

EXECUTIVE OFFICE



INTER-COMMUNICATION

file Treasury

From: JOSEPH C. SALEMA

Chief of Staff

A handwritten signature in black ink, appearing to be "J. Salema", written over the printed name and title.

Date: October 22, 1990

To: Doug Berman

Treasurer

(Institution or Department)

Re: Attached Memo

I have reviewed the attached memo, as has the Governor. He has decided that we should give State employees the day off on the Friday after Thanksgiving.

cc: Jon Shure
Andy Weber
Greg Lawler
Emma Byrne

To: Nate
From: Steve
Subject: Thanksgiving Holiday
Date: Oct. 1

Recommendation

I recommend that the Governor not give state employees the day off on the Friday after Thanksgiving. This will buck tradition and anger State employees, but will save some money, emphasize the devotion to "lean and efficient" government, and forestall a likely outpouring of public criticism that would otherwise ensue. In a year of budget sacrifice and taxpayer outrage, it would seem totally inappropriate to give state employees (who already receive three official holidays in November alone and 13 overall) yet another day off.

Background

It has become a tradition for the Governor to close State offices on the Friday after Thanksgiving. This is done by Executive Order, usually issued in early November. I've checked back to 1970. Governors Cahill, Byrne and Kean have given State employees this day off in every year in the past 20 except one. Governor Byrne did not do so in 1978. (Byrne's reasoning may have had more to do with contract negotiations than fiscal concerns because when he granted the day off in the following year, his Executive Order stated that "During the course of contractual negotiations this year, a commitment was made by me to declare the day after Thanksgiving as an additional day off." This is the only time that the annual Executive Order made reference to union negotiations.)

Costs to the State

OMB has provided a hard and soft dollar estimate for the cost of giving the day off (attached). The "best guess" estimate is an additional expenditure of \$1.7 million for the overtime costs for the agencies that must provide coverage for the day (or that operate around the clock). In addition, OMB calculates another \$8 million for lost productivity. This figure simply represents one day's salary for all state employees. It's relevance as a measure of ~~actual cost is highly questionable~~, since it assumes every employee is continuously productive, and that work can't be made up later during periods of slack time. Also, if employees had to report to work on that Friday, it is safe to assume that productivity would be down in any event (low morale, offices understaffed due to employees taking vacation and sick leave). Further, in some agencies, the work load itself would probably be reduced since the general level of public business would likely decline during the Thanksgiving weekend.

On the other hand, although much of the larger "soft" cost can be easily explained away, the public would still perceive the total cost for the day at the rather large amount of \$10 million.

Costs to the Public

A more important though intangible cost would be the cost of the inconvenience to the public due to the unavailability of State services. There would be a four-day period in which motor vehicles couldn't be inspected, phones in State offices wouldn't be answered, etc. State offices are already closed on three weekdays in November (Election Day, Veterans Day and Thanksgiving,). The fact that large numbers of the public may have the Friday off is not an argument for giving state employees the day off; rather it is an argument for having State offices open so the public can take care of business with the state without taking time off from work.

Employee Response

Having had the day off in 19 out of 20 years, State employees have understandable come to expect it. To deny it would be seen as "taking back" a benefit and would certainly anger employees and provoke the unions. The Governor would be "balancing the budget on the back of State employees". If required to work, employees would probably ensure that the day was something less than fully productive. Many would stay home anyway by use of a vacation or sick day; those at work might be less than dilligent or conduct a slowdown.

Employees + unions will object

The Governor would have to hold the unions' hands a little on this and convince them that the public resentment over giving the day off would be more detrimental in the long run than the temporary employee resentment over having to work. Further, they should not forget that it is not a guaranteed holiday and that these indeed are unusual times.

The Public's Response

While in past years there would usually be a minor news article in which some spokesperson for the state would play down the overtime costs, I would expect that this year the response would be vociferously negative (i.e. "Toilet Paper Tax Pays for Extra State Holiday"). On the other hand, if the Governor did not grant the day and pointed out that he had averted millions of dollars in costs, there might actually be some positive response.



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RICHARD F. KEEVEY
 DIRECTOR
 AND STATE COMPTROLLER

FLORIO
 ERNOR
 C. BERMAN
 TREASURER

TO: Steve Frakt, Special Assistant to the Treasurer
 FROM: Richard F. Keevey, Director of OMB
 DATE: October 9, 1990

SUBJECT: Cost of Granting a Day Off for the Day After Thanksgiving

There are two costs associated with granting a day off for the day after Thanksgiving.

The first cost is the lost productivity by people not being on the job (the estimated cost is \$8.0 million). The second cost is the salaries that must be required to pay employees who must cover for those employees who must work on Thanksgiving and are granted an alternate day off (the estimated cost is \$1.7 million). Thus, the total estimated cost is approximately \$10 million.

The lost productivity amount is determined by taking the total value of filled positions (\$2.4 billion), and dividing it by 300 work days. The 300 work days was determined by taking a weighted average for work days that are filled 260 days a year (the typical Monday to Friday week) and those that are filled 365 days a year, such as Correctional workers at state prisons and direct care staff at mental hospitals and wards for the developmentally disabled. The estimate of lost productivity is \$8.0 million.

The estimate of the cost of paying employees who must cover for those employees who must work on Thanksgiving and are granted an alternate day is determined by contacting the departments and asking them to provide an estimate. The best guess estimate is that the cost to cover employees who take the alternate day off is \$1.7 million. Specific information by department is provided below.

Department	Amount	Comments
Prisons	\$903,000	This estimate assumed that most of the custody, medical, food service and juvenile workers staff would have to work. It further assumed that all replacement staff would be paid in an overtime capacity. Hence, it is a high estimate. The cost should not exceed this amount.

Steve Frakt
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Human Services	\$670,000	This estimate was determined by comparing the amount spent for overtime for another holiday. The people who work these holidays are, for the most part, direct care and must be present. As with the Corrections estimate, it is the "worst case" in that it did not assume that the replacement staff could be scheduled to avoid overtime. Staffing standards for direct care staff are such that this is probably a reasonable assumption.
Transportation	\$17,000	This estimate provides for drawbridge operators, security guards, electrical maintenance and baler operators.
MAVA	\$5,000	The Department reported minimal costs. It indicated that staff who work that day could be given alternate days off without the need to bring in replacement staff in most cases. The amount shown is a guess by OMB.
Higher Education	\$25,000	Higher Education reported minimal costs since there are not classes that day and most students go home. The amount shown is a guess by OMB.
State Police	---	State Police indicated that costs would be minimal in that they could revise work schedules to cover the alternate days off. State Police will be submitting an amount when they complete their analysis.
All Other Departments	\$100,000	This is strictly a guess for security, maintenance and the like.
TOTAL	<u>\$1,720,000</u>	

Should you require additional information do not hesitate to contact me.

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