

March 2022

# A Full Accounting: An Analysis of the Mayor’s Proposed Headcount Reduction

The Adams Administration came into office with a stated goal of increasing government efficiency and reducing waste in spending. The Mayor framed his debut budget as an initial step toward achieving these goals—in part by including within it a Program to Eliminate the Gap (or PEG). Under this savings program, meant to reduce city-funded expenditures, agencies were required to find ways to cut spending or increase revenue, with most given a savings target equal to 3 percent of their budgets. A key part of the savings plan is headcount—or staffing—reductions.

Nearly half of the \$5.4 billion in total savings proposed in the Mayor’s PEG for the current fiscal year through fiscal year 2026 are achieved through headcount reductions (\$2.5 billion). Overall, the savings program reduces city-funded, full-time headcount by 3,205 positions in fiscal year 2022, by 7,026 positions in fiscal year 2023, and by 7,044 in fiscal year 2024 through 2026—all without layoffs. This is because most of the positions proposed for elimination are vacant. (In the city budget, agencies are allocated funds to support a certain headcount, which serves as the staffing limit for the agency. Due to staff attrition and turnover, it is rare that any agency’s budgeted headcount equals the actual number on staff; the difference between these two are the agency’s vacancies.) In addition to the city-funded headcount reduction in the PEG there is a reduction of 666 non-city funded positions at the departments of Social Services and Environmental Protection.

As IBO explores in this brief, the net reduction to the city’s budgeted headcount in the financial plan is lower—much lower in some years—than what was outlined in the PEG. After accounting for other actions’ in the Mayor’s budget—including moving some of the “eliminated” city-funded positions to other funding sources (largely federal), reversing past budget cuts, and adding some new

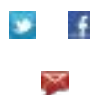
positions—the full-time headcount reduction proposed in the Mayor’s Preliminary Budget totals 3,568 in fiscal year 2022, 4,746 in fiscal year 2023, growing to 6,544 in fiscal year 2026.

**Adding Back in Headcount to the PEG Cuts.** Some of the headcount reductions included in the PEG, mainly at the Department of Education (DOE), are offset by using funds allocated through two federal Covid-19 relief programs to pay for them. (Referred to as Funding Swaps and Other Adjustments in the accompanying table.) In fiscal year 2023, nearly 1,800 of the city-funded positions eliminated in the PEG at DOE are restored with federal funds, with approximately 900 vacancies eliminated in the PEG in fiscal year 2024 restored with federal funds.

In addition to the switch from city-funded to federally-funded, the headcount cuts proposed in the PEG are also mitigated by the restoration of headcount cuts made by

Net Headcount Reduction is Lower Due to Funding Swaps and Other Restorations					
Initiative Category	2022	2023	2024	2025	2026
PEG Headcount Reduction:					
City-Funded	(3,205)	(7,026)	(7,044)	(7,044)	(7,044)
PEG Headcount Reduction:					
Non-City Funded	(666)	(666)	(666)	(666)	(666)
Funding Swaps and Other Adjustments	276	1,892	1,003	114	114
Restoration of Previous Cuts	0	1,005	1,005	1,005	1,005
New Needs	27	49	43	47	47
<b>Total</b>	<b>-3,568</b>	<b>-4,746</b>	<b>-5,659</b>	<b>-6,544</b>	<b>-6,544</b>

SOURCE: Mayor’s Office of Management and Budget  
New York City Independent Budget Office



the de Blasio Administration through its Hiring and Attrition Management Plan initiated in January 2021. This plan would have eliminated about 3,000 city-funded positions of which 536 were shifted from city to federal funding for each fiscal year from 2023 to 2025. The Adams Administration reduced these targets by 1,005 positions in each of the out years.

Lastly, the Mayor also included in his financial plan some new initiatives that would increase the city headcount in multiple agencies, such as the Department of Transportation and the city’s IT agency (DoITT). Adding these positions also offsets the headcount cuts included in the PEG.

**Current Planned Headcount Reductions in Context.**

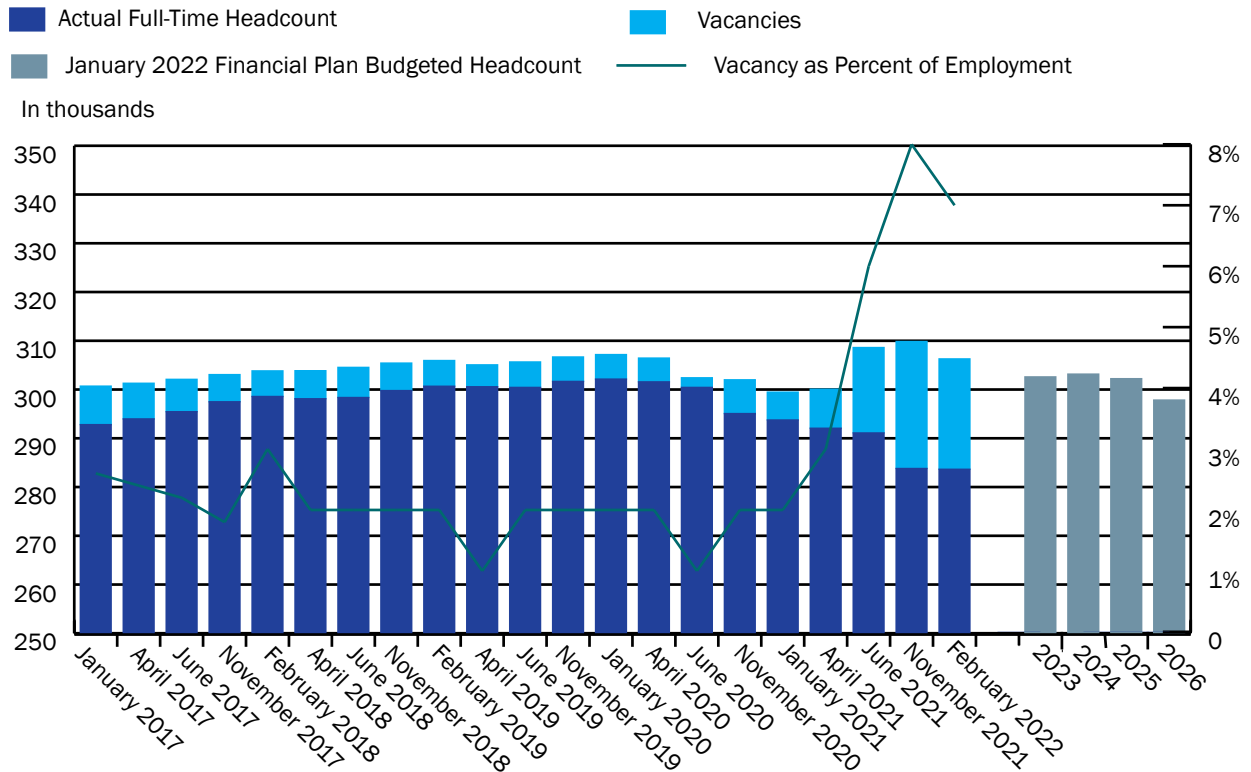
As mentioned above, all of the headcount reductions proposed in the Preliminary Budget are achieved without layoffs, because the reductions occur only with vacant positions, ones that agencies have budgeted for—but do not actually have staffed. In recent years, prior to the onset of the Covid-19 pandemic, the city’s vacancy rate (unfilled but budgeted positions as a share of total

budgeted headcount) averaged around 2 percent. Since the onset of the pandemic, the city’s vacancy rate has been growing. Based on the budgeted headcount in the city’s six financial plans released in April 2020 through June 2021, the average vacancy rate rose to 4.7 percent. This is primarily the result of reduced hiring activity during the height of the pandemic.

By November 2021, the city’s vacancy rate increased to 8.4 percent of budgeted headcount—a total of 26,050 vacant positions. The considerable increase in the vacancy rate was the result of two factors: a significant decline in actual headcount from June 2021—7,292 full-time employees—and a large increase in the budgeted headcount for fiscal year 2022. Even with considerable cuts in the vacancies in the current plan, city agencies will have to hire at an accelerated pace in order to re-establish a historical vacancy rate.

The steep decline in actual headcount from June through November 2021 was due in part to the thousands of municipal employees being placed on unpaid administrative leave for non-compliance with the city’s Covid-19 vaccine

**Gap Between Budgeted & Actual Headcount Widened Through 2021**



SOURCE: Mayor’s Office of Management and Budget; Payroll Management System  
 NOTES: Budgeted Headcount is as of June 30<sup>th</sup> in the most recent fiscal year beginning with the June Adopted Plan. For example, June 2021 represents the planned headcount as of 6/30/2022. The actual headcount is the full time citywide headcount as of the month a financial plan was published. Vacancies are the difference between planned headcount and actual headcount in that month. Data is presented by the month of the release of the city’s quarterly financial plan updates.

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mandate. The increase in the overall planned headcount during this same period stemmed from the de Blasio Administration’s scaling back of its Hiring and Attrition Management Program, as well as the allocation of additional federal Covid-relief funds to pay for new positions.

With the reductions proposed in the Preliminary Budget, the budgeted full-time headcount for fiscal year 2022 is 306,291, a level similar to what it was prior to the onset of the pandemic. In fiscal year 2026, the final year of the Adams Administration’s current financial plan, full-time budgeted headcount drops below 298,000. This would be the lowest budgeted headcount since calendar year 2017. The precipitous drop in headcount between fiscal years 2025 and 2026 occurs as federal Covid-relief funds expire, and primarily impacts headcount at the DOE. The DOE’s fiscal year 2026 budgeted headcount is nearly 4,000 positions lower than its 2025 level.

**Non-City Funding Playing a Bigger Role.** Since the onset of the Covid-19 pandemic, the city has relied heavily on the influx of federal and state aid to prevent more extreme reductions to the city’s headcount. Prior to the pandemic’s onset on average over 83 percent of the city’s full-time employees were funded with city funds. In the current financial plan, just 79 percent of the workforce is city-funded for fiscal year 2022. Over the last two years, the city-funded headcount has declined by just over 13,600 while non-city-funded positions have increased by about 13,000.

With the expiration of federal Covid-19 relief funds occurring in 2025, the Adams Administration will have to determine how and if the positions funded with non-city revenue will be retained. Otherwise, agencies may have to reduce service provision or find other efficiencies.

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