3.39%
Employee Relations	76	69	-7	-9.21%
Environmental Conservation	4,085	4,098	13	0.32%
Executive Chamber	139	172	33	23.74%
General Services	1,877	1,903	26	1.39%
Health	5,939	6,019	80	1.35%
Housing and Community Renewal	915	906	-9	-0.98%
Human Rights	194	185	-9	-4.64%
Industrial Exhibit Authority (State Fair)	83	77	-6	-7.23%
Insurance	930	954	24	2.58%
Judiciary	17,466	17,947	481	2.75%
Labor	3,712	3,503	-209	-5.63%
Law	1,908	1,866	-42	-2.20%
Legislature	3,598	3,569	-29	-0.81%
Lottery	340	336	-4	-1.18%
Mental Health	16,356	16,830	474	2.90%
Mental Retardation and Developmental Disabilities	22,013	22,506	493	2.24%
Military and Naval Affairs - SEMO	740	798	58	7.84%
Miscellaneous Commissions	422	367	-55	-13.03%
Motor Vehicles	2,850	2,849	-1	-0.04%
Parks, Recreation and Historical Preservation	3,476	3,513	37	1.06%
Parole	2,001	2,124	123	6.15%
Prevention of Domestic Violence	30	29	-1	-3.33%
Probation and Correctional Alternatives	34	35	1	2.94%
Public Employment Relations Board	32	34	2	6.25%
Public Service Commission	526	530	4	0.76%
Racing and Wagering Board	122	122	0	0.00%
Real Property Services	384	369	-15	-3.91%
Science, Technology & Academic Research	30	28	-2	-6.67%
State	829	875	46	5.55%
State Insurance Fund (off budget)	2,669	2,642	-27	-1.01%
State Police	5,923	6,048	125	2.11%
State University	45,581	45,595	14	0.03%
Taxation and Finance	5,054	5,263	209	4.14%
Technology	629	614	-15	-2.38%
Temporary & Disability Assistance	2,384	2,297	-87	-3.65%
Transportation	9,819	9,892	73	0.74%
Veterans Affairs	109	102	-7	-6.42%
Workers' Compensation Board	1,529	1,468	-61	-3.99%
TOTAL	231,853	235,014	3,158	1.36%

Source: Office of the State Comptroller

The long-term trend: ups and downs

Governor Mario Cuomo significantly expanded the state payroll during his first two terms (see Figure 1), ultimately raising FTE employment to an all-time high of 257,371 in the third quarter of 1990. Responding to a severe budget crisis following his November 1990 re-election, Cuomo cut 18,136 positions in 1991. But when he departed Albany in 1994, the workforce stood at 242,271 FTEs, an increase of 15,925 employees (7 percent) during his tenure.

Faced with a \$5 billion budget gap when he took office in 1995, Pataki made a priority out of cutting the workforce, relying mainly on a combination of attrition and targeted early retirement. By the third quarter of 1996, he had shrunk the workforce to 222,967, a net reduction of 19,304 (-8 percent) over two years.

From a low of 222,421 in October 1997, the state payroll crept back up to 230,022 by October 2001, when Pataki imposed a modified hiring freeze in response to an economic downturn and the 9/11 attacks. FTE employment dipped to 222,864 in 2003, then rose back to 231,853 employees by October 2006. Measured as of the third calendar quarter, the state workforce was reduced by a net 10,418 positions (or -4.3 percent) during Pataki's 12 years in office.

The agencies most affected by Pataki's cuts were: Mental Health, down 9,390 employees (-37 percent); Mental Retardation and Developmental Disability, down 3,239 (-13 percent); Transportation, down 2,672 (-21 percent); Labor, down 1,515 (-29 percent); Taxation and Finance, down 1,259 (-20 percent); General Services, down 1,126 (-38 percent). Pataki also merged or eliminated several agencies during his first year in office. However, there was also significant growth in some state agencies under Pataki. Major gainers during included the State University, up 6,837 (17.7 percent); City University, up 3,432 (20.3 percent); Judiciary, up 3,088 (21.5 percent); State Police, up 1,163 (24.4 percent); and Correctional Services, up 1,123 (3.7 percent).

Spitzer's Priorities

Even before his landslide election victory in last year's gubernatorial race, Eliot Spitzer had clearly signaled he would be more willing than Pataki to add to the state payroll. As shown in Table 1, on a year-to-year basis, the biggest increase in FTEs as of the third quarter of 2007 had occurred in the City University, which was up 904 employees (5 percent) in the third quarter. Also among the large gainers: Mental Retardation and Developmental Disability, up 493 (2 percent); Judiciary, up 481 (3 percent); Mental Health, up 474 (3 percent); Correctional Services, up 311 (1 percent); and Taxation and Finance, up 209 (4 percent).³

Meanwhile, employment in some other areas had actually dropped since the third quarter of Pataki's last year in office. Departments with decreases included Labor, down 209 (-6 percent); Civil Service, down 100 (-15 percent); Temporary and Disability Assistance, down 87 (-4 percent); and Workers Compensation Board, down 61 (-4 percent). However, under Spitzer's first budget, each of these agencies is slated for headcount growth over the levels in the last Pataki budget.

As of early October 2007, the state's biweekly payroll totaled \$512 million, up 4 percent from a year earlier. On an annual basis, the added salaries come to \$494 million – reflecting, in addition to the increase in the workforce, seniority-driven

pay increases. In October 2007, the weighted average salary for state employees was \$2,178 biweekly, or \$56,628 an annualized basis. A year earlier, those figures were \$2,126 and \$55,276, respectively. There is fairly wide variation in average salaries among agencies on an annualized basis, ranging from \$37,136 in the Parks and Recreation to \$87,465 in the State Police (uniformed and civilian).

Can the growth in the state headcount be sustained in the face of the state's budget woes? At least one legislative conference apparently has doubts. In November, Senate Minority Leader Malcolm Smith issued a budget savings plan that, among other things, called for eliminating 4,000 "nonessential" state jobs through attrition. However, the idea was immediately criticized by public employee unions and rejected by the Senate Majority Leader Joseph Bruno.

The CSEA Deal and Its Ripple Effects

Governor Spitzer's contract deal with the 70,000-member Civil Service Employees Association (CSEA) will add more than \$1.8 billion to the state budget by fiscal 2010-11, including \$1.2 billion in tax-supported general fund expenditures, assuming other unions get equivalent raises.⁴

The CSEA contract for the four-year period retroactive to April 1 calls for an across-the-board base salary increase of 13.64 percent over the next four years, in increments of 3 percent in each of the first three years and 4 percent in the final year. In addition to this hike, union members with at least five years' seniority in their current grade will receive longevity increases that can raise the total four-year value of the deal to more than 13.64 percent. For example, an employee at the top of the pay scale for CSEA administrative services Grade 9, who earned \$36,820 as of March 31, 2007, will see her salary rise to \$42,552 by March 31, 2011.⁵ That's a total pay hike of nearly 15.6 percent, including longevity pay increases through the fourth year. If stationed downstate, where the geographic differential will more than double, such an employee will receive a salary increase of roughly 20 percent.

Nine other unions representing executive branch employees are still negotiating new contracts with the state, including the 53,000-member Public Employees Federation and the 23,000-member New York State Correctional Officers & Police Benevolent Association. Unions representing judiciary employees usually negotiate pay increases based on the executive agency pattern.

¹ Comparisons of workforce numbers during the Cuomo, Pataki and Spitzer administrations are based on FTEs as of Sept. 30 - the end of the third calendar quarter of each year. The actual payroll dates were in early October.

² The average biweekly state salary comes to \$56,628 on an annual basis, according to the comptroller's payroll data; the Division of the Budget estimates that pensions, health insurance, federal payroll tax and other benefits average 46 percent of salary.

³ The numbers also reflect an apparent 24 percent increase in Executive Chamber staff over the past year, but this is due to a misleadingly low third-quarter 2006 staff total for the lame-duck Pataki administration. In the five years prior to 2006, Pataki's executive staff averaged 173 FTEs, one more than Spitzer's third-quarter count.

⁴ Each percentage point increase in wages for state employees costs \$86 million on a general fund basis and \$134 million on an all-funds basis, according to DOB. The estimated impact of the CSEA deal does not include added longevity bonuses.

⁵ Includes increase in "job rate" from \$35,320 to \$40,052, plus increase in second longevity step, from \$1,500 as of March 31, 2007 to \$2,500 by March 31, 2011. The last \$250 of the longevity hike is to be paid in a separate check and not included in the base salary.