

**Testimony of
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**The New York State Public Employees
Federation**

**To The
Assembly Ways and Means and
Senate Finance Committees**

**Workforce Hearing
January 25, 2012**

Thank you for providing time in the budget process to hear from the people who provide critical services to the citizens of New York.

I am Joseph Fox, Vice-President of the Public Employees Federation. My members are the professionals, scientists and technical experts of New York State government.

A word that was heard a lot throughout the governor's budget presentation was "reform".

Among those reform proposals contained in the Executive budget were reforming the state's pension system, Civil Service reform, and reform of the way the state does business.

Sometimes when you call a proposal a "reform" it is nothing more than trying to put a positive spin on a very bad idea, hoping no one will look beyond the "reform" label and support it.

This fits the governor's call for pension "reform". This proposal is potentially the most destructive proposal to public service even though it does not affect current employees.

The governor claims this reform is long overdue, only affects the "unborn", that the state can no longer afford the pensions as they exist today.

Neglected in all this discussion is that the New York State and Local Pension fund is fully funded, that 83 cents of every dollar paid out in benefits is based on earnings from the fund, and that the average annual pension is only \$19,150. Most importantly is that the pension "reforms" will have little impact on current budget shortfalls.

The Governor would create a new pension tier – Tier 6 – for state workers and other public employees with dramatically reduced benefits and increased employee costs.

Cloaked in the guise of reform, this proposal is about politics and placating big business special interests, not sound public policy. This bill ignores the landmark Tier 5 pension reform enacted by the legislature less than two years ago which is estimated to save the state and local governments \$35 billion over 30 years. We don't need a new tier to cut costs, just let Tier 5 work as intended!

The Governor's plan would result in much smaller pensions and a loss of security for workers. It is a first step toward ending secure pensions entirely by introducing a 401K plan that is presented as "optional", but also cutting pension benefits to the point where a traditional pension is no longer a good option.

For most state workers this bill would **DOUBLE** the amount that they are required to have taken out of their paychecks. And this tax on workers paychecks could go even higher due to a

variable rate formula in the bill. If this formula was in effect today, many state workers would be required to contribute more than 10% of their salary to the pension fund.

Either way a new employee chooses they are virtually guaranteed to have a lower benefit than the person who held the job before them.

It will mean a lower standard of living for future retirees, reduce the ability to recruit individuals who see public service as a career and create a mercenary mentality where the commitment to public service no longer exists.

The governor chides the unions saying “We never said pensions were a lifetime legacy for future workers who aren’t hired yet, we’re only talking about future employees who may be hired by a union — I call them the unborn.”

We disagree. Our society has an obligation to try to make the future better for those coming after us. The governor’s proposal is symptomatic of the “I got mine mentality” that has allowed the wealthiest to continue to build their wealth at the expense of the 99 percent.

The Governor has proposed several civil service “reforms”. These proposals are characterized as a way to reduce the costs by providing increased flexibility with respect to hiring and transferring State employees”. We call it “The Teddy Roosevelt Rolling Over in His Grave Act”. These proposals would allow the

- Certification of a new type of promotion list, called an “open promotion” list which would allow a state agency to hire a candidate from either an open competitive or promotion eligible list for the same title ***regardless of whether the candidate has a lower score than a candidate on the other eligible list.***
- Allow State agencies to utilize other State agency “interdepartmental promotion” eligible lists, irrespective of whether the hiring agency’s existing interdepartmental list is exhausted. ***Once again this would enable an agency to hire a candidate that has a lower score than a candidate on the other eligible list.***
- Permit non-competitive State employees to participate in competitive promotional exams and allow non-competitive State employees to transfer into competitive positions, with the approval of Civil Service, provided the employees meet minimum qualifications. ***This will allow the State to hire an employee who has never taken a competitive examination into a competitive class position with no objective measure of their merit and fitness to fill the position.***

It should be noted that the Executive claims these reforms will allow them to expand diversity in the workforce. If by “diversity” the Governor means more politically connected people in upper-level management positions then we agree.

In fact, in 2006 the Legislature created a Commission to look specifically into how we can make the state workforce more diverse; none of their reports have recommended any of the civil service reforms that are included in the Executive Budget proposal.

It is clear from the his desire to combine the Governor’s Office of Employee Relations and the Department of Civil Service that core function of the Civil Service, to act as an oversight agency to ensure compliance of the *Civil Service Law*, could be subverted. Teddy Roosevelt did not create an independent Civil Service Commission and Department of Civil Service to be run by the Governor’s appointment office.

We feel that there is a need for access and accountability in the services the state provides to its most vulnerable and that the state cannot abandon this basic responsibility. Nowhere is this difference as stark as the provision of services in the Office of Mental Health, Office of People with Developmental Disabilities, and in the Office of Children and Family Services.

Each one of these agencies is facing closures and consolidations that will eliminate service delivery options delivered by public servants who meet minimum qualifications to provide these services. With the proposed closure of Kingsboro Psychiatric Center, Central Brooklyn in fact all of Brooklyn will be without state operated in-patient mental health care.

Add to that the privatization of the Medicaid Service Coordination, the closures of Development Disability Service Offices, and the privatization of state operated group homes, and the ability to access quality programs that meet the needs of these vulnerable populations becomes more difficult. The “any door” approach to accessing services may not matter if you can’t find a door.

Juvenile justice reform now means eliminating state custody of all but the most dangerous New York City juvenile delinquents. This proposal further removes the care of these youth from public scrutiny and restricts the discretion of Family Court judges. Private programs are ill equipped to deal with these troubled young offenders.

Additionally a common but not so apparent impact the reforms and the move to close facilities, consolidate and privatize is that the transparency that exists through the state is lost. The federal government recognized this when they sharply criticized New York’s oversight of the developmentally disabled.

Finally we share your concerns about the Governor's proposed appropriation language which would give the executive virtually unlimited power to interchange State agency appropriations. In effect this would neuter the legislature's role in overseeing state agency operations. It would invalidate the compromise you agreed to with the executive as relates to implantation of the SAGE Commission recommendations and would allow the Executive to reorganize state agencies in any way they please.

That is not what the founding fathers had in mind when they created a co-equal legislative branch of government. Hopefully you can convince the Governor to remove this language.

A case can always be made for increased government efficiency. My members know the simplest and most direct way to do this is to reduce the state's reliance on consultants and reduce the layer after layer of political patronage appointments that has built up over the years.

Unfortunately, many of the Governor's proposals will do just the opposite. The Executive Budget shows that the state's spending on consultants will decrease in the current fiscal year. Regrettably expenditure data from the Office of the State Comptroller shows that consultant spending will increase in the current fiscal year.

Some of the Governor's proposals will aggravate the short staffing in agencies and drive them to use even more high priced consultants and per diem employees. **This makes no sense when the average consultant employee costs \$72.37 an hour or 47% more than the average hourly salary of the comparable state employees (\$49.29) which includes the cost of their benefits.** Others will make wholesale changes in the Civil Service system that will make it easier for untested and unqualified job applicants to leap frog career civil servants for jobs, making whom you know more important than what you know when it comes to hiring.

The members of the Public Employees Federation want New York State government to work and to work well. We have dedicated our lives to public service.

We welcome efforts to streamline and make government more efficient. But we should not be victimized by those who view the state's fiscal crisis as an opportunity to restructure the state workforce based on political ideology rather than fiscal necessity. If we are truly change government for the better we need the involvement and input of the stakeholders who receive services or the dedicated civil servants who provide them.

Attached is a more detailed explanation of PEF's concerns about the Executive Budget and a fact sheet on state agency consultant use.