

INTRODUCTION

During the course of collective bargaining for the 1999-2003 agreements between CSEA, Public Employees Federation (PEF) and the State of New York it was agreed that the issue of expanding the downstate adjustment which covered employees working in New York City, Nassau County, Suffolk County, Westchester County and Rockland County to cover employees in the mid-Hudson region (Orange, Dutchess and Putnam Counties) would be studied and negotiated in a committee setting. A January 2001 report by the CSEA Office of Contract Administration summarized evidence to justify the expansion of the adjustment. As a result of these negotiations, a Mid-Hudson adjustment equal to one half the downstate adjustment was approved for both CSEA and PEF employees working in Orange, Dutchess and Putnam counties for 2004, 2005, and 2006.

This report provides updated data on wage, salary, income and cost of living differentials for both the Downstate and the Mid-Hudson Regions. This report addresses many points which justify the payment of a cost of living adjustment to State Executive Branch employees who are covered by CSEA: Administrative Service Bargaining Unit (ASU), Operational Services Bargaining Unit (OSU), Institutional Services Bargaining Unit (ISU) and Division of Military and Naval Affairs Bargaining Unit (DMNA) and the Public Employees Federation: Professional, Scientific and Technical Unit (PST) in both of these regions.

CSEA and PEF Executive Branch employees working in New York City, Nassau, Suffolk, Westchester and Rockland Counties receive a “Downstate Adjustment.” Since 2004, CSEA and PEF Executive Branch employees working in Orange, Dutchess and Putnam Counties have been eligible for a “Mid-Hudson Adjustment” – equal to half the Downstate Adjustment.

	Downstate Adjustment	Mid-Hudson Adjustment
2004	\$1,230	\$615
2005	\$1,264	\$632
2006	\$1,302	\$651

EXECUTIVE SUMMARY AND CONCLUSIONS:

This report looks at the evidence that supports the expansion of the current program for locational compensation.

The first section of this report reviews estimates of the cost of living in the region. The analysis shows that employees who live and work in this area must earn more than their counterparts in the rest of the state in order to meet basic needs. This conclusion is based on an analysis of the differences in the cost of several specific items as well as several estimates of minimal family budget requirements. This section includes:

- Information regarding the current median selling prices of homes in each county
- An examination of US Housing and Urban Development (HUD) fair market rents
- “Market Child Care Rates” from the New York State Office of Children and Family Services (OCFS)
- A comparison of local tax obligations
- The 2004 Economic Policy Institute basic family budgets show similar cost differentials for all six family types included in their analysis
- The New York State Education Department Regents Regional Cost Index uses OES wage/salary data to estimate the regional differences in educational costs and finds that the three downstate NYS DOL regions have significantly higher costs than the other seven regions.
- The 2000 New York State Self-Sufficiency Standard estimated higher self-sufficiency budgets for all twelve counties for a variety of family sizes and types
- The Bureau of Labor Statistics Lower Level Income Standard indicates a higher cost of living in these areas

In all of these comparisons, the twelve downstate counties rank among the highest in terms of individual budget items and the overall cost of living.

The second section looks at wage, salary and income data for New York including local government hiring rates for job titles comparable to the job titles covered by the CSEA and PEF labor contracts, average annual wage estimates from the Occupational Employment Survey for comparable occupation categories and data from the BLS Quarterly Census of Employment and Wages on average annual wages for federal employees, local employees and employees in two service sector categories that perform work comparable to state employees. The first section also compares county differences in estimates of household median income.

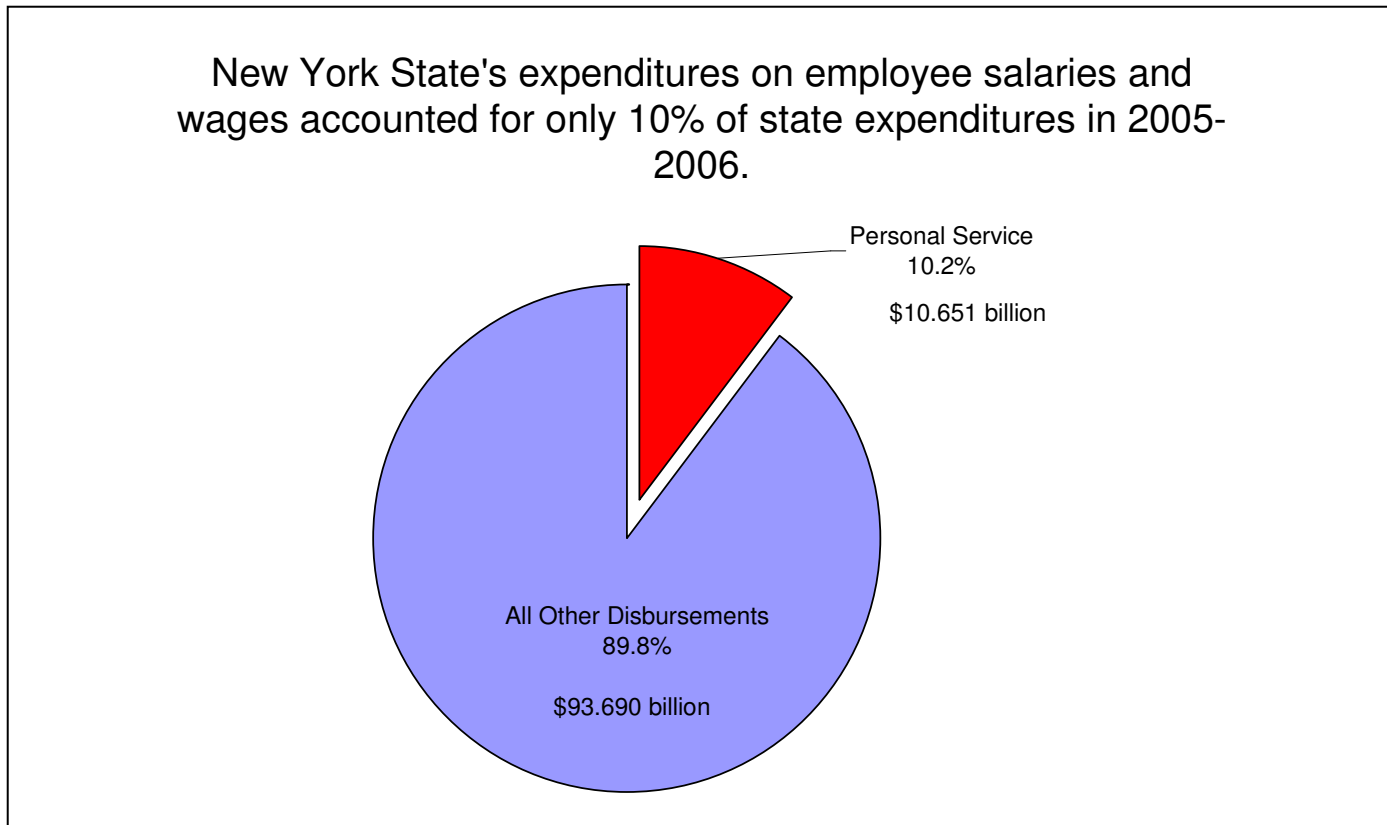
- A comparison of hiring rates for New York State titles and area local government employer titles shows that New York State lags behind salaries paid for similar titles by local governments
- New York State Department of Labor Data from the Occupational Employment Survey shows that employers in the three downstate New York State Department of Labor regions (New York City, Hudson Valley and Long Island) generally pay among the highest median and mean annual salaries/wages relative to the other seven labor market regions.
- Average wage data for all employees by county shows generally higher wages for Downstate and Mid-Hudson workers employed by the federal and local governments.
- Average wage data for private sector employees in the professional and technical services and health care and social assistance sectors also shows higher wages for workers in the Downstate and Mid-Hudson Regions.
- Estimates of median family income show higher incomes in the 12 counties covered by the Downstate and Mid-Hudson regional cost of living adjustments

The third section of the report provides comparisons between the CSEA and PEF cost of living adjustments and the cost of living adjustments provided by other collective bargaining agreements. The CSEA and PEF adjustments are compared to adjustments for New York State employees working in six other bargaining units: Security Service, State Police Troopers, State Police Investigators, State Police Officers, Supreme Court Officers Association and Agency Law Enforcement Services. In all six cases, the cost of living adjustment provided to the other bargaining units was greater than the cost

of living adjustments provided to the CSEA and PEF Executive Branch units. The final comparison in this report is between the CSEA and PEF regional cost of living adjustments and the adjustments provided to federal employees in salary grades six and eleven. Again, the CSEA and PEF adjustments are found to be just a fraction of the adjustment received by federal employees working in this same region.

The general conclusion reached by this report is that the cost of living adjustments paid to State Employees in Orange, Dutchess, Putnam, Rockland, Westchester, Nassau, Suffolk and the five boroughs of New York City is warranted, justified, needed and deserved. The comparisons of the CSEA and PEF adjustments with the adjustments provided under other state contracts and the adjustments by the paid by federal government suggest that a review of the adequacy of the adjustments is also in order.

Expenditures on employee salaries and wages are a relatively small portion of the overall state budget. The New York State workforce is projected to total about 142,000 workers in March 2007, 25,000 less than the size of the workforce in January 1995.¹ In 2005-2006, New York State's expenditures for employee salaries and wages accounted for less than 10 percent of the overall state budget.



¹ John Cape, Budget Outlook Presentation, Rockefeller Institute of Government, November 1, 2006.

SECTION I: COST OF LIVING DATA

One justification for the Downstate and Mid-Hudson Regional cost of living adjustments is the higher cost of living in these regions. Failure to recognize these higher costs with a higher salary will make it difficult to recruit and retain qualified personnel for PEF and CSEA Executive Branch positions. This section provides comparisons of the cost of several specific items that demonstrate the higher cost of specific household budget components in these counties as well as several different estimates of family budgets. While the three cost of living “budgets” reviewed in this section are all estimates of the costs of providing merely basic needs for families, the differences between the average costs of these budgets in the Downstate and Mid-Hudson regions are indicative of the differences in the cost of providing a higher standard of living as well.

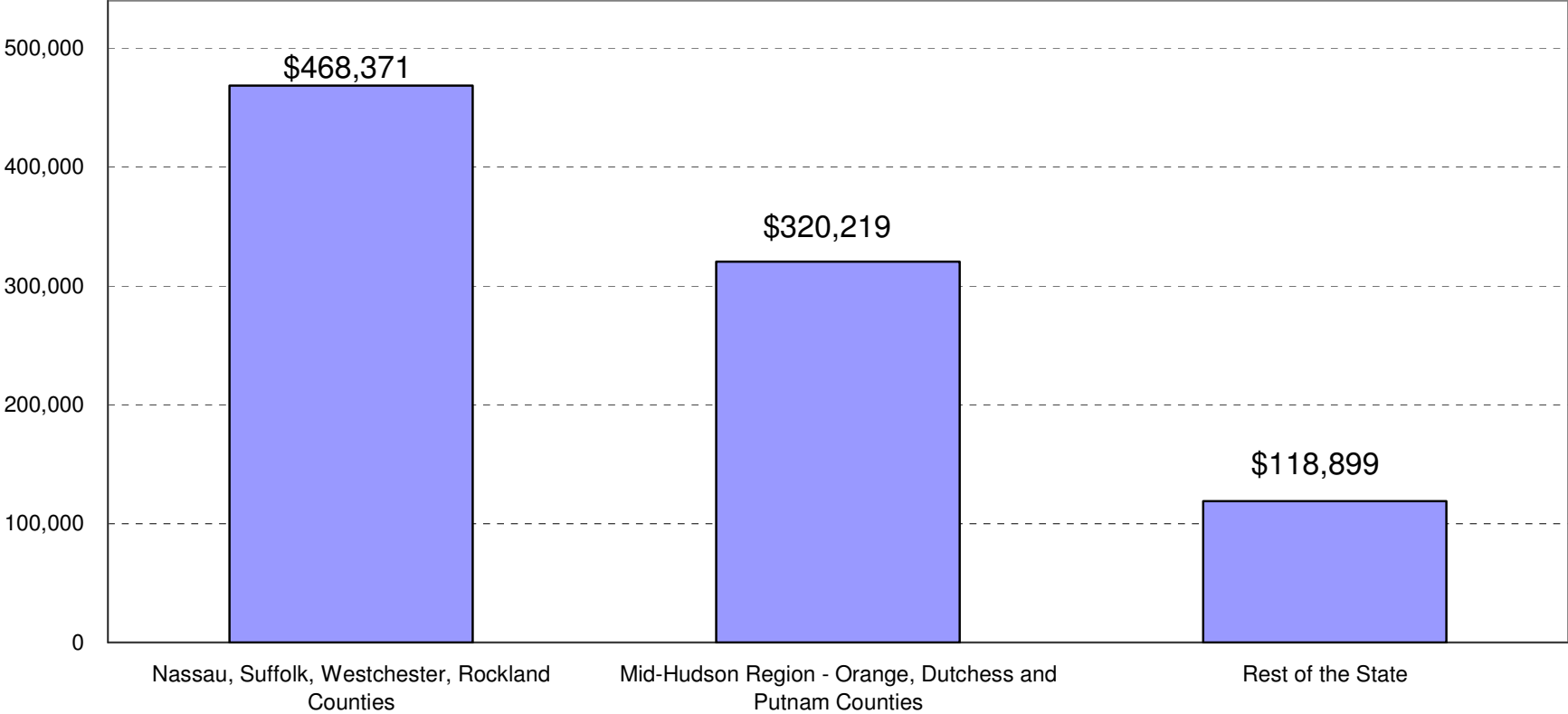
Cost of Living Comparison 1: Housing Costs – Median Sales Prices

One of the components of the cost of living with the most geographic variation is the cost of housing. For both homeowners and renters, the cost of housing is much higher for families living in the 12 counties eligible for the cost of living adjustment than for families in the rest of the state.

The Office of Real Property Services provides data on the median price of homes sold in each county outside New York City. For 2005, the median price of homes sold in the four counties outside New York City eligible for the Downstate Adjustment was \$468,000 --- almost four times greater than the average median price in the rest of the state. The median price of homes sold in the Mid-Hudson region was \$320,000 – more than twice the average median price in the rest of the state.

Median Price of Home Sales in 2005

2005 weighted average median price of homes sold. County medians weighted by number of homes sold in 2005.



Source: ORPS

Note: ORPS does not provide an estimate for NYC.

Cost of Living Comparison 2: Fair Market Rents

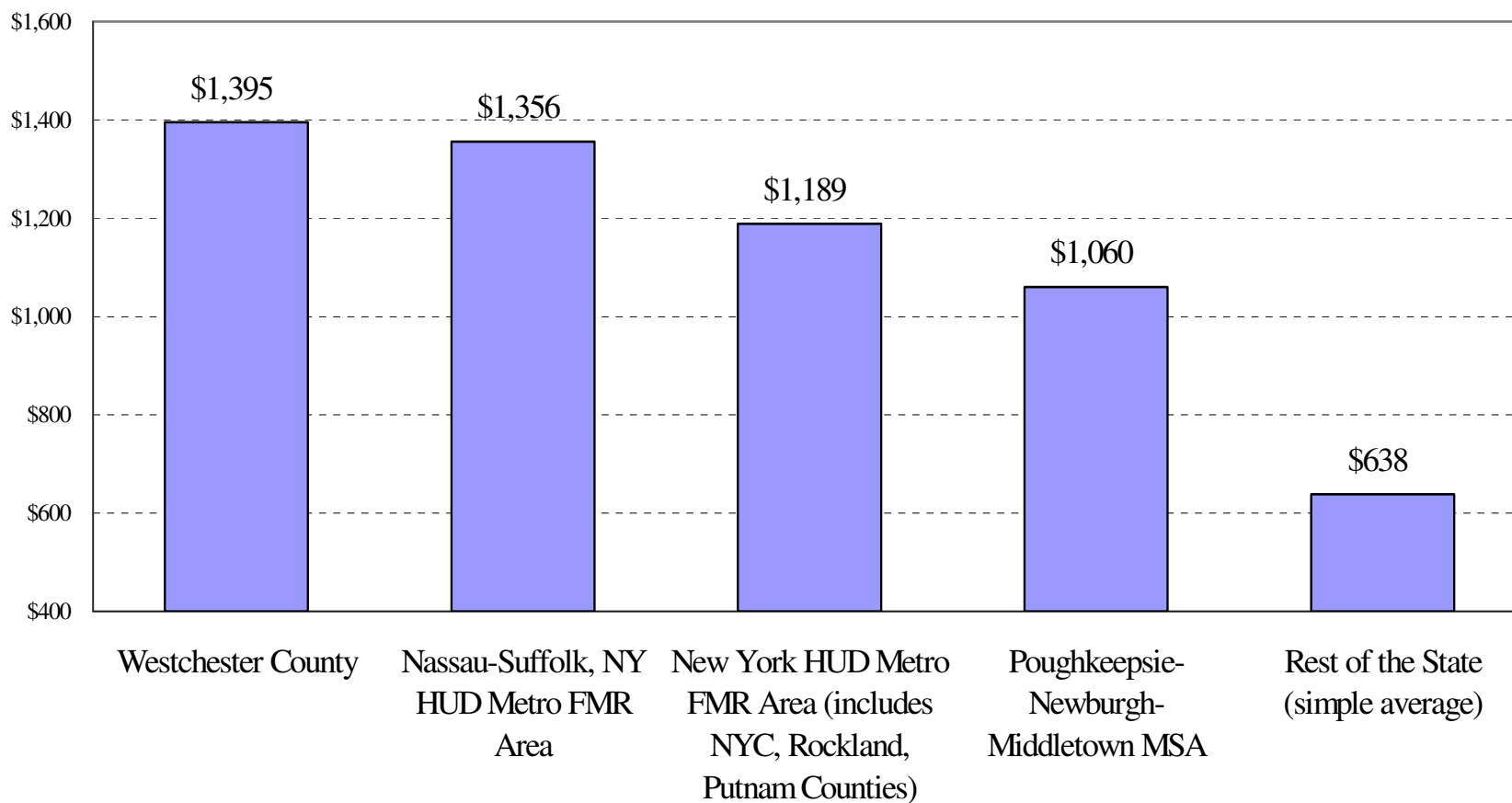
The United State Department of Housing and Urban Development (HUD) publishes estimates of Fair Market Rents (FMR) for each metropolitan area in the United States.² The FMR for each county establishes the maximum rental subsidy paid under several federal housing assistance programs for low and moderate income families. The FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent and safe rental housing of a modest (non-luxury) nature with suitable amenities.

The FMRs for 2007 are based on 2000 Census data updated with more current survey data and the Consumer Price Index. The Department regularly obtains additional rent survey data to update the 2000 Census rent data in selected areas. In addition, proposed FMRs for each federal fiscal year are published in the Federal Register for public comment and can be adjusted up or down by HUD before the “final” FMRs are issued.

The following chart shows that FMRs for two-bedroom apartments are considerably higher in the counties eligible for the cost of living adjustment than in other counties in the state. FMRS for the Downstate Region range from \$1,395 in Westchester County to \$1,189 for New York City and Rockland Counties. The FMR for Orange and Dutchess Counties in the Mid-Hudson Region is \$1,060 per month. Putnam County is included in the New York City HUD Metro FMR area. The FMRS in the rest of the state range from \$805 in Kingston to \$551 in Franklin County.

² http://www.huduser.org/datasets/fmr/fmr2007f/FY2007F_FR_Preamble.pdf

2007 HUD Fair Market Rent: Two Bedroom Apartment



Source: United States Department of Housing and Urban Development

Cost of Living Comparison 3: Local Taxes Paid

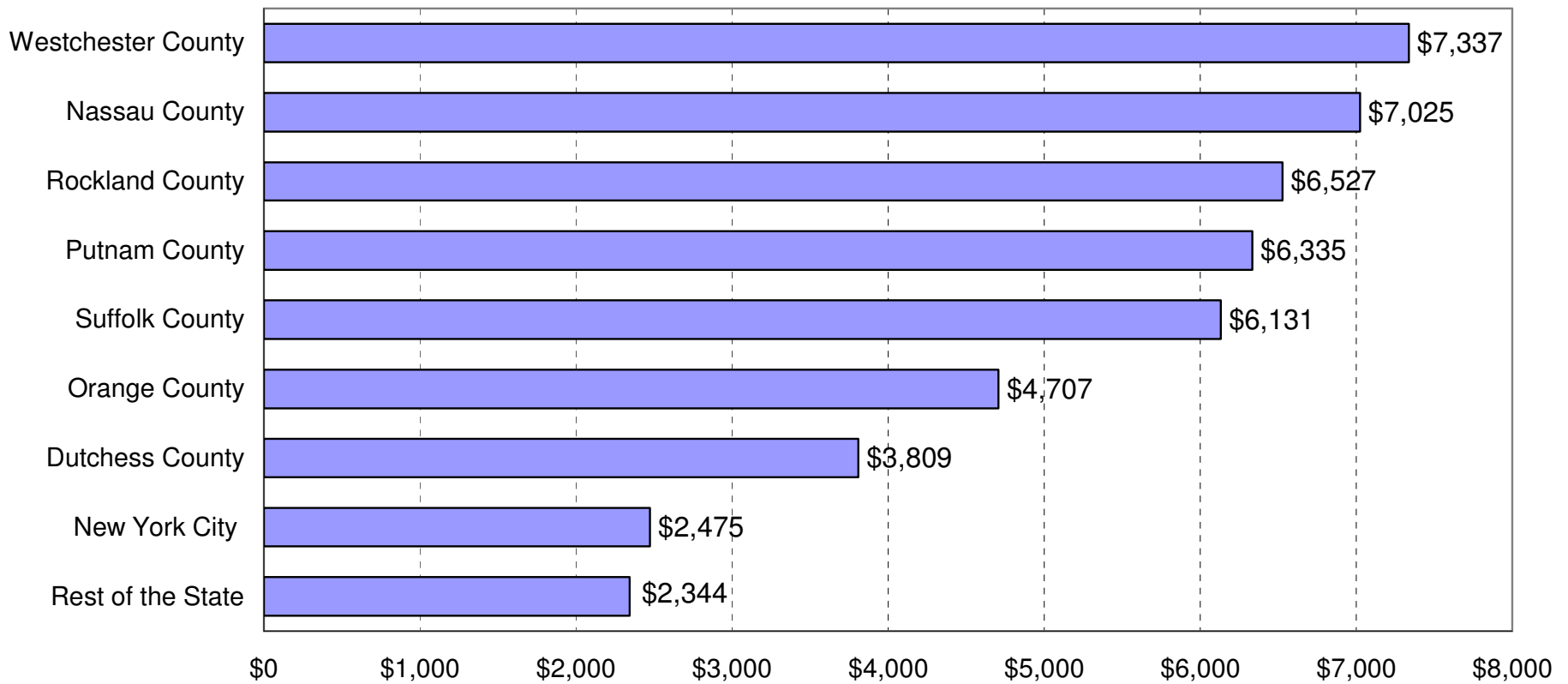
Residents of the Downstate and Mid-Hudson Regions not only face higher prices for housing, they also pay higher local taxes. Property taxes in Nassau, Suffolk, Westchester, Rockland, Putnam, Orange, Dutchess Counties are among the highest in the state. According to the Tax Foundation analysis of data from the 2005 American Community Survey, median real estate taxes in these seven counties were the highest in New York State, ranging from \$7,337 per year in Westchester County to \$3,809 in Dutchess. Median real estate taxes in the other counties ranged from \$1,313 in St. Lawrence County to \$3,281 in Ulster County and averaged \$2,344. The median real estate taxes paid in the five New York City boroughs/counties were closer to medians in the other counties but residents in the NYC boroughs pay local income taxes in addition to real estate taxes.

Data on local tax collections from the Census Bureau's 2002 Census of Governments include estimates of both real estate and total taxes collected by local governments that enable us to calculate per capita tax receipts.³ The twelve Downstate and Mid-Hudson Region counties are not the 12 counties with the highest tax receipts per capita because this data does not adjust for the payment of taxes by nonresidents. This is a problem particularly for counties with large numbers of vacation homes and/or shopping complexes. The county with the highest tax receipts per capita in this data is tiny Hamilton County in the Adirondacks.

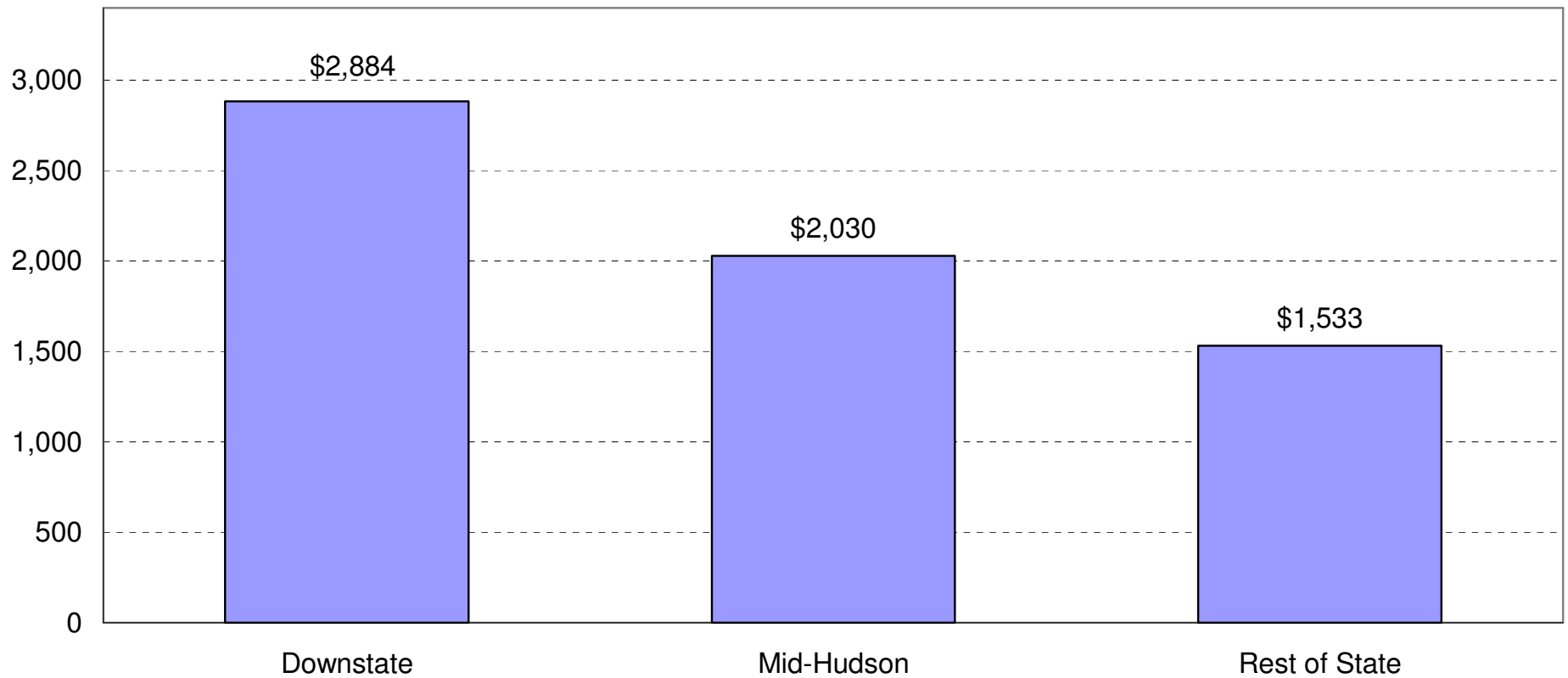
However, as can be seen on the following chart, even if these counties do not dominate the rankings for highest taxes per capita, local taxes per capita are significantly higher in the Downstate and Mid-Hudson Regions than in the rest of the state.

³ These estimates divide total revenues received by local governments by the local population, without adjusting for the fact that some local taxes are paid by nonresidents.

Median Real Estate Taxes: 2005 American Community Survey



Total Local Taxes Collected Per Capita: 2002 Census of Governments



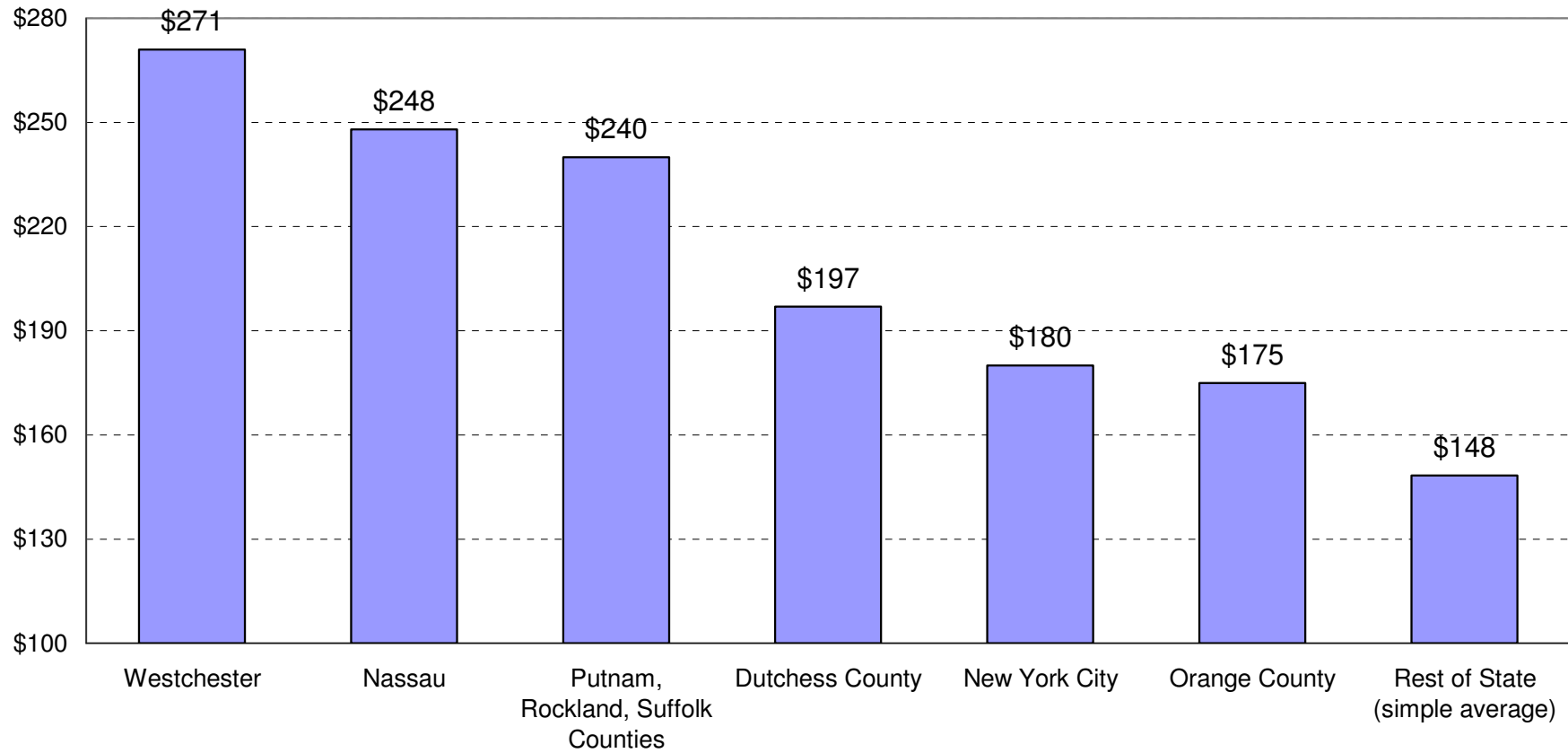
Cost of Living Comparison 4: OCFS 2005 Child Care Market Rates

Another important component of family budgets that varies considerably by geographic region is the cost of child care. The New York State Office of Children and Family Services (OCFS) publishes “child care market rates” each year that are used to establish maximum payments for subsidized child care for low and moderate-income families.⁴ The rates, in accordance with federal regulatory requirements, are set based on a market survey. OCFS contracts with a market research firm to conduct a telephone survey of a sample of regulated child care providers in each county. For the most recent rates, released in October 2005, market rate data was collected from over 4,800 providers. The rate data was analyzed to determine the 75th percentile. The resultant rates were then clustered into five distinct groupings of districts based on similarities in the rates among the districts. Rates are published for Day Care Centers, Registered Family Day Care, Group Family Day Care, School Age Child Care and Legally-Exempt Child Care and In-Home Child Care for four different age groups – under 1 ½, 1 ½ to 2, 3 to 5, and 6-12.

The following table compares the average weekly cost of child care for a child between the ages of three and five in a child care center. Using this measure, the twelve cost of living adjustment eligible counties represent twelve of the thirteen most expensive counties for child care in the state. The cost of child care in the Mid-Hudson counties is very close to the cost of child care in the Downstate counties and both are more than 30% higher than the average cost of child care in the rest of the state.

⁴ http://www.ocfs.state.ny.us/main/policies/external/OCFS_2005/LCMs/05-OCFS-LCM-17%20Child%20Care%20Market%20Rates.pdf

2005 Child Care Market Rates Weekly Rate for Day Care Center Care for 3-5 Year Old Child



Cost of Living Comparison 5: 2004 Economic Policy Institute Family Budgets

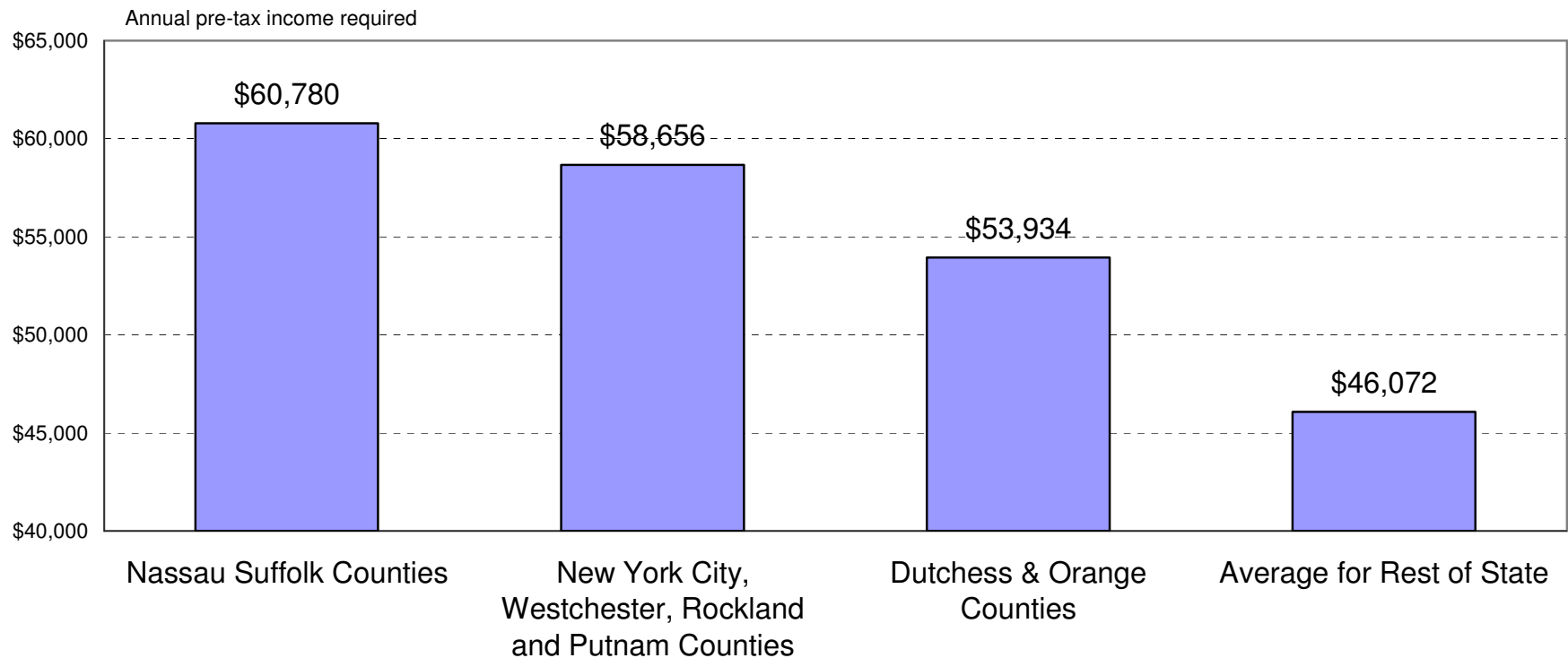
The Economic Policy Institute (EPI) in Washington, DC estimates the cost of covering basic family needs for 14 different New York geographies: 13 metropolitan statistical areas (MSA) in the state and all rural areas. The EPI budgets are estimated for six different sizes and types of families with children --- two parent families with one, two and three children and single parent families with one, two and three children. The most recent release of EPI family budget estimates reflect costs in 2004.

The EPI Family Budgets use the December 1999 definitions of primary metropolitan statistical areas (PMSA). In those definitions, the New York City PMSA consists of the five boroughs plus Rockland, Westchester and Putnam Counties. Dutchess County is its own PMSA while Orange County is the New York part of the Newburgh PMSA⁵.

As can be seen in the following chart and the charts included in the appendix of this report, for all six of these family types, the budget estimates for families in New York City, Long Island and the mid-Hudson region were the highest in the state.

⁵ Since 1999, the Office of Management and Budget has revised the MSA definitions, combining the Newburgh and the Dutchess County MSAs into the Poughkeepsie- Newburgh-Middletown MSA.

EPI 2004 Family Budget Estimates: Two Adults, Two Children



Cost of Living Comparison 6: Regents Regional Cost Index

The Regents Regional Cost Index was developed by analysts at the New York State Education Department (NYSED) to estimate the geographic cost variations in different areas of New York State. The index is based on an analysis of the wages of non-school professionals in each of the ten NYS DOL employment regions.⁶ The 59 occupational titles used in the analysis are those that typically require a bachelor's degree for employment at the entry level. Education-related titles were excluded to ensure that the index measured labor market costs and not the tastes or other factors under the control of school districts. The appendix from this report includes a more detailed description of the methodology used by NYSED to develop this index.

Not surprisingly, the Regents cost index found that the two downstate regions (Long Island and NYC combined and the Hudson Valley) had significantly higher costs than other regions. Educational costs were estimated to be 27 percent higher in Long Island and NYC than in the Capital District. The Hudson Valley Region was found to be second most expensive in the state, 17 percent more expensive than the Capital District. While this index considers only the cost of hiring "professional" employees, it is another indicator of (1) the justification for a downstate differential for all three employment regions and (2) the similarities between the Hudson Valley employment region and the New York City/Long Island employment regions.

⁶ The 12 counties eligible for the cost of living adjustment fall into three separate NYS Department of Labor Employment Regions: Long Island, New York City and Hudson Valley. The Hudson Valley Region includes Westchester and Rockland Counties that are eligible for the Downstate Adjustment, the three Mid-Hudson Region Counties as well as Ulster and Sullivan Counties. Since Ulster and Sullivan Counties are considered less expensive counties than the other five counties in the region, averages for the Hudson Valley may underestimate the cost differential for the other five counties.

The Regents Regional Cost Index combines Long Island and New York City employment regions into a single region. According to NYSED, "a single median wage was calculated for this labor force area, because there is evidence that these two areas actually function as a single labor market region. With professionals, especially those in the education professions, moving to jobs across the lines between New York City and Long Island, it is necessary to consider this entire region as a single area, with similar wage costs."

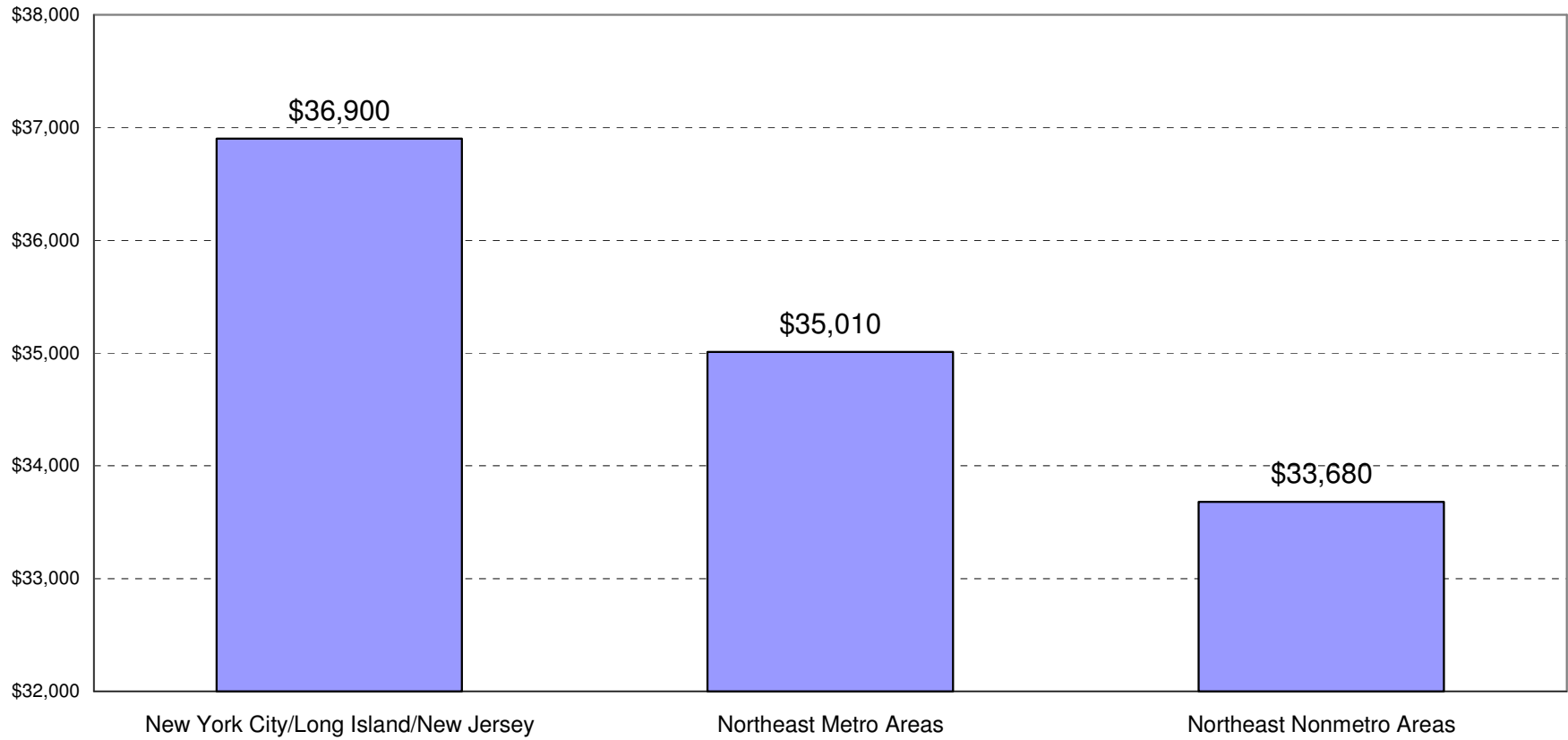
Cost of Living Comparison 7: Bureau of Labor Statistics – Lower Living Standard Income Level (LLSIL)

For many years, the US Bureau of Labor Statistics published a series of family budgets that provided estimates of the differences in cost of living across metropolitan areas for three different “levels” of living standards --- lower, average and higher. Regular updates of those budgets were discontinued in 1982 but since a percentage of the lower living standard is used in a number of federal program eligibility rules, the Employment and Training Administration of the US Department of Labor publishes updates of the lower living standard in the Federal Register each year.⁷ These updates include different estimates for the cost of the budget for metro and nonmetro areas in four geographic regions, Alaska and Hawaii and 23 metropolitan statistical areas. The June 2006 estimate for a four-person family in the Greater New York MSA was \$36,900, five percent (\$1,900) greater than the \$35,010 average cost in Northeast metro areas and more than 9 percent (\$3,000) greater than the average cost in Northeast nonmetro areas.

These estimates are relevant to the adjustment discussion because the New York City/Long Island/New Jersey MSA includes ten of the twelve counties currently eligible for a cost of living adjustment: Bronx County, Kings County, New York County, Putnam County, Queens County, Richmond County, Rockland County, Westchester County, Nassau County and Suffolk County. Only Dutchess and Orange Counties are outside this geographic area but would be included in the higher “metro” area estimate.

⁷<http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-5000.pdf>

Bureau of Labor Statistics Lower Level Standard for a Family of Four: 2006

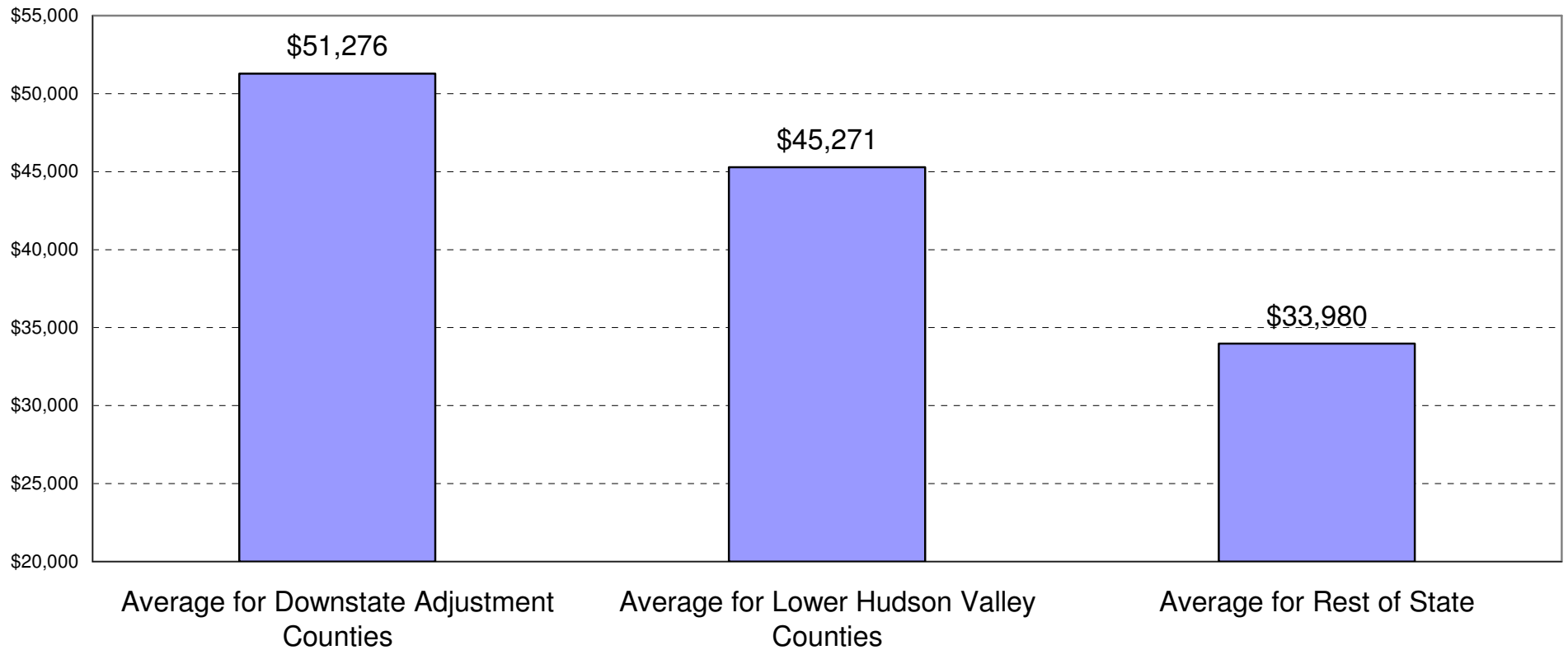


Cost of Living Comparison 8: 2000 Self Sufficiency Standard for New York State (SSSNYS)

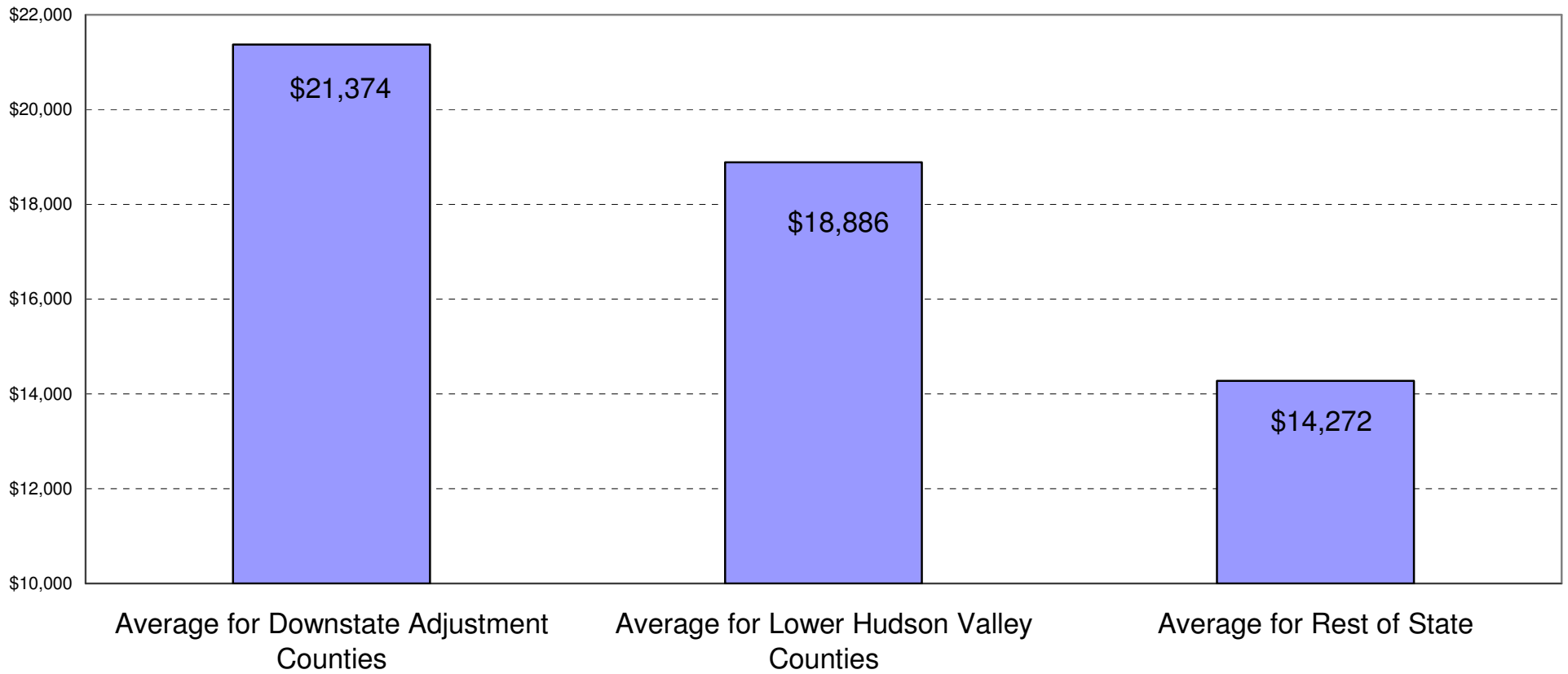
The Self-Sufficiency Standard for New York State estimates the before-tax income necessary for families of various sizes and compositions to attain self-sufficiency in each county in New York. The methodology used to estimate these standards is analogous to the methodology used in the BLS family budget series. The most recent SSSNYS estimates are based on cost of living data for the year 2000 but continue to provide important evidence of the higher cost of living in the 12 downstate and mid-Hudson counties.

The following chart summarizes the data for two specific family types, a family of four (two adults and two children) and a single person. The twelve counties are consistently the highest or almost the highest cost counties in the state. For example, for a four-person family with two school age children, the cost estimates for the 14 areas that cover the 12-county region currently eligible for the cost of living adjustment are the 14 most expensive areas in the state. (The NYSSSS generally provided a single cost estimate for each county but included separate estimates for upper and lower Manhattan and separate estimates for Yonkers and the rest of Westchester County so there were a total of 14 cost estimates for the 12-county region.)

2000 Self Sufficiency Standard for Two Adult and Two Child Family by Region



2000 Self Sufficiency Standard for One Adult by Region



SECTION II: COMPARATIVE WAGE, SALARY AND INCOME INFORMATION

Within this section of the report, there are several sets of salary/wage comparisons:

- The first set compares annual hiring rates for the 17 CSEA represented State Executive Branch titles with the rates paid by local governments (County, City, Town and/or Village) for the same or substantially similar titles.
- The second set shows a comparison of average wages and median wages paid for the titles included in the first set of comparison in ten separate New York State Department of Labor Employment Regions within the State of New York from the Occupational Employment Statistics survey.
- The third set of comparisons uses data from the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) to compare average annual wages across counties in a number of subsets of this data: federal government employees, local government employees, workers in two service sector categories (professional and technical services and health care and social assistance) that perform services comparable to the services performed by CSEA and PEF State Executive Branch Units.

A comparison of median family incomes provides additional justification for the adjustments by showing that median family income is significantly higher in the 12 counties eligible for the Downstate and Mid-Hudson cost of living adjustments than in the rest of the state.

Wage and Salary Comparison 1: Municipal and county government hiring rates for comparable job titles

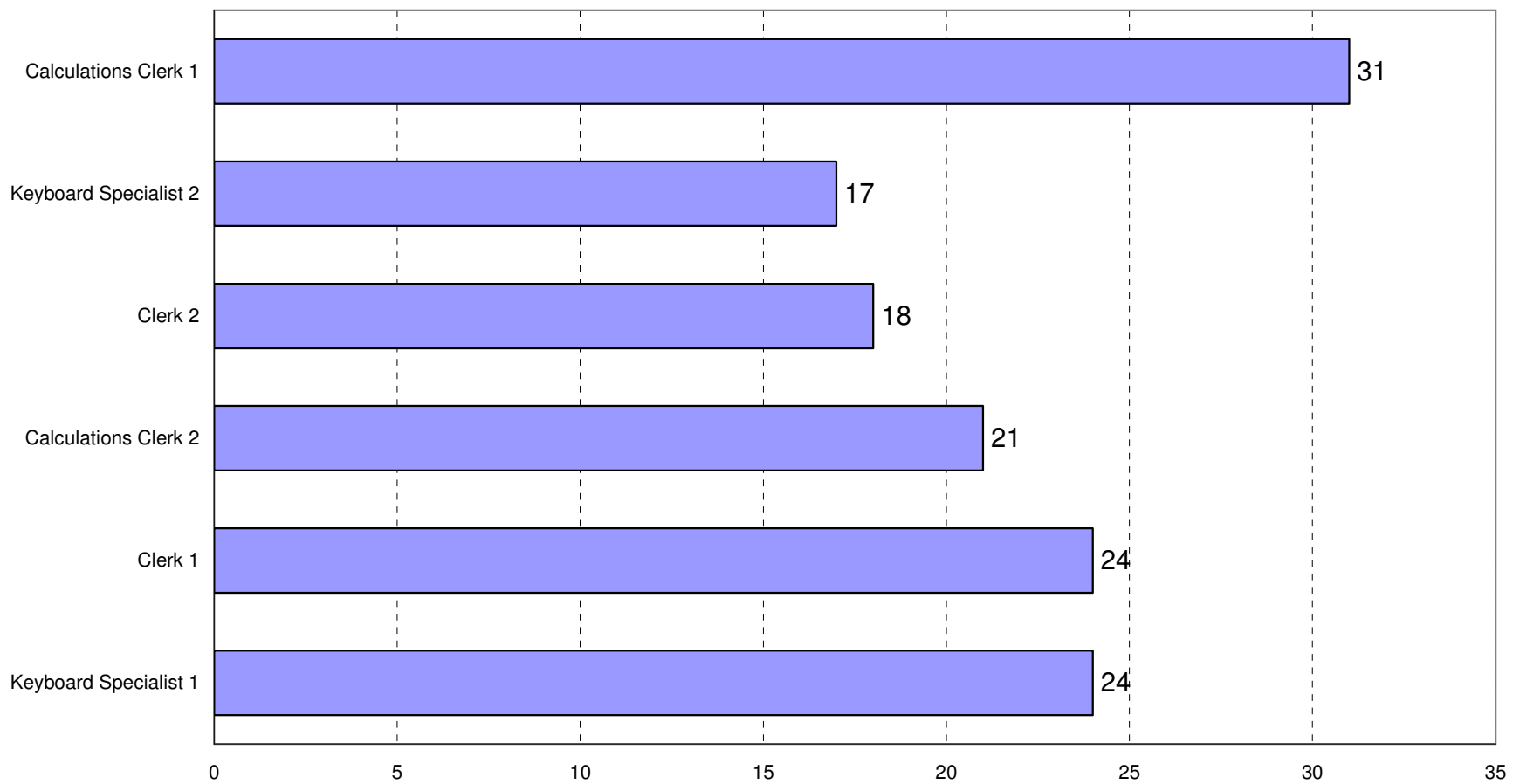
The tables on the following two pages compare hiring rates for specific CSEA job titles to hiring rates by municipal and county governments in the Downstate and Mid-Hudson region. For the Administrative Services Unit, the first table compares starting salaries for six titles in 29 municipalities in Dutchess, Orange, Putnam, Rockland, Suffolk and Westchester Counties. The table also includes, where appropriate, starting salaries in county government for each of these same six titles. The second table compares Operational Services Unit starting salaries for 11 titles in the same jurisdictions. Starting salaries for “comparable” titles were collected by reviewing existing contracts in 35 different jurisdictions.⁸

For the Administrative Services Unit, the CSEA starting salaries were below the county or municipal starting salaries in a majority of the jurisdictions for all six titles. For example, 31 jurisdictions had a higher starting salary for the Calculations Clerk 1 position than the CSEA contract and the average salary for these 31 jurisdictions was 23% higher than the \$23,614 starting salary in the CSEA contract. Even the Calculations Clerk 2 position (with a higher CSEA starting salary of \$27,933) had higher initial hiring rates in 21 of the 35 jurisdictions. The CSEA starting salary was 20% lower than the average salary in the 21 jurisdictions with a higher starting salary.

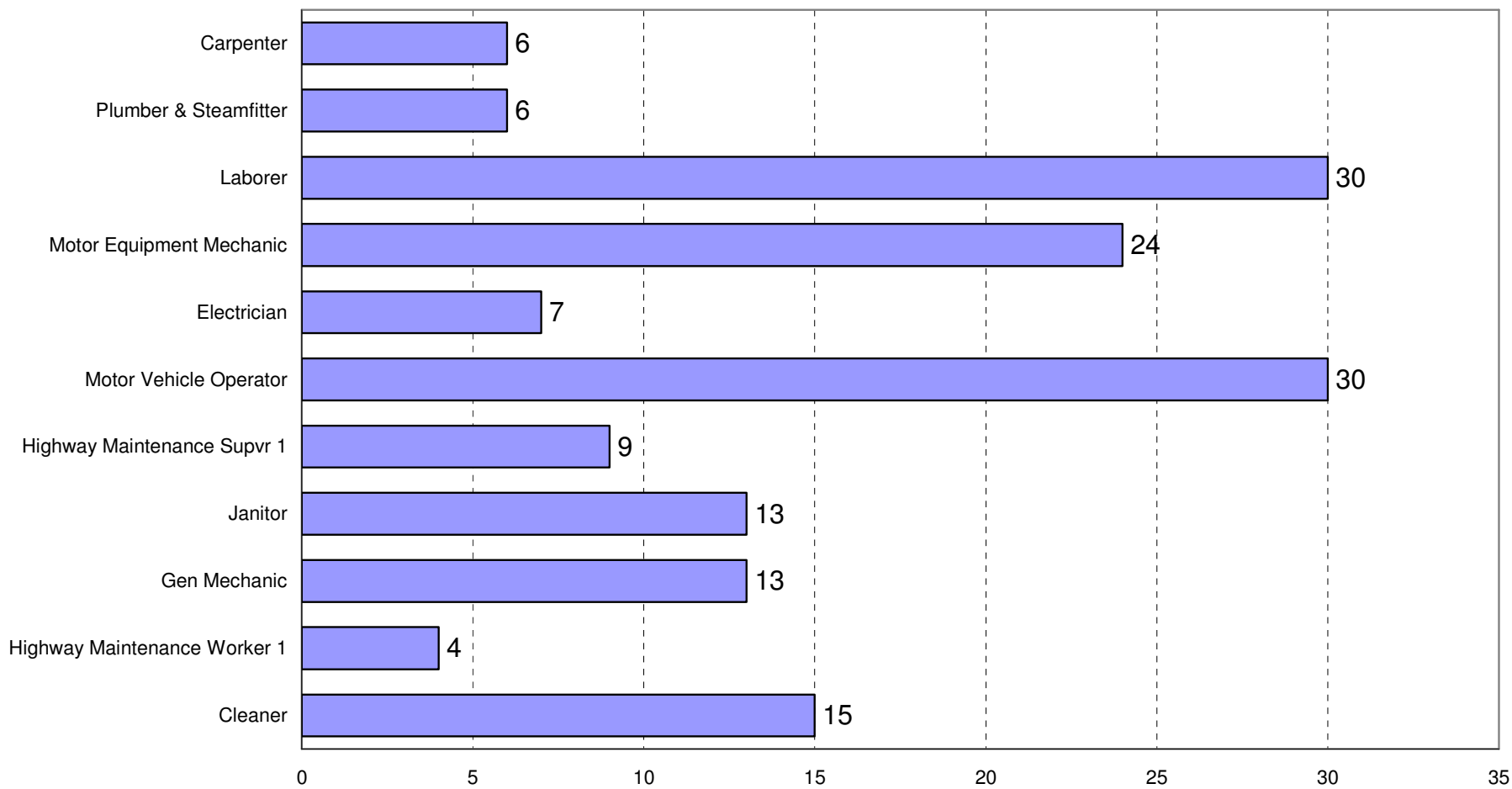
Findings from the review of Operational Services Unit titles were similar. For Motor Vehicle Operation (SG-7) starting pay was higher in 30 jurisdictions. The average starting pay for this title in these 30 jurisdictions was 33% higher than the CSEA starting pay for this title. Starting pay for Cleaners (SG-5), Motor Equipment Mechanic (SG-12) and Laborers (SG-6) were higher in a majority of jurisdictions.

⁸ Matches between CSEA and local job titles were not exact. In each case the researcher attempted to pair job titles with similar educational and experiential requirements.

Number of Municipalities that Pay More than CSEA Hiring Rates: ASU



Number of Municipalities that Pay More than CSEA Hiring Rates: OSU



CSEA Vs. Municipalities that pay more at the minimum

State of New York	Keyboard		Calculations		Keyboard	Calculations
Title	Specialist 1	Clerk 1	Clerk 2	Clerk 2	Specialist 2	Clerk 1
Grade	SG-6	SG-6	SG-9	SG-9	SG-9	SG-6
Population	3,899	2,115	1,740	1,501	936	824
Hiring Rate	23,614.00	23,614.00	27,933.00	27,933.00	27,933.00	23,614.00
<u>Dutchess County</u>		24,704.00				30,318.00
Town of East Fishkill	25,584.00					25,155.00
Town of Hyde Park			36,649.60			
Town of Poughkeepsie	30,014.40	30,014.40	32,468.80	35,152.00	35,152.00	27,747.20
City of Beacon	24,716.48		31,674.80		30,404.86	27,968.73
<u>Orange County</u>						25,847.64
Town of Crawford						
Town of New Windsor	25,678.85	25,678.85				26,940.99
Town of Orangetown	28,877.00	28,877.00		32,793.00	32,793.00	31,507.00
Town of Walkill			31,218.00			24,454.00
Town of Warwick	31,839.60	30,555.20	33,208.50	33,208.50	33,208.50	30,555.20
City of Middletown	26,633.00		30,020.00	30,020.00		27,308.00
City of Newburgh	25,632.00		35,009.00			27,009.00
City of Port Jervis	31,343.73					32,406.61
<u>Putnam County</u>	29,667.00	28,687.00	31,869.00		31,869.00	29,667.00
Town of Putnam Valley		29,255.00		32,433.00		
Town of Southeast		31,254.00				34,432.00
<u>Rockland County</u>		27,372.80				28,665.00
Town of Clarkstown	29,180.00	27,978.00	31,775.00	30,450.00	31,775.00	29,180.00
Town of Ramapo	29,324.00	27,928.00	39,297.00	30,790.00	32,330.00	30,790.00
<u>Suffolk County</u>		27,170.00				
Town of Babylon	25,841.00	25,396.00	33,742.00	28,879.00	28,879.00	28,879.00
Town of Huntington	30,254.22	30,254.22	39,717.13	34,733.43	34,733.43	33,306.00
Town of Riverhead	29,971.59	27,844.67	36,373.36	33,180.45	34,238.11	34,238.11
Town of Smithtown	24,442.60	24,442.60				24,442.60
Town of Southampton	28,713.10		41,455.70		38,802.40	38,802.40
Town of Southold	29,610.58	27,903.09	36,558.69	29,107.54	30,900.42	33,953.15
<u>Westchester County</u>		31,122.00		63,537.00	31,122.00	33,651.00
Town of Eastchester	31,229.00	29,412.00	41,050.00	33,725.00	33,725.00	33,725.00
Town of Greenburgh	27,703.00	28,627.00	30,734.00	30,734.00	29,858.00	28,627.00
Town of Harrison	32,009.00	32,009.00		36,788.00	36,788.00	34,252.00
Town of Somers	29,565.00	29,565.00	35,276.00			29,923.00
City of Mount Vernon	25,705.89	25,705.89	33,403.22	31,426.19	31,426.19	31,426.19
City of Rye	36,059.00	36,059.00	41,627.00	41,627.00		36,059.00
City of White Plains		32,359.00	37,104.00	37,104.00		35,465.00
Average	28,733.09	28,806.95	35,249.09	34,760.45	32,823.82	30,538.74
Minimum	24,442.60	24,442.60	30,020.00	28,879.00	28,879.00	24,442.60
Maximum	36,059.00	36,059.00	41,627.00	63,537.00	38,802.40	38,802.40
Dollar Difference	\$ (5,119.09)	\$ (5,192.95)	\$ (7,316.09)	\$ (6,827.45)	\$ (4,890.82)	\$ (6,924.74)
Percentage Difference	-17.82%	-18.03%	-20.76%	-19.64%	-14.90%	-22.68%

CSEA Vs. Municipalities that pay mo

State of New York Title Grade Population Hiring Rate	Cleaner SG-5 2,231 22,319.00	Highway Maintenance Worker 1 SG-8 1,830 26,415.00	Gen Mechanic SG-12 1,139 33,177.00	Janitor SG-7 620 24,963.00	Highway Maintenance Supvr 1 SG-11 443 31,338.00	Motor Vehicle Operator SG-7 423 24,963.00
<u>New York City</u>	23,984.00	51,009.84		25,640.00	50,028.48	29,955.00
<u>Dutchess County</u>	23,808.00			26,526.00		31,936.00
Town of Clinton						35,817.60
Town of East Fishkill						34,320.00
Town of Hyde Park		37,211.20			45,905.60	37,960.00
Town of LaGrange				30,014.40		
Town of Poughkeepsie						
<u>Dutchess County</u>						
City of Beacon	30,700.80		40,040.00			35,547.20
<u>Orange County</u>					41,301.00	25,841.79
Town of Cornwall						39,145.60
Town of Crawford						45,780.80
Town of New Windsor						38,387.86
Town of Orangetown	40,734.00		48,115.00	44,256.00	57,341.00	46,380.00
Town of Wallkill						31,844.80
Town of Warwick						32,184.88
City of Middletown	26,342.00					28,344.00
City of Newburgh	30,498.62			33,251.71		34,396.34
City of Port Jervis						
<u>Putnam County</u>	27,723.00					40,087.00
Town of Patterson						46,987.20
Town of Phillipstown						50,648.00
<u>Rockland County</u>	24,897.60		43,596.80	27,310.40		29,931.20
Town of Clarkstown	29,180.00		43,018.00	33,171.00	49,069.00	36,154.00
Town of Ramapo	30,790.00		43,325.00	35,644.00	45,491.00	43,325.00
<u>Suffolk County</u>					72,349.00	
Town of Riverhead	34,238.33		36,373.50	35,663.52		37,803.58
Town of Smithtown				27,934.40	45,947.20	30,721.60
Town of Southampton	28,454.40		41,704.00	33,758.40		33,758.40
Town of Southold	32,279.05		36,486.53	35,196.73		39,834.91
<u>Westchester County</u>		29,377.00			48,273.00	29,377.00
Town of Eastchester	33,725.00	36,753.00	40,570.00			38,808.00
Town of Greenburgh	29,858.00		56,281.00			54,626.00
Town of Harrison						
Town of Somers			40,128.00			
City of Rye			40,112.00	33,129.00		38,239.00
City of White Plains			42,180.00			40,820.00
Average	\$ 29,814.19	\$ 38,587.76	\$ 42,456.14	\$ 32,422.74	\$ 50,633.92	\$ 37,298.76
Minimum	\$ 23,808.00	\$ 29,377.00	\$ 36,373.50	\$ 25,640.00	\$ 41,301.00	\$ 25,841.79
Maximum	\$ 40,734.00	\$ 51,009.84	\$ 56,281.00	\$ 44,256.00	\$ 72,349.00	\$ 54,626.00
Dollar Difference	\$ (7,495.19)	\$ (12,172.76)	\$ (9,279.14)	\$ (7,459.74)	\$ (19,295.92)	\$ (12,335.76)
Percentage Difference	-25.14%	-31.55%	-21.86%	-23.01%	-38.11%	-33.07%

Wage and Salary Comparison 2 – Area Mean Salaries for Selected Occupational Titles – OES Survey

This section includes comparative information relating to the mean (average) salaries /wages paid for 21 job titles within the New York City, Long Island and Hudson Valley Employment Regions as compared to the State’s remaining seven Employment Regions. Five of the seven counties that make up the Hudson Valley Employment Region are currently included in the downstate adjustment.



The Employment Regions used in this report are those ten geographic regions within New York State that were designated by the New York State Department of Labor for purposes of monitoring employment, unemployment and other economic conditions. The ten New York Employment Regions are:

Region	Counties
Capital District	Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren, Washington
Central New York	Cayuga, Cortland, Onondaga, Oswego
Finger Lakes	Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates
Hudson Valley	Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester
Long Island	Nassau, Suffolk
Mohawk Valley	Fulton, Herkimer, Madison, Montgomery, Oneida, Schoharie
New York City	Bronx, Kings, New York, Queens, Richmond
North Country	Clinton, Essex, Franklin, Hamilton, Jefferson, Lewis, St. Lawrence
Southern Tier	Broome, Chemung, Chenango, Delaware, Otsego, Schuyler, Steuben, Tioga, Tompkins
Western New York	Allegany, Cattaraugus, Chautauqua, Erie, Niagara

The wages used in this comparison are a combination of what public as well as private sector employers pay for the same or similar State Executive Branch titles. The mean annual salary/wage data used in this comparison was obtained from the Occupational Employment Statistics (OES) survey⁹, which collects information from approximately 57,000 businesses. Data were collected in 2002, 2003, 2004, and 2005, then updated to the second quarter of 2006 by the New York State Department of Labor by making cost-of-living adjustments.¹⁰

This section demonstrates that employers within the Hudson Valley, New York City and Long Island pay a mean annual salary/wage that is among the highest within the State's ten geographic employment regions. For 17 of the 21 job titles analyzed, mean annual wages in these three employment regions were the highest in the state. For 19 of the 21 job titles, the Long Island and New York City Employment Regions had mean wages greater than the statewide mean. For 16 of the 21 job titles, the Hudson Valley employment region had mean wages greater than the statewide mean.

The fact that the Hudson Valley NYS DOL Employment Region is so closely aligned with the Long Island and New York City Employment regions with respect to mean salaries/wages paid demonstrates the need for State employees in all twelve counties to earn a cost of living adjustment in addition to their normal rate of compensation.

⁹ The Occupational Employment Statistics (OES) survey is a semiannual mail survey of employers that measures occupational employment and occupational wage rates for wage and salary workers in nonfarm establishments, by industry. In November 2002, the New York State survey changed from an annual survey of approximately 19,000 establishments to a semiannual survey of approximately 9,500 establishments per survey panel. It takes 3 years to fully collect data from the entire sample of 57,000 establishments.

¹⁰ Actual data is available from the New York State Department of Labor web site at <http://www.labor.state.ny.us/workforceindustrydata/apps.asp?reg=nys&app=wages>.

Wage and Salary Comparison 3 – Area Median Salaries for Selected Occupational Titles

This section presents information regarding the median annual salaries/wages paid by public and private sector employers to employees who perform work that is the same or similar to work performed by employees represented by CSEA and PEF. Data was available for 21 different job titles from the Occupational Employment Survey (OES).¹¹ Detailed information regarding median annual wages and rankings by NYS DOL employment regions is contained in the appendix to this report. The median annual wage is defined by NYS DOL as that wage which is within the estimated 50th percentile. In other words, the median annual salary represents the point at which 50 percent of the workers in a particular occupation earn less and 50 percent earn more.

We were able to analyze annual salary data for 21 different job titles. For 16 of the 21 job titles, the three NYS DOL employment regions representing the 12 counties eligible for a cost of living adjustment had the highest median annual wages. For three other job titles (Mechanic, Motor Vehicle Operator and Store Clerk) these three regions were among the top five regions in median wages.¹² For 18 job titles, the New York City and Long Island employment regions had median annual wages higher than the statewide median annual wage. For 14 job titles, the Hudson Valley employment region had median annual wages higher than the state average.

The New York City, Long Island and Hudson Valley median salary comparisons show that public and private sector employers are paying among the highest median annual salaries/wages in each of the occupational titles studies. This implies the need for the state to pay a higher median/salary wage in order to be able to recruit and retain a qualified and stable workforce for these positions.

¹¹ <http://www.labor.state.ny.us/workforceindustrydata/apps.asp?reg=nys&app=wages>

¹² New York City and Hudson Valley were in the top four for Motor Vehicle Operators, a title for which no data was available for Long Island.

Wage and Salary Comparison 5: Average Annual Earnings of Other Public Sector Employees

State agencies are directly competing with both federal and local government employers for skilled workers. To the extent that federal and local government workers are earning higher wages in the two regions eligible for the cost of living adjustment than in the rest of the state, there is a need for the state government to continue these cost of living adjustments to remain competitive in these labor markets.

The Quarterly Census of Employment and Wages Program is a cooperative program involving the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the State Employment Security Agencies (SESAs). The QCEW program produces a comprehensive tabulation of employment and wage information for workers covered by State unemployment insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. Employment data under the QCEW program represent the number of covered workers who worked during, or received pay for, the pay period including the 12th of the month.

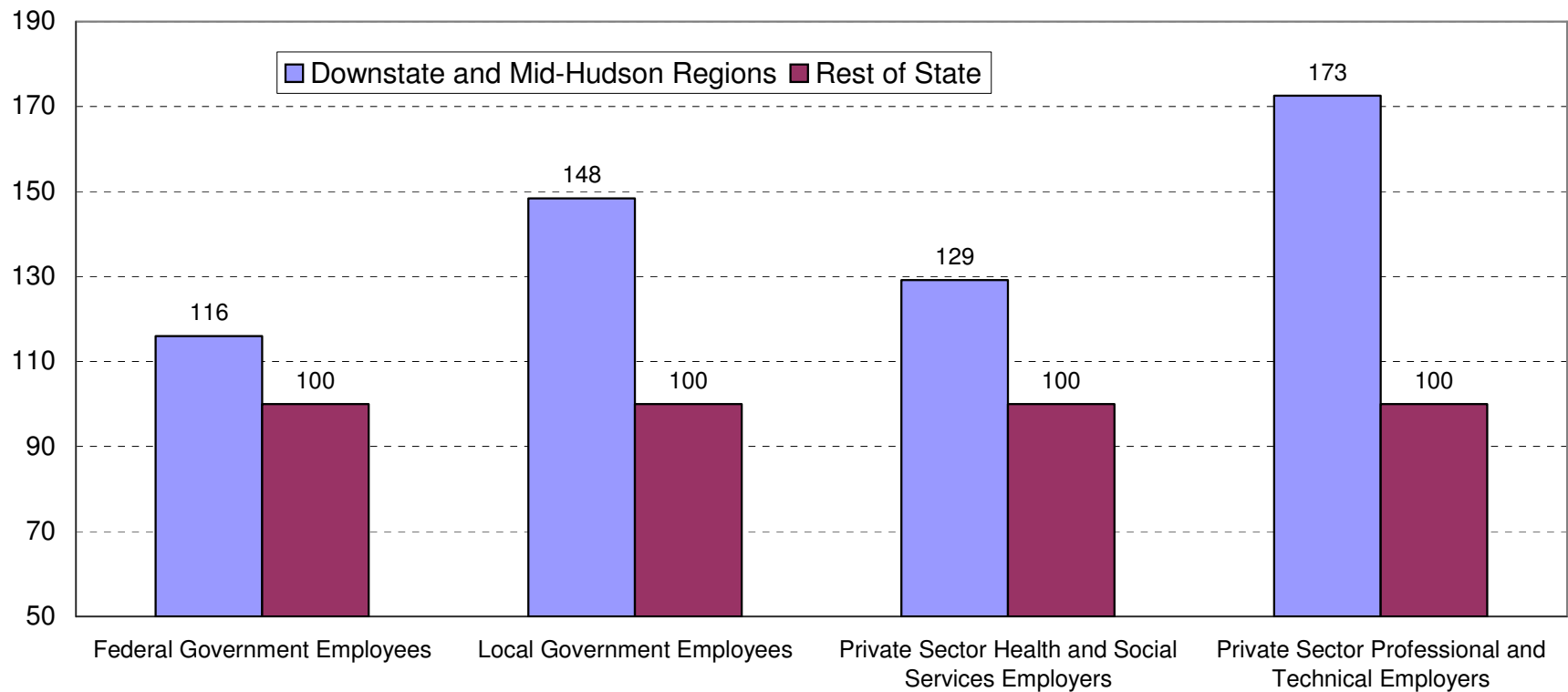
Data from the QCEW was available at the county level for federal and local government employees but not for individual job titles. Therefore differences in average annual wages may reflect differences in the kinds of federal or local jobs in each jurisdiction as well as differences in pay for a particular job title. The average annual federal wage in the Downstate and Mid-Hudson Regions was 16 percent higher than the average federal wage in the rest of the state while the average annual wage for local workers was 48 percent higher.

Wage and Salary Comparison 6: Average Annual Earnings of Workers in Comparable Service Sectors from QCEW Data

The BLS Quarterly Census of Employment and Wages provides county level data on average annual wages for private sector employees for many different industrial and service sectors. Average annual wages were compared for the Downstate Region, the Mid-Hudson Region and the rest of the state for two different service sectors: Professional and Technical Services and Health Care and Social Assistance. Since the state government competes with the private sector for workers in each of these areas, a comparison of private sector average annual wage rates is appropriate. Higher private sector average wages in these industrial subgroups in the counties eligible for a cost of living adjustment would support the continuation and expansion of the cost of living adjustments.

The following charts shows the average annual wage for each subgroup in the Downstate Mid-Hudson region relative to the average annual wage for each sector in the rest of the state. Detailed tables with the average annual wage for each subgroup for each county for which data was available can be found in the appendix. Private sector workers in the health and social services area earned 29 percent more in the Downstate and Mid-Hudson Regions than in the rest of the state. Workers in the professional and technical services sector earned 73 percent more in the Downstate and Mid-Hudson Regions than workers employed in the same sector in the rest of the state.

Downstate and Mid-Hudson Employers Pay Higher Average Annual Wages in Several Different Sectors 2005 BLS Quarterly Census of Employment and Wages



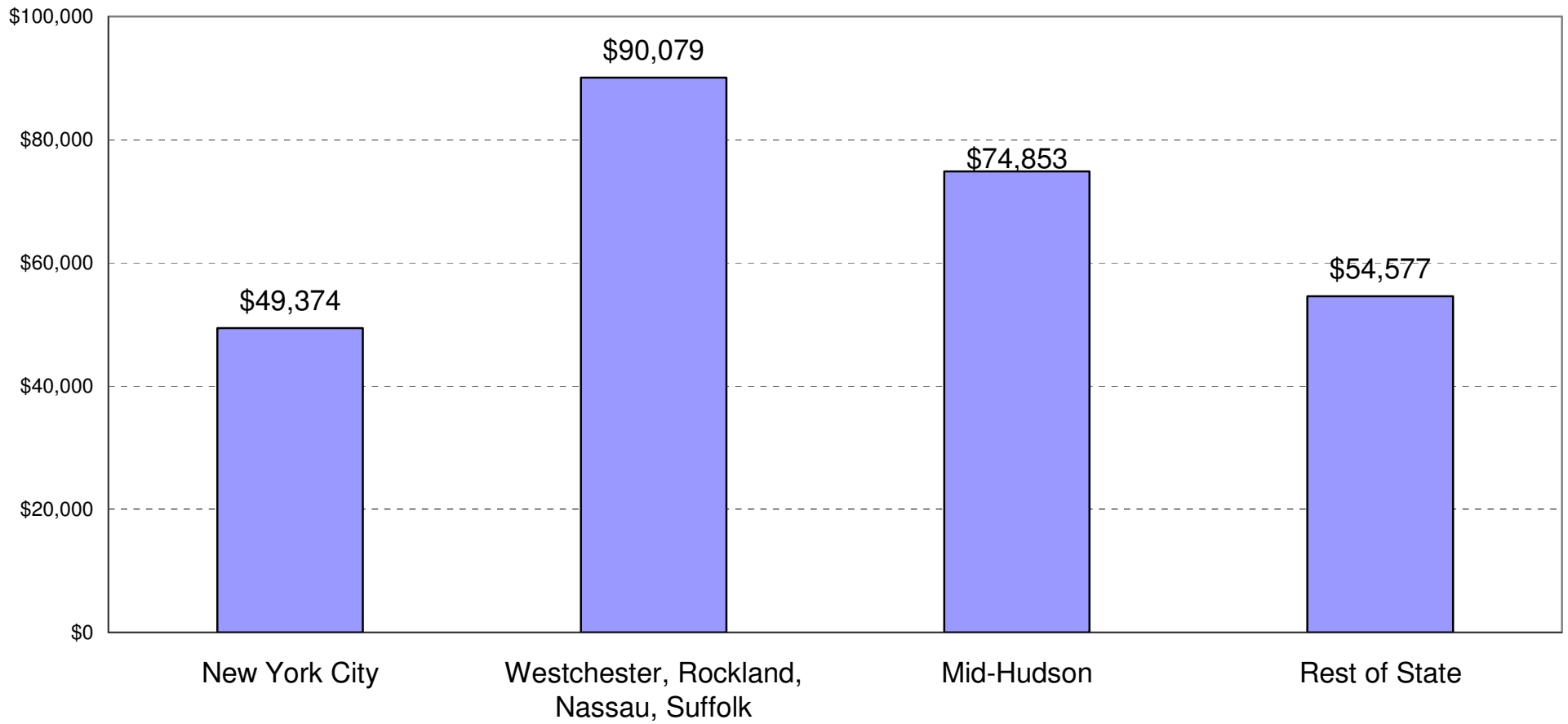
INCOME COMPARISONS

While wage and salary data on specific occupational categories are available only by NYS DOL employment region and county-specific wage and salary data are available only for broad occupational categories, the American Community Survey provides estimates of family income at the county level. This section will examine these income trends to provide a supplemental justification for the receipt of a downstate adjustment by CSEA and PEF employees in the 12 counties of the Downstate and Mid-Hudson regions

The American Community Survey (ACS) publishes social, housing, and economic characteristics for demographic groups covering a broad spectrum of geographic areas in the United States and Puerto Rico. When the ACS shifted from a demonstration program to the full sample size and design in 2005, it became the largest household survey in the United States, with an annual sample size of about 3 million addresses. Every year the ACS can support the release of single-year estimates for geographic areas with populations of 65,000 or more. The ACS will replace the long form in the 2010 Census.

The following chart compares ACS estimates of median income for families in the two regions eligible for the CSEA and PEF cost of living adjustments with median income in the rest of the state. The median income for the regions eligible for the adjustment is higher than the median income in the rest of the state. A table in the appendix to this report contains the 2005 estimates for each of the counties with populations greater than 65,000 for which ACS estimates of median income are available.

American Community Survey 2005: Median Family Income



SUMMARY OF COMPETITIVE WAGE, SALARY AND INCOME DATA

Based on the information presented within the preceding section, both the Downstate and Mid-Hudson cost of living adjustments are justified for CSEA and PEF Executive Branch employees. Among State Executive Branch titles, the State of New York lags behind in terms of hiring rates when compared to their local government counterparts. Given these pay disparities, local governments have become stiff competitors vying for future workers and making it more difficult to retain the current workforce. The comparison of mean and median salaries/wages in each of ten NYS DOL employment regions for the twenty-one occupational categories shows that for almost every job category, the salaries/wages are higher in the three downstate employment regions. Using this same data source, the New York State Education Department has constructed a regional cost index that recognizes the higher wage/salary costs for college-educated workers in both geographical areas.

The data from the Quarterly Census of Employment and Wages established that both federal and local governments pay higher wages in the Downstate and Mid-Hudson counties than in the rest of the state. In addition, private sector salaries in two broad industrial categories (health care and social assistance and professional and technical services) also support that premise that wages and salaries must be higher in the Downstate and Mid-Hudson regions to attract and retain employees.

Finally, this section of the report provided data on median family incomes showing higher median family incomes in the Downstate and Mid-Hudson regions.

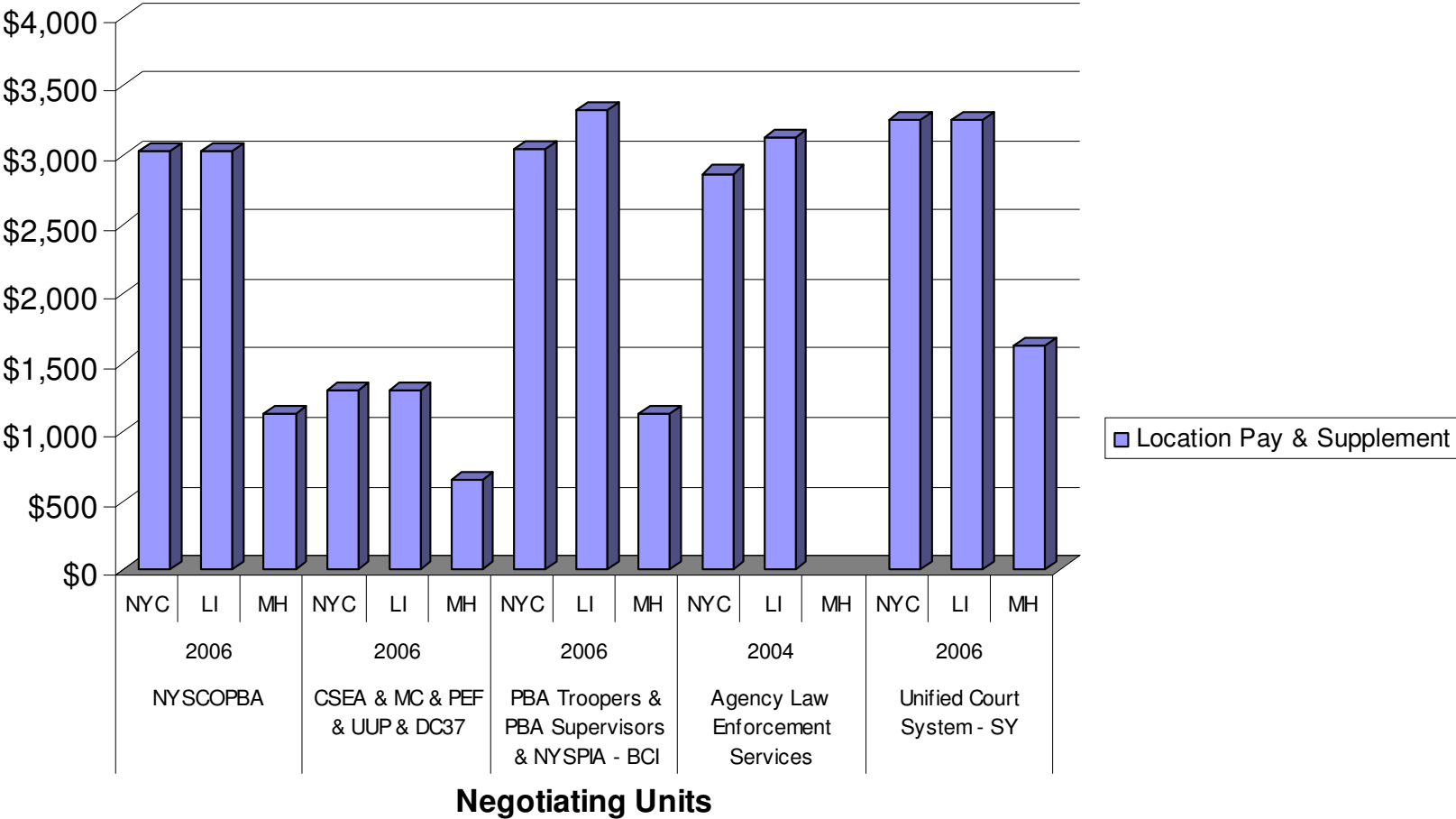
SECTION III: EVIDENCE FROM OTHER NEW YORK STATE UNION CONTRACTS AND FEDERAL PAY SCHEDULES

Contract Comparison 1: Other New York State Union Contracts' Provisions Regarding Location Pay for the Downstate and Mid-Hudson Regions

- Subsequent to the settlement of the CSEA, PEF, and UUP contracts for 2003 through 2007 the state settled other contracts that also provide for location pay and supplemental location pay for employees of these bargaining units who live in the Downstate (New York City & Nassau, Suffolk, Rockland and Westchester counties) and Mid-Hudson (Dutchess, Orange, and Putnam counties) regions.
- Table 1 shows that in 2006 the cumulative location pay for employees in these other State unions is between *73% (Mid Hudson region) and 155% higher (Downstate region)* than the cumulative location pay for CSEA and PEF members.
- In 2006 the Security Service Unit received \$3029 in location pay for the Downstate region and \$1126 for the Mid-Hudson Region. This location pay is *132%* greater than the cumulative location pay for CSEA and PEF members in the Downstate region and *73%* greater than the cumulative location pay for CSEA and PEF members in the Mid-Hudson region.
- In 2006 the State Police Troopers Unit, State Police Investigators Unit, and State Police Commissioned and Non-Commissioned Officers Unit in the Downstate region all received \$1351 in location pay and \$1688 (New York City & Westchester and Rockland counties) and \$1950 (Nassau and Suffolk counties) in supplemental location pay for a cumulative Downstate location pay of \$3039 (New York City & Westchester and Rockland counties) and \$3,321 (Nassau and Suffolk counties). This is between *133%* and *155%* greater than the cumulative location pay for CSEA and PEF members in the Downstate region.

- In 2006 the State Police Troopers Unit, State Police Investigators Unit, and State Police Commissioned and Non-Commissioned Officers Unit in the Mid-Hudson region all received \$1126 in supplemental location pay or 73% greater than the cumulative location pay for CSEA and PEF members in the Mid-Hudson region.
- In 2006 the NYS Supreme Court Officers Association Unit in the Downstate region received \$1,302 in location pay and \$1,950 (New York City & Rockland & Westchester & Nassau and Suffolk counties) in supplemental location pay for a cumulative Downstate location pay of \$3252. This is 150% greater than the cumulative location pay for CSEA and PEF members in the Downstate region.
- In 2006 the NYS Supreme Court Officers Association Unit in the Mid-Hudson region received \$651 in location pay and \$975 (Orange, Putnam and Dutchess counties) in supplemental location pay for a cumulative Mid-Hudson location pay of \$1,626. This is 150% greater than the cumulative location pay for CSEA and PEF members in the Mid-Hudson region.
- In 2004 the Agency Law Enforcement Services Unit in the Downstate region received \$1253 in location pay and \$1591 (New York City) and \$1857 (Long Island) in supplemental location pay for a cumulative Downstate location pay of \$2844 (New York City) and \$3110 (Long Island). This is between 131% and 153% greater than the location pay PEF and CSEA members received in 2004 (which was \$1230).

NYS Union Location Pay Comparison



Contract Comparison 2: Federal Government Compensation to Employees in the Downstate and Mid-Hudson Regions

- The CSEA and PEF contracts for 2003 through 2007 provide for location pay for employees of these bargaining units who live in the Downstate (New York City & Nassau, Suffolk, Rockland and Westchester counties) and Mid-Hudson (Dutchess, Orange, and Putnam counties) regions. The CSEA and PEF Downstate and Mid-Hudson counties are the same counties that the Federal Government includes in the Locality Pay Area of New York-Newark-Bridgeport, NY-NJ-CT-PA (NY Metro)
- The CSEA average salary for the ASU, ISU, OSU and DMNA bargaining units as of December 2006 is \$36,650. The Downstate adjustment is \$1,302 which represents 3.4% of the CSEA average salary. The Mid-Hudson adjustment is \$651 which represents 1.7% of the CSEA average salary.
- The PEF average salary for the PS&T bargaining unit as of December 2006 is \$58,900. The Downstate adjustment is \$1,302 which represents 2.2% of the PEF average salary. The Mid-Hudson adjustment is \$651 which represents 1.1% of the average salary.
- The following table shows the difference in what the Federal Government pays employees working in the NYC Metro Region compared to Federal employees performing the same job elsewhere in New York State.¹³

¹³ Buffalo is excluded as the Federal government has established a separate locality pay table for the Buffalo Metropolitan Region

**Federal Government Locality Pay Area of NY-NJ-CT-PA (NY Metro)
Compared to Locality Pay Area Rest of US (RUS)**

Year	% above Rest of the United States
2007	10.59%
2006	9.29%
2005	8.30%
2004	7.57%
2003	6.58%
2002	6.07%
2001	5.52%
2000	4.97%
1999	4.42%
1998	4.12%
1997	4.14%
1996	3.76%
1995	3.43%

- The following table compares the amount and percentage of adjustment an employee would receive under the State and Federal Models of Location Compensation.
 - ✓ An employee earning the CSEA average salary and working NYC/Long Island area would be paid \$2,579 (66%) more under the Federal Model. If the employee was stationed in the Mid-Hudson area the difference grows to \$3,230, which is more than 83% higher than the adjustment provided under the State Model.
- Since the State model uses fixed dollar amounts and the federal model utilizes percentage adjustments, the disparity is exacerbated as the level of base income rises.
 - ✓ An employee earning the average PEF salary and working in the Downstate Region is paid more than \$4,900 less than they would receive under the federal model. Put differently, the State model pays about 1/5th of the adjustment paid under the Federal system. The situation is worse in the Mid-Hudson region where the disparity grows to \$5,587, which represents a difference of nearly 90%.

Locational Compensation: State versus Federal Model 2007

	Downstate		Mid-Hudson	
	CSEA	PEF	CSEA	PEF
Base Salary	\$36,650	\$58,900	\$36,650	\$58,900
State Adjustment	\$1,302	\$1,302	\$651	\$651
State Adjustment as a Percent of Base	3.55%	2.21%	1.78%	1.11%
Federal Adjustment	\$3,881	\$6,238	\$3,881	\$6,238
Federal Adjustment as a Percent of Base	10.59%	10.59%	10.59%	10.59%
Difference	\$2,579	\$4,936	\$3,230	\$5,587
State Adjustment as a Percent of Federal Adjustment	33.55%	20.87%	16.77%	10.44%

