

## Workforce

Since Governor Pataki took office in January 1995, the size and composition of the State workforce has changed dramatically. The Governor instituted a hiring freeze as soon as he took office, which has remained in effect throughout his tenure. Many agencies are currently operating with reduced staff, leaving them struggling to fulfill their missions. Compounding the problem is the fact that the average age of the State workforce is rising. Many State employees will soon reach retirement age, and they are likely to take their years of knowledge and experience with them. At the same time, the Governor is relying on expensive contract workers to perform many of the jobs done previously by the State's professional civil service staff.

The extent of the State's reliance on contract workers is not known, however, because the Governor has blocked a comprehensive analysis of the number of contract workers employed by the State and how much is spent on them. In response to this, both the Assembly and the Senate unanimously passed a bill which would have required disclosure and comprehensive reporting to shed a light on the scope of contract work within the State. The Governor vetoed the legislation.

The Governor's SFY 2006-07 budget proposal continues his policy to outsource the functions of New York State government. The Governor proposes an early retirement incentive that will result in a further reduction to the State workforce. At the same time, he proposes to authorize appointments of non-civil service information technology

professionals that would be exempt from existing civil service rules and regulations.

When the Governor first took office in January 1995, the State workforce consisted of 211,601 full-time equivalent (FTE) positions. This year he submitted a SFY 2006-07 budget proposal that included funding for State workforce consisting of 191,140 FTE positions, a reduction of more than 20,000 positions over the course of his tenure. This reduction has been accomplished in large part due to the hiring freeze that the Governor instituted shortly after he took office in 1995.

The hiring freeze that has remained in effect since the Governor first instituted it in 1995 has also encouraged increased spending on contractual services. Although there may be some specialized services needed for short periods of time that make it more practical for the State to use contractual services as opposed to State workers, there is growing concern that consultants are also replacing State workers for routine work and are working at agency locations on a full-time, long-term basis.

Evidence suggests that these contract workers are costing taxpayers much more than it would cost to hire State workers. According to a study of the Department of Transportation (DOT) by KPMG, using in-house services was less expensive than contracting out for services 85 percent of the time. The same study found that consultants are between 50 percent and 75 percent more expensive than in-house resources. In addition, a June 2005 Fiscal

Policy Institute (FPI) study estimated that nearly \$10 billion was spent by the State in SFY 2001-02 through 2004-05 for consulting services related to a variety of fields, including information technology, legal, medical, and capital projects. The study also found that New York State could save up to \$500 million a year by stopping the practice of hiring certain consultants when it would be less expensive to hire State workers to do the same work in-house.

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and more and more workers are getting close to retirement. Expensive consultants are replacing State workers to do routine jobs that State workers could perform better, yet it is impossible to tell how often this is happening because there are no comprehensive contract disclosure requirements in place. The Governor’s policies when it comes to workforce development are antiquated, and will make it more difficult for the State to maintain a stable, experienced, and adequate-sized workforce in the years to come unless some changes are implemented.

In 2002, the Office of the State Comptroller conducted an audit studying the State workforce in relation to the State’s preparedness for workforce and succession planning. The Comptroller maintained that he was unable to complete the audit as envisioned because the Governor’s Office of Employee Relations (GOER) prevented staff from meeting with agency officials on the status of each agency’s workforce needs. One finding of the audit, however, was that New York had not even begun its workforce and succession planning efforts until 2001, compared to the Federal Government, which was facing similar issues, and began planning in 1995.

The State workforce is transforming — fewer workers are employed by the State,