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September 12, 2017

Mr. Stuart Eber
President
NYC Managerial Employees Association
42 Broadway, Suite 1945
New York, NY 10004

Dear Mr. ^{Stuart}Eber,

I am pleased to send you the estimate of the cost to the city of Mayor de Blasio's paid parental leave initiative (PPL) that you requested. As IBO has discussed with you and your colleagues as the analysis progressed, assembling the necessary data and identifying those city employees who are using PPL and those who have had their pay and leave adjusted to offset the costs has been challenging. The current analysis uses data generated from the city's recent experience under paid parental leave, using a cohort of individuals who would have been subject to the PPL policy during fiscal year 2017.

Using data from the city's payroll management system, IBO extracted age profiles of city employees affected by the PPL initiative, as determined by Management Benefits Fund membership. Excluding employees in city agencies that chose not to participate in the paid parental leave program and employees of agencies that did not report personnel information in sufficient detail, at the end of fiscal year 2017 there were 8,279 employees whose ages, salaries, length of city employment, and leave usage could be analyzed by IBO. These employees are now eligible to take paid parental leave with the arrival of a new child, but they also have received reduced compensation. To help pay for the initiative, the de Blasio Administration rescinded the 0.47 percent raise these employees were scheduled to receive in July 2017, the start of city fiscal year 2018. The city also eliminated 2 of the 27 days of paid annual leave earned by leave-eligible staff who have worked for the city for 15 years or more—almost 2,700 employees.

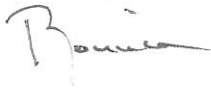
I have attached a memo from Michael Jacobs, supervising analyst of the Economics and Taxes Team, to IBO Deputy Director George Sweeting on the most important findings from the age profiles. These findings include:

- The median and average ages of the approximately 8,300 Management Benefits Fund employees are each 47 years. For the subset of these employees with 15 or more years of city employment, the average and median ages are both 55 years.

- The primary savings to the city from rescinding the 0.47 percent raise is almost \$4.4 million in fiscal year 2018. This figure only includes the savings on base salaries. In addition, the city will save about \$1.3 million through reduced pension obligations, FICA and MTA payroll taxes, and other employee benefits. Savings from eliminating two days of paid vacation is an estimated \$2.5 million annually.
- In the first year that paid parental leave was available, 230 employees—with average and median ages of 37 years—took advantage of the benefit, at an estimated cost to the city's payroll of \$2.4 million.

I hope the information in the memo is of interest to you. Please feel free to contact me (RonnieL@ibo.nyc.ny.us) or Michael Jacobs (MichaelJ@ibo.nyc.ny.us) if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronnie", with a stylized flourish extending to the right.

Ronnie Lowenstein

September 7, 2017

To: George Sweeting, IBO Deputy Director
From: Michael Jacobs, Supervising Analyst

Re: Information on Paid Parental Leave for NYC Management Employees Association

In January 2016 Mayor Bill de Blasio initiated a policy of providing paid parental leave to nonrepresented city personnel. Managers and other nonunion employees became eligible for up to 30 days of paid leave at 100 percent of salary and benefits for the birth, adoption, or placement in foster care of a child. To offset the cost to the city of providing this leave the de Blasio Administration rescinded the 0.47 percent raise these employees were to receive in July 2017, at the start of city fiscal year 2018. (In this memo and accompanying tables, years refer to city fiscal years unless otherwise noted.) The city also eliminated 2 of the 27 days paid annual leave earned by PPL-eligible staff working for the city for 15 years or more. For union represented workers such changes would have required collective bargaining, rather than simply being imposed by the de Blasio Administration.

Using available payroll data on eligible personnel, IBO estimated the cost of providing paid parental leave and the savings from eliminating the July 2017 raise and reducing annual leave. This work was undertaken at the request of Stuart Eber, president of the New York City Management Employees Association, as a follow-up to previous analysis, based on 2015 data, shared with the association last year.

Nonrepresented employees in all mayoral agencies are covered under the paid parental leave (PPL) program, receiving leave benefits if eligible while forgoing the recent raise and losing two vacation days if they had 15 years or more of city employment. Nonmayoral agencies were given the choice of whether to participate in the PPL program, and IBO consulted with the Mayor's Office of Management and Budget to identify which of these agencies offered PPL.

IBO's estimates of PPL's 2017 costs and savings are based on salary, leave, benefits, and length of city employment information extracted from the city's Payroll Management System (PMS) on June 30, 2017. Enrollment in the Management Benefits Fund (MBF) was used to identify nonunion personal in affected agencies, and IBO's data set includes active employees and a small number of other inactive workers who are receiving pay.¹ Although Management Benefits Fund employees working for the Department of Education (DOE)—a mayoral agency—participate in the paid parental leave program, they are excluded from this analysis because DOE does not report the necessary payroll and leave information in PMS. A small number of additional workers at some city agencies, such as managers at the City University of New York community colleges, are not included in the PMS data and are therefore missing from the analysis. However, it is reasonable to assume that the majority of eligible workers are included in our data set and that the data is representative of the larger set of all workers covered by PPL.

For Management Benefits Fund employees of mayoral agencies and employees of other agencies that chose to opt in to the program, I have calculated the average and median ages of those

employees who will not receive the 0.47 percent raise that was scheduled for July 1, 2017, those who have lost two days of annual leave, and those who took paid parental leave in 2017.

Table 1 presents the age profile of the 8,279 full-time city employees who as of June 30, 2017 had Management Benefits Fund benefits and are included in our data set. Their ages ranged from 22 years to 88 years, with the average and median each 47 years. The average annual base salary of the group was \$112,500, with average salaries of employees increasing with age, up to age 69. Not all employees in the MBF have managerial civil service titles. The average salary of managers in the group was almost 47 percent higher than the average of nonmanagers: \$120,900 versus \$82,300. The age profiles of managers and nonmanagers also differ, with the former averaging 49 years, and the latter group averaging 39 years. The difference in median age is wider: 49 years for managers compared with 35 years for nonmanagers.

Table 2 reports average base salaries by city agency of the same 8,279 city employees in the MBF as of June 30, 2017. Among affected employees, agency average salaries range from a low of \$67,900 (Office of the Public Advocate) to a high of \$162,600 (Office of the Actuary). Average salaries by agency are essentially uncorrelated with the number of Management Benefits Fund members in an agency, but are weakly correlated with the share of members who are managers.

Table 3 presents the age profile of the 2,782 employees—almost a third of MBF members in our data set—who lost two days of annual leave in 2017 under the PPL policy. The vast majority (88.5 percent) of these employees were in managerial titles. Regardless of managerial or nonmanagerial status, the median age of MBF members who lost two days of leave was 55 years.

Table 4 reports the age distribution of MBF members in our data set who took advantage of paid parental leave in 2017, plus the average base salaries and the number of PPL hours taken for each age group. In the first full fiscal year the benefit was available, 230 employees took PPL. The average and median ages of the group was 37. Not every leave-taking employee took the full six weeks of leave provided by the PPL benefit (210 hours, at 35 hours per week). On average, the employees took 172 hours, or 24.6 days, of PPL. The extent to which the ages of and hours of leave taken by future PPL leave takers will be similar to those of the initial group of PPL beneficiaries is unknown, though it is very likely that the number of workers taking advantage of this relatively new benefit will increase in the next few years.

Using the information in these tables, IBO has estimated the various city costs and savings associated with the PPL initiative.

Wage and salary savings the city will realize from eliminating the 0.47 percent raise scheduled July 1, 2017 can be calculated from the base salaries of MBF members reported in Table 1. The sum of salaries at the start of fiscal year 2017 is the product of the number of members (8,279) and their average base salary (\$112,477), or approximately \$931 million. Assuming no change in the number of members and average salaries, city payroll savings in fiscal year 2018 from eliminating the 0.47 percent raise would be \$4.4 million (0.47 percent of \$931 million).

This estimate does not take into account city savings on taxes and fringe benefits stemming from the rescinded raises—the personnel expenses that are proportional to wages earned, which include FICA and MTA taxes, and pension obligations. Earlier work by IBO has found that these costs amount to about 30 percent of wages paid. Therefore, an estimate of the tax and fringe benefits budgetary savings associated with rescinding the fiscal year 2018 wage increase is roughly \$1.3 million a year (30 percent of \$4.4 million), though savings due to decreased pension contributions are only incorporated in the city budget with a two-year lag. Finally, the estimate excludes the impact of lower base salaries on any overtime pay earned by Management Benefits Fund members. This effect is not likely to be large, however, as managers and other nonunion civilian employees are generally not eligible for overtime pay.

In addition to the loss of the 0.47 percent raise that affects all employees eligible for PPL, those who have worked for the city for over 15 years—2,782 employees whose ages and salaries are reported in Table 3—will also lose two days of annual leave. For a full-time employee working 5 days a week, or 260 days a year (5 days times 52 weeks), 2 day's pay is equivalent to 0.7692 percent ($2/260$) of annual pay. Applying this percentage to the sum of salaries paid to the 2,782 employees (and assuming that the number of these employees and their average salaries remain constant), canceling two days of paid leave will save the city \$2.5 million in 2018.

When the city's savings on pay, taxes, fringe benefits, and paid vacation are added together, IBO estimates that for the PPL-eligible cohort covered by its dataset, the paid parental leave program will save the city \$8.2 million in 2018.

Using the disaggregated information on the 230 employees who took paid parental leave, IBO has estimated the cost to the city in fiscal year 2017 of providing leave under PPL. The cost reflects the number of leave-takers, the number of PPL hours taken, and salaries. Working full-time, city employees are paid for 1,820 hours of work annually (260 days times 7 hours/day). For each leave-taker, the number of PPL hours actually taken in 2017 divided by 1,820 hours determined the percent of the employee's salary that was paid during leave. The sum of wages paid for parental leave time taken in the first year of PPL for nonrepresented employees is \$2.4 million, exclusive of additional benefit costs.

At current wages and levels of PPL participation, the cost of providing paid parental leave to employees in 2017 is far less than the total savings associated with the PPL program. But the costs of the program can be expected to increase in the future as the program becomes more established and participation grows, and increases in costs are likely to outpace increases in savings.

¹ Inactive personnel receiving pay include personnel on paid military leave and employees who have recently ended city employment but continue to receive pay for unused annual leave.

Table 1							
Full-Time NYC Employees in Management Benefits Fund, by Age							
Year of Birth	Age	Managers		Nonmanagers		Total	
		Number	Average Annual Base Salary	Number	Average Annual Base Salary	Number	Average Annual Base Salary
1929	88	1	\$110,405	-	-	1	\$110,405
1932	85	2	134,937	-	-	2	134,937
1933	84	-	-	1	143,728	1	143,728
1935	82	1	213,953	-	-	1	213,953
1936	81	3	117,906	-	-	3	117,906
1937	80	3	115,668	-	-	3	115,668
1938	79	2	178,918	1	68,185	3	142,007
1939	78	3	105,675	1	89,803	4	101,707
1940	77	-	-	1	93,670	1	93,670
1941	76	6	116,833	3	109,445	9	114,370
1942	75	4	133,130	3	112,708	7	124,378
1943	74	7	139,611	2	133,396	9	138,230
1944	73	17	118,550	1	143,047	18	119,911
1945	72	11	123,121	2	103,412	13	120,088
1946	71	23	132,914	4	87,049	27	126,119
1947	70	30	126,417	5	72,928	35	118,775
1948	69	37	141,870	4	105,107	41	138,283
1949	68	54	126,090	6	126,099	60	126,091
1950	67	54	137,548	6	95,714	60	133,364
1951	66	65	133,924	12	111,548	77	130,437
1952	65	88	131,559	15	105,761	103	127,802
1953	64	100	130,811	14	108,202	114	128,035
1954	63	107	127,169	17	102,929	124	123,846
1955	62	164	128,804	24	97,946	188	124,865
1956	61	152	128,132	26	101,647	178	124,263
1957	60	173	129,560	22	104,260	195	126,705
1958	59	227	128,744	22	100,579	249	126,255
1959	58	201	134,774	18	94,698	219	131,480
1960	57	204	127,318	23	87,425	227	123,276
1961	56	223	129,227	21	92,399	244	126,057
1962	55	235	126,789	18	94,989	253	124,527
1963	54	223	126,361	25	107,295	248	124,439
1964	53	213	123,826	24	97,616	237	121,172
1965	52	210	123,646	31	95,305	241	120,000
1966	51	204	124,145	27	88,793	231	120,013
1967	50	182	126,911	26	93,564	208	122,742
1968	49	144	126,147	23	99,847	167	122,524
1969	48	174	124,905	23	101,989	197	122,230
1970	47	187	120,918	22	89,608	209	117,622
1971	46	168	122,576	26	87,385	194	117,859
1972	45	171	122,093	31	89,982	202	117,165

Table 1**Full-Time NYC Employees in Management Benefits Fund, by Age**

Year of Birth	Age	Managers		Nonmanagers		Total	
		Number	Average Annual Base Salary	Number	Average Annual Base Salary	Number	Average Annual Base Salary
1973	44	179	119,538	25	95,022	204	116,534
1974	43	171	121,872	28	92,496	199	117,738
1975	42	187	118,756	32	99,073	219	115,880
1976	41	195	120,825	27	87,340	222	116,752
1977	40	186	117,641	33	89,571	219	113,411
1978	39	193	113,670	36	93,214	229	110,454
1979	38	168	117,845	51	88,667	219	111,050
1980	37	173	112,137	54	88,649	227	106,550
1981	36	172	108,527	61	88,873	233	103,381
1982	35	126	110,947	56	83,696	182	102,562
1983	34	127	106,179	64	82,249	191	98,161
1984	33	120	102,910	74	80,308	194	94,289
1985	32	104	98,753	100	77,880	204	88,521
1986	31	72	93,202	88	72,387	160	81,754
1987	30	62	89,188	103	70,665	165	77,625
1988	29	50	84,108	104	69,461	154	74,216
1989	28	34	87,599	81	67,725	115	73,601
1990	27	33	71,963	88	63,728	121	65,974
1991	26	21	70,727	80	61,467	101	63,392
1992	25	13	66,084	43	56,160	56	58,464
1993	24	8	69,275	28	53,680	36	57,145
1994	23	7	60,119	15	47,804	22	51,723
1995	22	1	57,000	3	45,552	4	48,414
All Ages		6,475	\$120,871	1,804	\$ 82,348	8,279	\$112,477

SOURCE: IBO, based on Payroll Management System data

NOTE: Base salaries as of June 30, 2017

New York City Independent Budget Office

Table 2**Full-Time NYC Employees in Management Benefits Fund, by Agency**

Agency	Managers		Nonmanagers		Total	
	Number	Average Annual Base Salary	Number	Average Annual Base Salary	Number	Average Annual Base Salary
Administration for Children's Services	639	\$103,459	6	\$93,245	645	\$103,364
Board of Correction	6	135,088	-	-	6	135,088
Board of Election	21	137,331	5	84,954	26	127,258
Business Integrity Commission	19	117,897	-	-	19	117,897
Campaign Finance Board	8	162,022	8	96,701	16	129,361
City Clerk	9	139,390	4	70,747	13	118,269
Civil Service Commission	2	115,311	-	-	2	115,311
Civilian Complaint Review Board	47	107,705	2	66,000	49	106,003
Conflicts of Interest Board	9	142,603	3	65,260	12	123,268
Consumer Affairs	45	116,298	2	75,923	47	114,580
Cultural Affairs	13	132,004	1	53,701	14	126,411
Department for the Aging	50	118,648	-	-	50	118,648
Department of Buildings	136	131,608	5	90,862	141	130,163
Department of Small Business Services	82	109,366	-	-	82	109,366
Department of City Planning	50	124,817	1	62,000	51	123,585
Department of Correction	141	123,014	-	-	141	123,014
Department of Finance	259	126,427	8	75,886	267	124,913
Department of Probation	65	108,573	1	93,048	66	108,338
Department of Sanitation	103	136,640	2	65,857	105	135,292
Department of Transportation	185	140,636	5	89,007	190	139,277
Department of Citywide Administrative Services	186	123,869	46	58,403	232	110,888
Department of Design & Construction	127	135,800	1	78,462	128	135,352
Department of Environmental Protection	351	136,295	5	99,370	356	135,777
Department of Health & Mental Hygiene	545	117,485	19	81,831	564	116,283
Department of Information, Technology & Telecommunication	327	129,831	3	71,924	330	129,305
Department of Investigation	68	128,021	205	68,387	273	83,241
Department of Parks & Recreation	232	105,685	3	70,040	235	105,230
Department of Records & Information Services	6	123,130	-	-	6	123,130
Department of Youth & Community Development	143	103,563	1	78,500	144	103,389
Department of Homeless Services	162	102,544	1	68,624	163	102,336
Equal Employment Practices Commission	2	121,406	1	65,562	3	102,791
Financial Information Services Agency	228	128,764	-	-	228	128,764
Fire Department	121	132,189	7	75,412	128	129,084
Housing Preservation & Development	158	123,655	5	88,576	163	122,579
Human Resources Administration/Department of Social Services	579	112,051	15	78,252	594	111,198
Human Rights Commission	23	117,325	-	-	23	117,325
Independent Budget Office	11	138,854	24	82,309	35	100,080
Landmarks Preservation Commission	13	115,033	2	61,200	15	107,856
Law Department	78	159,474	804	97,778	882	103,234
Municipal Water Finance Authority	4	144,958	8	70,001	12	94,987
Department of Veterans' Services	14	115,655	1	77,250	15	113,095
Office of Administrative Trials & Hearings	55	126,021	1	65,492	56	124,940
Office of Payroll Administration	34	128,079	-	-	34	128,079
Office of Collective Bargaining	12	139,172	3	59,078	15	123,153
Office of Emergency Management	66	112,912	90	67,286	156	86,589
Office of the Actuary	12	174,116	2	93,711	14	162,629
Office of the Comptroller	244	127,005	15	76,471	259	124,078
Office of the Mayor	571	112,939	396	64,721	967	93,193
Police Department	163	144,777	62	93,881	225	130,752
Public Advocate	12	85,675	27	60,041	39	67,929
Tax Commission	7	148,377	4	128,921	11	141,302
Taxi & Limousine Commission	32	132,389	-	-	32	132,389
All Agencies	6,475	\$120,871	1,804	\$82,348	8,279	\$112,477

SOURCE: IBO, based on Payroll Management System data

NOTE: Base salaries as of June 30, 2017.

Table 3
Full-Time NYC Employees in Management Benefits Fund Who Lost Two Days of
Annual Leave in 2017, by Age

Year of Birth	Age	Managers		Nonmanagers		Total	
		Number	Average Annual Base Salary	Number	Average Annual Base Salary	Number	Average Annual Base Salary
1932	85	2	\$134,937	-	-	2	\$134,937
1933	84	-	-	1	\$143,728	1	143,728
1935	82	1	213,953	-	-	1	213,953
1936	81	2	106,752	-	-	2	106,752
1937	80	3	115,668	-	-	3	115,668
1938	79	2	178,918	-	-	2	178,918
1939	78	1	121,169	1	89,803	2	105,486
1940	77	-	-	1	\$93,670	1	93,670
1941	76	6	116,833	3	109,445	9	114,370
1942	75	2	160,264	1	143,319	3	154,616
1943	74	3	112,566	2	133,396	5	120,898
1944	73	8	114,447	-	-	8	114,447
1945	72	6	127,575	2	103,412	8	121,535
1946	71	13	126,078	2	64,937	15	117,926
1947	70	19	124,609	5	72,928	24	113,842
1948	69	25	140,649	3	113,976	28	137,792
1949	68	27	129,111	5	136,539	32	130,272
1950	67	32	135,099	3	87,129	35	130,988
1951	66	37	123,892	9	122,551	46	123,630
1952	65	59	129,481	12	106,229	71	125,551
1953	64	55	132,654	6	98,464	61	129,291
1954	63	65	125,330	12	108,931	77	122,774
1955	62	101	128,126	22	98,113	123	122,758
1956	61	103	127,737	15	110,550	118	125,552
1957	60	114	125,361	13	112,272	127	124,021
1958	59	138	125,176	19	99,089	157	122,019
1959	58	125	129,018	7	105,175	132	127,754
1960	57	131	127,149	13	84,568	144	123,305
1961	56	142	127,450	14	101,809	156	125,149
1962	55	144	126,105	11	91,263	155	123,632
1963	54	140	124,971	16	115,101	156	123,959
1964	53	111	123,153	10	121,715	121	123,034
1965	52	101	122,265	15	102,080	116	119,655
1966	51	103	124,989	11	88,423	114	121,460
1967	50	85	124,911	8	125,200	93	124,936
1968	49	63	122,841	11	107,424	74	120,549
1969	48	65	125,857	9	118,764	74	124,994
1970	47	58	112,641	10	102,289	68	111,119
1971	46	63	117,300	9	97,953	72	114,882
1972	45	47	117,056	7	102,046	54	115,110
1973	44	43	108,050	10	99,088	53	106,359
1974	43	57	112,921	6	93,308	63	111,053
1975	42	45	113,698	7	106,187	52	112,687
1976	41	42	112,690	3	96,002	45	111,578
1977	40	27	110,966	5	69,003	32	104,409
1978	39	24	103,706	-	-	24	103,706
1979	38	11	116,664	1	68,427	12	112,645
1980	37	6	97,728	-	-	6	97,728
1981	36	5	131,124	-	-	5	131,124
All Ages		2,462	\$124,110	320	\$103,692.1	2,782	\$121,761

SOURCE: IBO, based on Payroll Management System data

NOTE: Base salaries as of June 30, 2017.

Table 4**Full-Time Civilian Employees Who Used Paid Parental Leave From July 1, 2016 through June 30, 2017, by Age**

Year of Birth	Age	Managers			Nonmanagers			Total		
		Number	Total Number of PPL Hours Used	Average Annual Base Salary	Number	Total Number of PPL Hours Used	Average Annual Base Salary	Number	Total Number of PPL Hours Used	Average Annual Base Salary
1962	55	2	385	\$115,329	-	-	-	2	385	\$115,329
1963	54	1	210	163,641	-	-	-	1	210	163,641
1968	49	1	70	187,528	-	-	-	1	70	187,528
1969	48	3	386	143,480	-	-	-	3	386	143,480
1970	47	4	392	147,755	-	-	-	4	392	147,755
1971	46	-	-	-	1	140	\$ 93,845	1	140	93,845
1972	45	3	388	116,940	-	-	-	3	388	116,940
1973	44	2	298	172,102	-	-	-	2	298	172,102
1974	43	10	2,026	118,125	-	-	-	10	2,026	118,125
1975	42	10	1,729	140,330	4	602	98,864	14	2,331	128,483
1976	41	10	1,778	140,555	1	210	71,791	11	1,988	134,304
1977	40	14	2,277	140,007	2	329	94,092	16	2,606	134,268
1978	39	18	3,305	117,759	-	-	-	18	3,305	117,759
1979	38	13	2,276	129,306	6	910	91,801	19	3,186	117,462
1980	37	11	1,989	129,847	3	567	111,343	14	2,556	125,882
1981	36	23	4,031	114,651	3	441	82,852	26	4,472	110,982
1982	35	16	2,954	112,847	3	581	93,138	19	3,535	109,735
1983	34	11	2,185	114,758	7	1,138	79,093	18	3,323	100,888
1984	33	9	1,647	104,949	1	203	103,883	10	1,850	104,843
1985	32	6	1,007	119,380	7	1,029	80,350	13	2,036	98,364
1986	31	3	413	111,300	5	931	77,648	8	1,344	90,268
1987	30	3	581	89,238	7	1,270	81,325	10	1,851	83,699
1988	29	-	-	-	3	280	62,222	3	280	62,222
1989	28	-	-	-	3	483	70,272	3	483	70,272
1990	27	-	-	-	1	210	58,162	1	210	58,162
All Ages		173	30,327	\$123,958	57	9,324	\$ 84,127	230	39,651	\$114,087

SOURCE: IBO, based on Payroll Management System data

NOTE: Base salaries as of June 30, 2017.