

The Municipal Workforce: Big As A Decade Ago, But Composition Has Changed

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As pressure on New York City's budget mounts, the full-time municipal workforce of nearly 250,000 has become a target for cuts. The Mayor has just proposed an early retirement and severance plan that would save \$50 million this year and \$100 million next year.

Faced with similar budget constraints in the early 1990s, the city workforce underwent a sharp reduction. Since 1996 the number of city workers has climbed back up and is now nearly the same as 1991. But the composition of today's workforce is markedly different.

The recent growth in the city's workforce has been concentrated in two areas: public safety and education. Employment by the police and the school system has grown by 21,000 over the past decade. During the same period, employment at health and social service agencies has fallen by nearly 12,000, and by nearly 11,000 at other city agencies. The city has relied increasingly on part-time workers, contracting, and public assistance recipients to supplement the full-time workforce. Given the changes, future workforce reductions will be politically difficult.

Staff cuts in the early 1990s. After reaching a peak of 253,000 employees in 1991, the 1992 budget initiated a sharp reduction in the city workforce as the city suffered from a prolonged recession. Further reductions in 1994, 1995, and 1996 brought total city employment down to 235,000—18,000 fewer employees than in the peak year of 1991. City-funded employment fell even more sharply—over 25,000 positions. As another measure of the decline, spending on personal services (wages, salaries, and benefits for all city employment) fell from nearly 52 percent of total city spending in 1991 to 48 percent in 1992.

Particularly hard hit were the health and social services agencies—the Human Resources Administration (HRA) and Departments of Employment, Youth Services, Health, and Mental Health—which together lost over 30 percent of their positions. Two agencies gained staff—the Department for the Aging, and the newly created Department of Homeless Services, which was spun off from HRA. (Additionally, the Health and Hospitals Corporation, which is technically not a city run agency, has cut some 12,000 positions since 1994.)

Other service delivery agencies also took reductions of a similar magnitude—nearly 8,000 positions eliminated out of nearly 37,000, or 21 percent. Among the agencies with the largest cuts were sanitation (2,320 employees, or 20 percent), parks and recreation (1,843 employees; 43 percent), housing (1,375 employees; 32 percent), buildings (296 employees; 36 percent) and cultural affairs (22 employees; 37 percent). The Departments of Environmental Protection and Business Services gained employees.

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Total City Employment Has Changed Little, But Composition Has Changed Considerably						
<i>Full-time city employees</i>						
				Change		
	1991	1996	2001	1991-1996	1996-2001	1991-2001
Education	89,935	89,540	106,346	(395)	16,806	16,411
Public Safety	73,406	73,998	78,364	592	4,366	4,958
Health & Social Services	37,039	28,063	25,092	(8,976)	(2,971)	(11,947)
Other Mayoral Agencies	36,646	28,978	25,762	(7,668)	(3,216)	(10,884)
General Government	9,187	7,794	7,691	(1,393)	(103)	(1,496)
Elected Officials	6,899	6,696	6,569	(203)	(127)	(330)
<i>Subtotal: All Non-Education, Non-Public Safety</i>	<i>89,771</i>	<i>71,531</i>	<i>65,114</i>	<i>(18,240)</i>	<i>(6,417)</i>	<i>(24,657)</i>
Total	253,112	235,069	249,824	(18,043)	14,755	(3,288)
Note: City-funded	226,290	200,796	211,727	(25,494)	10,931	(14,563)
SOURCES: IBO; Mayor's Office of Management and Budget.						
NOTES: Public Safety in 1991 includes Transit Authority and Housing Authority police, merged in 1996 into the city police department.						

driven largely by teacher hiring, has grown from 36 percent of city employment to nearly 43 percent. The school system's pedagogical employees alone now account for 38 percent of city workers. In contrast, employees of health and social services agencies,

The Board of Education lost non-pedagogical staff in the early 1990s, but these losses were nearly offset by the addition of over 1,100 new pedagogical staff (which includes teachers, principals and assistant principals, guidance counselors, psychologists, school secretaries, and others).

which accounted for almost 15 percent of city employment in 1991, now account for 10 percent. The same is true for other mayoral service delivery agencies.

The police department gained 2,855 uniformed positions (adjusted for the merger in 1996 of the police forces run by the transit and public housing authorities), financed, in part, by a surcharge on the personal income tax dedicated to this purpose. The department did cut about 10 percent of its civilian positions (again, adjusting for the merger).

Education and Public Safety Have Grown as Share of City Employment			
<i>Share of total full-time city employment</i>			
	1991	2001	Percent Change
Education	35.5%	42.6%	18.2%
Pedagogical	30.8%	37.8%	21.0%
Public Safety	29.0%	31.4%	6.8%
Police (Uniformed)	13.4%	15.5%	14.0%
Health & Social Services	14.6%	10.0%	-32.3%
Other Mayoral Agencies	14.5%	10.3%	-29.7%
General Government	3.6%	3.1%	-16.3%
Elected Officials	2.7%	2.6%	-4.8%
SOURCES: IBO, Mayor's Office of Management and Budget.			

General government agencies—agencies that support governmental functions without providing services directly to the public, such as the Departments of Finance, Citywide Administrative Services, and the Office of Payroll Administration—were cut 15 percent.

The growth in the city workforce has been funded in part by non-city revenues. In particular, the growth in teachers was funded with the help of state and federal aid for class-size reduction. And although the Safe Streets/Safe City surcharge expired in 1998, a federal program has helped finance the continued expansion of the police force.

City workforce grows again. Beginning in 1995, the city finally began to share in the benefits of the national recovery. City tax revenue growth resumed, and the budget ended each year in surplus. By 2001, total city full-time employment was once again nearly 250,000 employees—or 99 percent of its 1991 level. The composition of city employment, however, was different. The principal change was the hiring of more teachers. In total, Board of Education pedagogical employees grew 19 percent. The number of police officers continued to grow steadily—accompanied by a 37 percent increase in civilian employees (all other public safety headcount was basically flat).

Increasing reliance on part-timers and contracting. These changes only reflect full-time staff of agencies. To compensate for the staff cutbacks, many agencies increased spending on “seasonal” and, in particular, part-time employees. Spending for these workers rose from \$62.5 million in 1993 to \$444.3 million in 2001—a seven-fold increase. Spending on part-timers rose from less than 0.5 percent of total personnel spending to over 2 percent. Most of the growth in part-timers came early in the Giuliani Administration—between 1993 and 1996—when full-time employment was most sharply cut, although spending on part-timers has continued to rise at a faster rate than other personnel costs.

The change is made evident by comparing shares of total city full-time employment in 1991 and 2001. Education,

While statistics on hours worked are not available, dividing total spending for part-time, seasonal, and per diem workers by the average salary of non-uniformed, non-pedagogical full-time employees gives an estimate of the equivalent in full-time employees. (Since salaries of full-time workers are likely to be higher on average than those of part-time, seasonal, and per-diem workers, the estimate of equivalent full-time staff may be understated.) Using this calculation, city employment is now more than 10,000 full-time equivalent positions, or 4 percent, above its 1991 level.

Including Part-time, Seasonal, and Per-diem Employees Raises Total City Staffing in 2001 Above the 1991 Level			
	1991	1996	2001
Total City Full-time Staff	253,112	235,069	249,824
FTE of Part-time positions	671	6,423	8,060
FTE of Seasonal positions	608	870	662
FTE of Per-diem employees	23,224	15,513	29,539
FTE Total Staff	277,615	257,875	288,085
SOURCES: IBO, based on Comptroller's Comprehensive Annual Financial Report, and Mayor's Office of Management and Budget.			
NOTE: FTE: Full-time equivalent. Calculated by dividing full-time salary costs (PS object 001) of non-uniformed, non-pedagogical full-time city employees by average salary.			

Missing even from these figures is the use of participants in the city's Work Experience Program (WEP), which requires welfare recipients to work for the city part-time in order to collect benefits. The parks department has used extensive numbers of WEP workers to supplement its greatly diminished maintenance and operations staff. Altogether, at the end of December 2000, city agencies employed some 15,000 WEP workers—equivalent to about 8,900 full-time staff (funding for WEP workers is not reflected in the budget for personnel).

The other way in which the city reduced full-time staff was by contracting out to private agencies work that had been performed by city employees. Several city agencies, particularly social service agencies such as homeless services and HRA, have expanded their use of private and non-profit contractors to perform services, while reducing their agency personnel. Since 1996, spending for contractual services has grown by nearly twice the rate of general city spending, from \$4.1 billion to \$6.1 billion in 2001. Among the largest areas of contract spending are payments by the Administration for Children's Services for foster care (\$640 million in 2001) and day care (\$384 million), payments by the Board of Education to private schools for special education (\$503 million), and by the mental health

department for mental health services (\$495 million).

Overtime. Another area in which city personnel costs have grown in recent years is spending on overtime. Overtime spending was 3.5 percent of full-time salaries in 1991, and 6.1 percent in 2001. This increase was driven largely—but by no means exclusively—by increasing uniformed police overtime, which was \$317 million in 2001, out of total overtime spending of \$730 million for all agencies, uniformed and civilian.

Overtime Rises as Share of Salaries			
<i>Overtime spending as percent of full-time salary expenses</i>			
	1991	1996	2001
Total	3.5%	4.4%	6.1%
Civilian	1.3%	1.6%	2.7%
Uniformed	9.7%	11.2%	14.8%
SOURCE: IBO, based on Comptroller's Comprehensive Annual Financial Report.			

Difficult challenges. Education and public safety are the two areas in which city employment has grown over the last decade. In almost all other areas, city employment has fallen, or at most held roughly even with its levels in 1991—the peak year for city employment. A growing use of part-time, seasonal, and per-diem employees has helped supplement the decline in full-time city workers in some agencies, as well as the use of Work Experience Program participants. In addition, the city has shifted from direct provision of services by city employees to contracting with private and non-profit sector service providers. Even excluding those services that are contracted out, however, total personnel costs have once again begun to rise as a share of total city spending.

The new Mayor and City Council will have to address a budget gap of at least \$3.6 billion in the next fiscal year. At the same time, the Mayor will have to negotiate new labor contracts with the police and teachers' unions, and with other city employees whose contracts expire June 30.

Education and public safety were high priorities for both the public and candidates during this year's elections, making cuts in these areas politically difficult. But other service agencies may have less ability to reduce employment than they did in the early 1990s. Finding creative solutions to the dilemma of maintaining services while reducing costs poses a difficult challenge for the incoming Mayor and Council.

Written by Preston Niblack.