



**Testimony on the FY 2025
Executive Budget Proposal**

Labor & 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**

**January 30, 2024
Albany, NY**

Chairs Krueger, Weinstein, Jackson, Pheffer-Amato, Ramos, Bronson, and distinguished members, thank you for the opportunity to testify today on Governor Hochul's 2024-25 executive budget proposal.

The Civil Service Employees Association (CSEA) proudly represents employees that work for the state, local governments, school districts, public authorities, the private sector, and home-based childcare providers. These frontline employees allow New Yorkers to get to work and school every day. They keep our roads clear of snow, care for our children, ensure our loved ones in a hospital or nursing home get the care they need, and work every day to give individuals with a developmental disability or mental illness the quality of life that they deserve.

However, the public sector workforce is in crisis. Since 2012, state agencies have lost more than 17,000 Full-Time Equivalent (FTEs), while local governments have lost nearly 28,000 positions in the same period. As a result, existing employees are stretched thin, picking up the slack by taking on additional duties and working overtime. In fact, overtime hours at state agencies ballooned to 22.2 million in 2022, a 10% increase over the previous year, for a total cost of \$1.36 billion. If we do not take significant action in this year's budget to address this crisis, the situation will worsen, and costs will continue to grow.

We are encouraged by the commitment of Governor Hochul and the State Legislature to addressing this issue, pursuing several significant remedies in last year's budget and legislative session, including waiving civil services fees, allowing for continuous recruitment of civil service titles, counting provisional time towards probationary periods, expanding civil service exam notifications, and more. In this year's budget, the governor has proposed several provisions that build on last year's progress, including the NY HELP program and reviewing educational requirements for civil service jobs. However, the scope of this problem requires us to do more. This year, CSEA is once again laser-focused on proposals to improve recruitment and retention.

Recruitment and Retention

Fix Tier 6

Notably absent from this budget are proposals to fix the most apparent detriment to the public sector's recruitment and retention goals—tier 6. In the past, people would enter the public sector knowing that they would make less money compared to their private sector counterparts but would receive high quality, affordable health insurance and a defined benefit pension that would ensure financial resources in retirement. Under tier 6, pensions are no longer

a selling point for entering the public sector workforce, as new employees must work longer and pay more for a smaller benefit at retirement.

Reforming issues, such as the sliding scale for contributions, the overtime cap, final average salary, and the pension value at 20 years can impact hiring in the public sector immediately. These changes will make public sector work appealing again and give new workers a secure retirement 30 years from now.

Expand NY HELP

CSEA is supportive of the governor's proposal to expand the NY HELP program to expedite hiring for all state open-competitive civil service positions. While CSEA does not believe that this program is a long-term solution to the current staffing crisis, we are supportive of temporarily expanding the program to fill open positions at a faster rate. However, as you are aware, municipal governments are facing the same recruitment challenges as the State. As such, we support a further expansion of this proposal to include municipalities, which will give them the tools necessary to strengthen the local government workforce across our state. This will go a long way in removing the barriers to entry that exist for prospective public sector employees at all levels of government.

Review Education Requirements for Civil Service Jobs

CSEA is also supportive of the governor's proposal to require the Department of Civil Service to review all jobs with college degree requirements to see if education requirements can be substituted for work experience. As we look to fill the gaps in the public sector workforce, it is imperative that we expand our search to qualified candidates that may otherwise be barred from employment due to arbitrary educational requirements. We must recognize the value of an employee's past work experience and make public sector employment more accessible to a larger pool of candidates.

Eliminate the Salary Withholding and Negotiate Payroll Lag for State Employees

CSEA supports the governor's proposal to eliminate the five-day salary withholding program for newly hired state employees and the proposal to allow employee organizations to negotiate the state payroll lag.

Under current law, newly hired state employees must wait four weeks for their first

paycheck. Then, when paychecks finally arrive, one day of pay is withheld for each of their first five payroll periods. As a result, these employees wait about 14 weeks before they receive a full paycheck. For many, this can be the deciding factor in whether to accept a state job or look elsewhere.

These policies began as a way for the state to defer staffing costs. However, as New York State struggles to compete with private companies, non-profits, and the gig economy for qualified talent, these programs only serve as a barrier to public sector employment. Prospective employees have a choice—take a job in state government and wait 14-weeks for a full paycheck, or accept a job in the private sector, where they can receive a full paycheck within the first few weeks. Removing the five-day withholding and allowing employee organizations to negotiate the payroll lag are logical first steps in leveling the playing field as our state seeks to fill vacancies and alleviate the staffing crisis.

OMH Inpatient Beds

Unfortunately, mental health needs have skyrocketed across our state and nation. In New York, more than 30% of residents reported poor mental health in March 2023. In addition, more than 20% of all state-operated inpatient mental health treatment beds have been eliminated since 2014. This has resulted in overcrowded facilities, inaccessible care, and crises related to untreated mental illness.

In last year's budget, the State Legislature and Governor Hochul took steps to address this crisis, investing \$1 billion in mental healthcare and adding 150 new state-operated inpatient beds in Office of Mental Health facilities. This year, CSEA supports the governor's proposal to create 125 additional beds and 273 additional FTEs to staff these beds. With this added capacity, we can help those with a severe mental illness receive the care that they need. As we work to address the mental health crisis and the lingering effects of the COVID-19 pandemic, we must ensure that our mental healthcare infrastructure can meet the growing needs of our communities.

Closure of State Correctional Facilities

CSEA represents thousands of civilian employees in the State Department of Corrections and Community Supervision (DOCCS), including those who work in correctional facilities across the state. As such, CSEA is strongly opposed to the governor's proposal to allow the Department of Corrections and Community Supervision (DOCCS) to close up to five correctional facilities with

only 90 days' notice. These facilities not only continue to keep our communities safer, but also provide good-paying union jobs and act as a vital economic engine.

Closing correctional facilities will have a devastating economic impact, particularly if done on such short notice. Employees will be forced to uproot their lives to continue providing for their families, putting a strain on communities and local businesses that rely on these working people and their economic activity.

By reducing the required notification period to 90 days, the governor's proposal disregards the statutorily required one-year notice prior to the closure of a DOCCS facility¹. This law was put into place by the State Legislature and governor to give impacted local governments, employees, and employee organizations enough time to ensure a smooth transition for inmates, employees, and affected communities. Closures should be avoided except as a last resort, and when necessary, must abide by the one-year notification timeline to ensure a just transition.

Reducing Education Aid

CSEA also represents thousands of custodial, food service, transportation, and professional employees at school districts across the state. These school districts depend on adequate, predictable funding from the state to effectively plan and budget year-to-year. As such, CSEA is strongly opposed to the governor's proposal to end the "hold harmless" provision for school aid, which would jeopardize the stability of school districts across the state. Without predictable funding, school districts will struggle to plan for long-term financial commitments, like new and improved educational programming, support for students with disabilities, and staff salaries.

For some school districts, this change would result in devastating cuts. For some CSEA-represented districts, funding would be slashed by as much as 46%. Massive cuts of this level cannot be absorbed, especially with the 2% property tax cap, and will instead result in staff reductions, fewer program offerings, and a decrease in educational quality. The funding floor for school districts must be maintained.

Eliminating the IRMAA Reimbursement

The executive budget also includes provisions that would inflict significant financial strain on public sector retirees. Since 1966, the state has agreed to cover the Medicare Part B premium for

¹ N.Y. Correction Law §79-a (3)

retirees enrolled in the New York State Health Insurance Program (NYSHIP). This ensures that when public sector employees retire, the cost of their health insurance does not change. However, the governor's proposal seeks to eliminate the state's reimbursement of a part of this premium, the Income-Related Monthly Adjustment Amounts (IRMAA) surcharge, severing the long-standing agreement between the state and public-sector retirees.

Retirees have much less flexibility to absorb these cost increases than others. With the price of prescription drugs, groceries, and other everyday items constantly on the rise, they are already being stretched to their limits. For those living on a fixed income, any changes in out-of-pocket expenses for healthcare can substantially impact their budgets and financial well-being. As such, CSEA strongly opposes eliminating the state's reimbursement of the IRMAA surcharge. The state should not be targeting retirees to achieve spending cuts.

Investments in the Childcare Workforce

CSEA represents 10,000 home-based childcare providers throughout the state. Our members are predominately women and people of color who provide affordable, quality, and licensed childcare to both private-pay and subsidized families. These providers, and the entire childcare system, are in crisis. They face inadequate and unpredictable reimbursements, lack of uniformity across districts, and the inability to expand or increase their investments in their programs and staff.

The executive budget proposal is a step in the right direction, providing \$1.8 billion in childcare assistance, \$5 million in expanded operational support to family and group family childcare providers, and increased payments to accredited providers. CSEA is also supportive of the governor's proposal to use \$280 million of unutilized funding from federal pandemic funds to continue the Workforce Retention Grant Program, which provides payments to childcare providers to help them retain employees.

Conclusion

CSEA is deeply committed to crafting a path forward that preserves and strengthens the public sector workforce, ensuring that it remains an attractive career choice for those who wish to serve their communities. New Yorkers, whether they know it or not, rely on the services that these employees provide every day. As a state, this budget is an opportunity to make investments that will help public employers recruit the next generation of workers, to ensure that

our communities continue to have access to high-quality services. 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.