Testimony on the NYC Municipal Workforce

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Good afternoon. I am Ana Champeny, Vice President for Research at the Citizens Budget Commission (CBC), a nonprofit, nonpartisan think tank and watchdog dedicated to constructive change in the services and finances of New York City and New York State. Thank you for the opportunity to testify about New York City's workforce.

CBC's research has long shown that government can and should be more efficient and deliver quality services. We have identified opportunities to improve services while in some instances requiring fewer workers. When the workforce hit a new high pre-pandemic of 326,739 full-time and full-time equivalents (FTEs)—17,500 more than its previous peak before the Great Recession—CBC advocated for using attrition to appropriately shrink the workforce.

Now, however, with 304,641 full-time and full-time equivalent staff on board as of April, there are reports that some agencies and units are not able to perform their duties effectively due to staff shortages. During the pandemic, the City's on-board headcount declined significantly through attrition. As employees resigned, retired, or otherwise left, they were not replaced at the same pace. The total number of on-board full-time and full-time equivalents declined from March 2020 to April 2022 by 21,551. However, the City's full-time and full-time equivalent authorized headcount only decreased by around 2,000, and remains inordinately high at 333,129.

Given the fiscal crisis facing the City in 2020, instituting the partial hiring freeze to facilitate this downsizing by attrition made sense. However, attrition is a blunt tool. It doesn't facilitate the intentional choices that are necessary to create a sustainably smaller, more efficient workforce.

Over time, some agencies and programs have seen a significant decline in their staffing beyond what might have been desirable—especially without restructuring to increase operational efficiency—and this appears to now be impeding service delivery in some cases.

But, we must be perfectly clear: the problem is not a lack of authorized headcount. The City has plenty of available positions, and in fact many more than it needs. The current staffing issues faced by some agencies and units are the result of management, procedural, and labor market challenges. The City has authorized headcount of 333,129 for fiscal year 2023. As of April 2022, with 304,461 full-time and full-time equivalent staff on board, there were more than 28,500 vacant positions (23,793 full-time). The City can and should significantly reduce the number of authorized vacant positions without impeding its ability to provide high-quality efficient services, but it also should strategically fill some vacant positions in agencies and units that are currently unable to deliver the volume and quality of service that New Yorkers rightly expect.

The solution to this challenge is not increasing authorized headcount or the total Personal Services (PS) budget. Instead, the City needs to move the existing vacancies to where they are needed, streamline the hiring process, and consider how to be more flexible given the tight labor market and modern career paths.

Specifically, the City should:

1. Move available positions to where they are needed and increase the flexibility of processes used to control, allocate, and reallocate headcount;
2. Improve and speed up the processes and procedures it uses to control and manage hiring and to administer the civil service system;
3. Institute policies to increase retention of high-performing employees;
4. Modernize civil service and job paths to increase the attractiveness of public sector employment; and
5. Report transparently on vacancies, hires, separations, and promotions.

Move Vacant Positions to Where Needed and Increase Flexibility in Allocating Vacancies

The City as a whole, and almost every agency, has more than enough vacant positions to hire in priority areas. If units and some smaller agencies require more full-time staff, the City should reallocate positions and better manage agency personnel and hiring, rather than create and fund unneeded additional vacant positions.

Providing greater flexibility to allocate and reallocate headcount to better align vacancies with priorities would make the City nimbler in responding to service and staffing needs, and labor

availability. The current policies and procedures are inflexible and cumbersome and better facilitate control than hiring and service delivery. Vacant positions are not easily moved across functions within agencies, let alone between agencies. Some vacant positions have been vacant for years and are likely unnecessary; they should be reallocated to units and agencies where additional staff are needed to deliver efficient, high-quality services. Greater flexibility—to move headcount across agencies, within agencies across units, or to allocate vacancies agency-wide—would improve the ability to hire staff in priority areas.

Better Manage Hiring

The current systems make it too hard to hire staff. Many offices within and outside service-providing agencies are involved and control multiple steps in the hiring process, including posting open positions, making offers, approving salary levels, and setting start dates. Speeding up the process is especially important in the current competitive job market. Furthermore, anecdotally we have been told that agencies are not being allowed to fill many of their vacant positions. After the City properly allocates vacancies, agencies should be supported to fill them with qualified staff as quickly as possible. If currently vacant positions are not needed, they should be eliminated.

Improving recruitment and hiring systems and processes could reduce the time to fill positions, increase the number of on-board staff, and perhaps eliminate the slowness that discourages some from working for the City. This includes examining and hopefully streamlining the approval steps and ensuring that criteria for approvals are not redundant, such as approving a job posting based on available headcount and budget and then checking the same criteria upon hiring.

Ensuring adequate, timely civil service tests and lists also will speed hiring and encourage more applicants to seek City employment. Compounding historical challenges, in-person civil service testing was paused during the pandemic and titles may not have active lists with enough candidates at this time. Furthermore, the time between administering tests and certifying civil service lists is very long; in the first four months of fiscal year 2022, the median time between exam administration and results was 246 days (though still below the City's target of 290 days). DCAS should seek to leverage technology and other process reforms to speed up the process.

Improve Employee Retention

Retaining high-performing employees is as important as hiring. There are costs associated with staff turnover, including those associated with recruiting and training new employees. Career public sector employment is not the goal for all positions or employees, but efforts to increase

retention can reduce hiring costs and improve service quality. The City should provide training, upskilling, and advancement opportunities to acknowledge and retain high performers.

Modernize Civil Service and Public Sector Employment

The civil service system was designed to provide job stability and minimize discrimination by hiring and promoting staff based on merit, as determined by various rules and tests. Public sector employment has been a path to the middle class for many, offering stability and generous retirement benefits to long-tenured employees. However, work and career paths have changed over time. In fact, many employees now change jobs frequently and seek flexibility and growth opportunities. Given the tight labor market the City is currently facing, providing more skills training and negotiating flexibility and other work rules changes, such as merit increases or bonuses that the City can afford within the existing budget, could increase the attractiveness of public service. However, the longer-term solution would be for the City and other public sector employers to consider what changes and improvements to public sector employment and the civil service systems are needed to attract and retain the next generation of talented, hard-working, and innovative individuals in public service.

Improve Reporting

While data on authorized and on-board headcount are included in the budget, more granular data on authorized, on-board, and vacant positions by program area or unit would assist in identifying specific areas where high vacancy rates may reduce service provision or quality. These staffing metrics could be connected to performance metrics in the Mayor's Management Report (MMR) and would help assess the extent to which changes in procedures and processes improve the hiring and retention of City employees.

Furthermore, like many internal processes, hiring processes within the City are somewhat of a black box. Shedding light on the length and complexity of this process would be useful to assess how effective the City's processes are; this would allow policymakers and the public to identify the bottlenecks that slow the process. For example, how many of the vacant positions have been posted, how many filled, what was the average time from posting to making an offer to having an employee start, and what percentage of offers are accepted? For uniformed titles that hire in classes, how many were in each class at the start of training, at the start of employment, and one year later? For those that separated, what was the reason, and how many years of service did they have? For civil service titles, how many titles with vacancies have active lists and how long ago were those lists certified? Conversely, how many vacant positions are in titles that do not have active civil service lists?

Conclusion

The real challenges the City faces in staffing priority activities are rigid headcount management and time-consuming hiring processes. The City should increase flexibility in allocating vacant positions, reform hiring to speed up the process, implement efforts to improve retention, undertake a longer-term assessment to modernize civil service and keep public sector employment attractive, and increase reporting to shed more transparency on where challenges and roadblocks exist.

Thank you. I can answer any questions if you would like.