



BUDGET WATCH '03

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Some key facts to consider:

- The economic downturn and the impact of 9-11 have been rough indeed on New York. As of the end of November, the state had lost 42,400 private-sector jobs over the year.
- In contrast, however, state government employment had risen over the year—by 1,600 jobs, according to the state Labor Department.
- State government employment is up 6,000 since November of 1999 (but down 5,600 since November of 1994).
- Simply holding overall state-funds spending to the rate of inflation over the last five years could have saved the state \$7.9 billion this year.

TO MEET ITS FISCAL CHALLENGE, NEW YORK MUST RESTRAIN GOVERNMENT EMPLOYMENT

To close a state budget gap estimated at \$5 billion or more, New York must rein in the growth of its public sector.

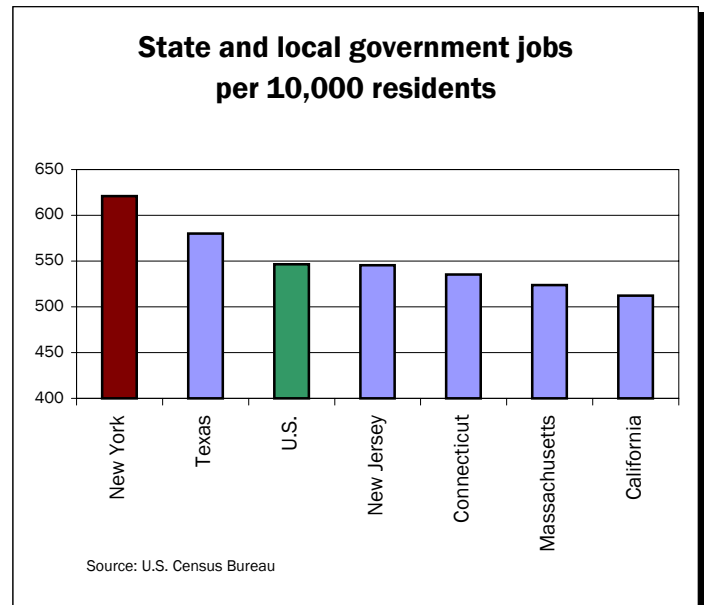
New York's taxpayers have long supported one of the nation's largest and costliest public payrolls.

Census Bureau data as of March 2001 show New York ranked eighth in the number of state and local government jobs per capita—14 percent above the national average.

And New York's state government workers are the third highest paid in the nation, with an average salary more than 18 percent above the national average. Median family income in New York, by contrast, is only 3 percent above the national average.

According to Labor Department figures, since 1997 New York has added 62,100 state and local government jobs; the total as of November was 1,362,200.

New York taxpayers would save almost \$14 billion a year if the number of state and local employees matched national averages—and if their wages



were only 3 percent above average.

In the five-year period ending in September, the state government's payroll increased by about \$3 billion, to \$11.4 billion a year, according to the Comptroller's office.

Census data show New York with 234,923 full-time state-government employees,

more than every state except California and Texas.

Fiscal problems are going to force Albany to practice more restraint when it comes to the payroll.

And it can also eliminate duplication of services at the state and local levels that drive up New York's state and local tax burden.

HOW ALBANY DRIVES UP LOCAL GOVERNMENT HIRING

New York's state government has a long history of mandates that drive up the cost of local government, as well.

Many of Albany's mandates focus on local government employment. Localities must recognize and bargain with unions under the terms of the state's Taylor Law. State civil service

rules also apply. State law gives unions many tools with which to resist any effort by localities to contain costs—for example, through privatizing, consolidating or outsourcing services.

As of March 2001, only California (with nearly twice the population) had a larger full-time local-government payroll.

In Texas, where the population is 10 percent larger than New York's, spending on local-government payroll was 43 percent lower.

Albany could save local taxpayers an estimated \$5 billion a year by reforming its mandates on local governments and school districts.