



THE NEW YORK STATE PUBLIC EMPLOYEES FEDERATION TESTIMONY

Workforce Development/Labor - Joint Legislative Budget Hearing

2024-2025 Executive Budget Proposal

January 30, 2024

Wayne Spence, President

Good afternoon Chairpersons Krueger, Weinstein, Jackson, Pheffer Amato, Ramos, Bronson and other honorable members of the legislature. My name is Wayne Spence and I am the president of the 50,000-member strong New York State Public Employees Federation (PEF). I want to thank you for the opportunity to speak to you about the 2024-25 Executive Budget proposal and its impact on the state workforce. Our union is composed of professional, scientific and technical experts who provide critical services to the residents and taxpayers of New York State. PEF members take a great deal of pride in their work and the care that they provide to clients because they are professionals and they care about the welfare of their fellow New Yorkers.

PEF is grateful to Governor Hochul and all of the members of the Legislature who support the slew of civil service reforms enacted last year to help improve hiring, including: eliminating testing fees, continuous recruitment exams, crediting provisional service toward probationary service, expanding civil service testing sites and authorizing the Department of Civil Service to conduct the first comprehensive pay grade study in over two decades. As these reforms slowly work their way through the system, however, we continue to see that the state is having difficulty attracting and retaining staff.

State Staffing

Staffing continues to be a problem across all agencies. According to the Governor’s own estimate, the state is currently short approximately 11,620 staff needed to meet the staffing goals of 186,953 outlined in the budget by the end of the 2023-24 fiscal year.¹

Governor’s Projections 2024 Fiscal Year versus 2025 Fiscal Year

| DOB 2023 Year End Estimate | DOB 2023 Year End Actual 12/27/23 | DOB 2024 FY End Estimate | 2023 Actual vs. 2024 Estimate |
|-----------------------------------|--|---------------------------------|--------------------------------------|
| 183,249 | 175,333 | 186,953 | -11,620 |

PEF very much appreciates the attempt to expand staffing to address overtime costs, to enforce the laws of the state and to continue to deliver the excellent service New Yorkers need. But, it is clear that absent some additional actions, the state will not meet its staffing goals. This, in turn, has additional implications on the fiscal plan – overtime costs, expanding examinations to fill positions, and the costs associated with onboarding and training staff.

¹ “Our New York, Our Future,” 2024-25 Executive Briefing Book, Page 116; <https://www.budget.ny.gov/pubs/archive/fy25/ex/book/briefingbook.pdf>

Overtime Costs

The lack of staffing is driving up costs and increasing attrition. In 2022, state employees worked 22.2 million overtime hours. The cost for that labor was \$1.36 billion².

Workforce Attrition

The state also saw non-retirement-related workforce attrition increase dramatically with 10,367 staff leaving state service in 2021. In 2021, staff retirements and attrition accounted for the departure of 16,828 State employees according to the Comptroller's most recent report.

In the 2024-25 Executive Budget, the Governor advances some proposals that will increase staffing and others that may harm staffing.

PEF Positions on Various Executive Budget Proposals Affecting the State Workforce

- (1) **Paid Leave to Express Breast Milk (S.8306/A.8806 – Part J) – SUPPORT:** This is an important benefit that supports mothers in the workforce and helps families.
- (2) **Enhanced Wage Theft Enforcement at Department of Labor (S.8306/A.8806 – Part L) – SUPPORT** - This is an important expansion of enforcement power that will help DOL collect judgments. PEF supports additional legislation to allow the DOL to fund expanded enforcement by allowing it to retain more of the fines it collects for wage theft and other crimes in order to fund enforcement operations.
- (3) **The Sunset of the COVID Sick Leave Benefit (S.8306/A.8806 – Part M) – OPPOSE** - Masking mandates continue as do stay-home orders at certain state agencies. If we want to continue to protect staff and the public, we cannot expect staff to use their personal accruals to meet these objectives. This is a modest benefit that keeps staff and clients safe.
- (4) **Authorizing New York to Enter into the Interstate Licensure Compact (S.8307/A.8807 - Part R) – OPPOSE** - PEF opposes legislation authorizing New York state to enter into the Interstate Nurse Licensure Compact. While this may bring additional nurses to New York from other states, it may also lead to outmigration of nurses from New York to other states in the Compact. Nurses may decide to leave New York for a variety of reasons and this would make it easier for them to relocate and exacerbate the current shortage. PEF is also concerned that most of the Compact states have

² New York State Agency Use of Overtime and State Workforce Trends, 2013-2022; Office of the NYS Comptroller, May 2023: <https://www.osc.ny.gov/files/reports/pdf/cy2022-overtime-report.pdf>

significantly lower licensure requirements than New York. New York should be proud of its high standards and lowering those standards simply to allow out-of-state nurses to practice in New York should give us all pause. PEF is also very concerned about entering into a compact given the recent *Dobbs* decision. Many Compact states, including Alabama, Arkansas, Idaho, Kentucky, Mississippi, Missouri, Oklahoma, South Dakota, North Dakota, Tennessee, and Texas, have taken actions to severely limit a woman's right to choose and have also enacted statutes that levy significant penalties against health care professionals who perform abortions, even when the patient's life may be at stake. If we enter the Compact, how does the state regulate the activities of nurses with licenses from these states who support these limits and how does the state protect the nurses from New York practicing in one of these other states when a patient requires a life-saving abortion?

In the end, there are no shortcuts for developing the workforce we need. Even before *Dobbs*, there was simply no evidence indicating that the states that have entered into this Compact have seen patient outcomes or staff-to-patient ratios improve. Please reject this plan.

(5) Ending Lag Payroll and Salary Withholding Program for New State Employees (S.8305/A.8805 – Part Q) – SUPPORT - For more than two decades, the state has implemented a two-week lag payroll system, originally instituted for budget savings. Over the course of time, the state has enacted an additional salary withholding program which holds one day's pay for the first five pay periods, meaning that new employees do not receive a full paycheck for almost 14 weeks after beginning their employment with the state. This type of program would never be deemed acceptable in private industry and in fact would violate the state's labor laws. The program has long outlived its usefulness and is yet another reason why the state is not competitive with private employers. PEF fully supports ending the lag payroll system for new hires so those struggling with housing, student loans and other expenses can make ends meet.

(6) Elimination of the Income Related Monthly Adjustment Amount (S.8305/A.8805 – Part S) – OPPOSE - The Governor's plan to eliminate certain Medicare Part B reimbursements is unfair and bad policy. The Governor's proposal would cease reimbursement for the Income Related Monthly Adjustment Amounts (IRMAA) for "higher" income state retirees. Specifically, the state would retroactively discontinue the IRMAA Medicare Part B reimbursement back to January 1, 2024. The new IRMAA burden will cost each affected retiree anywhere from \$694 to \$4,164 annually. With recent inflation and other costs rising, eliminating this program will hurt many New Yorkers.

Eliminating this insurance reimbursement will greatly impact retirees who dedicated their lives to public service and are now on fixed incomes. PEF retirees do not have the financial flexibility to go out and earn extra money in response to budgetary whims. In addition, the program looks backward to the beginning of the year, meaning that there is no opportunity to plan for a change that is retroactive to January 1.

NYSHIP retirees living on fixed incomes were made a promise about their healthcare upon retirement. It is shortsighted to achieve savings on the backs of retired public servants and the enactment of such a proposal will certainly not help the state's recruitment efforts move forward.

Prescriptions for Success

To address these challenges and to support the delivery of quality services in an effective and efficient manner, PEF continues to advocate that New York "Fund Our Future" by expanding public services for at-risk individuals to ensure appropriate and continuous access to quality care for all New Yorkers, with the goal of keeping affected New Yorkers in close proximity to their families and other support systems.

BUDGET REQUESTS

There are a number of additional actions that PEFs supports and which were not included in the Executive Budget which will increase the state's ability to attract and retain talent, including:

1. Fix Tier 6

PEF appreciates the efforts made as part of the 2022 State Budget which began the process of correcting the inadequacies of the Tier 6 pension plan by excluding overtime compensation from the calculation of an employees' contribution rate until March 31, 2024, and reducing the vesting time for pension benefits from 10 years to 5 years. We need to do more. Working with other public employee unions, we will be seeking your support for additional improvements that will help attract and retain a career workforce and are also affordable. We know that these conversations always boil down to cost, but we also must consider the other costs the state, municipalities and school districts are paying in overtime compensation, the civil service exam and onboarding costs and the costs associated with training and re-training new staff. When you have a workforce that is experiencing this high level of turnover, these are real costs.

Public sector salaries cannot keep pace with the private sector. While the state maintains an excellent health insurance plan, premium increases and employee cost sharing have increased significantly over the years. The most cost effective, universal way to positively impact public sector

hiring, and more importantly retention, is to improve the Tier 6 pension plan. We look forward to engaging in this discussion with you directly over the coming weeks.

2. Restore and Utilize the Office of Information Technology Services Training Supplement
BUDGET REQUEST: Restore OITS Training Appropriation to \$2 million

The Governor is rightly seeking to improve and expand digital services and has indicated an intention of growing a team of researchers and designers at OITS and OGS to coordinate that work. However, the Governor proposed a cut in the appropriation used to fund training for staff at OITS. The state needs to support its OITS staff as they work to maintain or expand upon their certifications in service to the state. Additionally, these resources often go underutilized despite staff actively seeking the use of these funds to advance their knowledge and careers. How can the state expect its talented IT staff to remain in state service if it provides no training opportunities, resources or the opportunity to advance their careers?

This type of program is exactly what should be expanded and utilized to keep top talent and to improve the level of services provided to taxpayers. PEF also respectfully requests that the Legislature insist on the usage of these resources for their intended purpose.

3. End Bullying and Increase Respect in Workforce

We are very thankful to have such excellent leadership in the State Legislature and Governor Hochul has certainly set a new, more respectful tone with her state agencies and her employees. We appreciate and support the Governor's proposal to conduct Diversity, Equity and Inclusion and Anti-Bias Training and the accompanying \$591,000 to make it reality. However, like all large and diverse operations, there remain certain staff – administrative, professional and supervisory – who conduct themselves unprofessionally in the workplace and we need to address that issue. We continue to field issues and concerns from members, especially our nurses and healthcare professionals, who are concerned about the state's work culture. We are not indicating that this is a widespread issue, but it is something that requires further consideration and action. PEF has drafted legislation to codify actions in the workplace that constitute "bullying" and "abusive conduct" and this legislation would require all state employees receive training to identify such conduct with the hope of preventing it in the workplace and empowering all employees to seek redress from such circumstances (S.3065 by Senator Ramos). The Assembly passed our bill last year and we are working with the New York State Senate Majority to work through some concerns. We hope that you will join with us in support of this legislation so that the state can be a model employer for all, so that we can educate all workers on what constitutes inappropriate conduct at the workplace, and so we can re-build a culture of mutual respect and support across all agencies as we collectively conduct the people's business.

Thank you for the opportunity to share our concerns with you. We look forward to working with you to ensure that all New Yorkers have access to effective and affordable public services.

Respectfully Submitted,

Wayne Spence
President, New York State Public Employees Federation