

April 2021

NYC's Full-Time Workforce Declined by More Than 8,000 in 2020. Will It Continue to Fall?

In August 2020, as it became evident that the city was not likely to receive additional federal stimulus funds for at least the balance of calendar year 2020, the de Blasio Administration directed city agencies to develop plans to reduce personnel costs by \$1.0 billion a year, by laying off 22,000 city employees. Concessions eventually agreed to by the city's labor unions forestalled the need for any layoffs in fiscal year 2021. (Unless otherwise noted, all years refer to city fiscal years.) However, these agreements only deferred payment of certain personnel costs until the next fiscal year, without providing the city with the recurring annual savings it had committed to obtaining when the \$1.0 billion savings was made part of the adopted budget in June 2020. Now that the American Rescue Plan Act has become law, providing about \$6 billion in federal fiscal relief to the city, it is not clear if the de Blasio Administration is still considering options for achieving personnel savings in the coming fiscal years. This brief discusses the proposals included in the Mayor's Preliminary Budget for 2022.

As part of its effort to balance the 2021 and 2022 budgets, January's Preliminary Budget and financial plan includes a reduction of approximately 5,000 full time civilian positions. These reductions would be realized this year and next through an attrition plan that allows agencies to fill one of every three of their vacancies. Attrition occurs when workers leave a job for any reason under normal circumstances, most often due to retirements, resignations, or other undisclosed separations. Initiatives such as this take advantage of attrition to reduce city payroll without the need for layoffs. This attrition plan does not eliminate the need for further labor savings; the financial plan still includes \$1.0 billion in yet-to-be determined annual labor savings.

Hiring and Attrition Management. The January 2021 Financial Plan includes targets for agency headcount

reductions in 2021. The plan includes the reduction of 2,779 full-time employees throughout 40 city agencies that the city estimates would save \$80.9 million in salaries and associated fringe benefits.¹

Because the city cannot control when workers choose to leave and which positions become vacant, essential functions can be affected if hiring restrictions are imposed that allow no exceptions. In order to allow for agency flexibility, the de Blasio Administration has instituted a one-for-three program: for every three employees that leave an agency, the agency can hire one new employee. In testimony before the City Council Finance Committee, the director of the Mayor's Office of Management and Budget (OMB) confirmed that positions affecting public safety and health would be exempt from the attrition program; in addition, hiring for teachers will be spared from the one-for-three rule, as will revenue-generating positions like traffic enforcement agents and tax auditors. IBO estimates that these

Agencies With Greatest Planned Headcount Reductions in 2021

Department of Social Services	(723)
Administration for Children's Services	(308)
Department of Health and Mental Hygiene	(297)
City University of New York*	(175)
Department of Homeless Services	(156)
Department of Parks and Recreation	(141)
New York City Police Department	(136)
Department of Citywide Administrative Services	(116)
Department of Information Technology and Telecommunications	(83)
Department of Transportation	(69)
All Others	(575)

NOTE: *City University of New York's headcount reductions take place in 2022.

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exemptions leave approximately 100,000 full-time positions eligible for the attrition program, less than 37 percent of the city's approximately 295,000 full-time employees. These projections could be altered if the Mayor chooses to offer city employees the early retirement incentive that was authorized in the recently adopted New York State 2021-2022 budget.

Although agency-level targets have only been set for 2021, the one-for-three attrition program is planned to continue through the end of 2022. By then, the de Blasio Administration estimates that the hiring and attrition management program will reduce the citywide headcount by 4,937 and reduce wages and fringe benefit costs by \$292.1 million for the year. As attrition does not occur all at once but rather throughout the year, the Mayor's office assumes that the full budgetary impact of the attrition program will not be realized until 2023, when OMB estimated savings will total \$351.0 million. Based on the current civilian fringe benefit rate of 47.54 percent, we estimate the average annual salary of positions lost to attrition by 2022 is \$48,365.

Unlike in the current year, the headcount reduction targets for the out-years of the financial plan are not allocated to agencies. Instead, the plan lists the reduction as a Citywide Savings Initiative, obscuring the impact of the program on specific city functions. OMB has not baselined these reductions in the out-years to allow for flexibility if agencies are not able to meet their targets for the current fiscal year. IBO estimates that the attrition management program will reduce the city's civilian workforce by 4.5 percent once the program is fully initiated. The number of civilian titles eligible for inclusion in the attrition program is likely lower than the total IBO has estimated, as many public health and revenue-generating positions that could be exempt from the program are included in our definition of civilian.

Actual Headcount Reduction Over the Last 12 Months. In the 2022 Preliminary Budget and financial plan, the city's planned full-time headcount—which excludes part time and seasonal employees—for the end of fiscal year 2022 is 299,781; this reflects the 5,000 reduction in headcount resulting from the attrition program. In January 2021, the city's actual full-time headcount was 293,757.

The financial plan from January 2020 assumed the city's planned full-time headcount for 2022 would be 311,541,

Uniformed Headcount Had Greatest Declines in Calendar Year 2020	
Police Department (Uniformed)	(1,802)
Department of Education (Pedagogical)	(1,767)
Department of Correction (Uniformed)	(893)
Police Department (Civilian)	(558)
Department of Sanitation (Uniformed)	(536)
Fire Department (Uniformed)	(486)
Department of Social Services	(428)
Administration for Children's Services	(302)
Department of Education (Civilian)	(266)
Department of Citywide Administrative Services	(183)
All Others	(1,165)
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nearly 4 percent greater than the current planned total, while the actual full-time headcount in January 2020 was 302,143. Over the course of calendar year 2020, the city's full-time headcount decreased by 8,386. Of this decrease, 44.3 percent (3,717) occurred in uniformed positions, while 39.1 percent were civilians (3,283) and the remaining 1,872 were pedagogical employees of the Department of Education or City University of New York.

Uniformed headcount reductions were most concentrated at the Department of Correction, which decreased by 9.2 percent during calendar year 2020. During that same period, uniformed headcount at the police department and fire department declined by 4.9 percent and 4.3 percent, respectively, while uniformed sanitation department headcount decreased by 6.8 percent. In all, prior workforce reduction initiatives have reduced the city's net actual headcount by 2.8 percent since January 2020 when the 2021 Preliminary Budget and financial plan was released.

In addition to the savings from the attrition program, the January 2021 Financial Plan continues to assume \$1.0 billion in recurring labor savings in each year of the plan period. The Mayor has stated that labor must collaborate with his administration to negotiate additional efficiencies to avoid future layoffs. With the American Rescue Plan Act now expected to bring the city roughly \$6 billion in pandemic fiscal relief funding, it remains to be seen if the de Blasio Administration will continue to pursue additional labor cost reductions.

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Endnote

⁴Although the City University of New York has no 2021 headcount reduction target, it does project a reduction of 175 positions in 2022 and no further reductions in 2023 or beyond. IBO includes the university's reduction targets when referring to the impacts of the 2021 attrition program.