



OPPOSE: A.1396 (Eachus)/S.4773 (C. Ryan)

State Hiring Freeze and Consultant Prohibition

The American Council of Engineering Companies of New York (ACEC New York), an organization representing over 300 engineering and related firms totaling more than 33,000 employees in New York State, **opposes bill A.1396 (Eachus)/S.4773 (Ryan)**.

This bill would prohibit any agency, department, division, commission, bureau or any other entity under the authority of the Executive department from contracting, subcontracting, or hiring a third-party during a State hiring freeze.

If enacted, this bill has the potential to create an untenable situation during periods of fiscal uncertainty, transforming a temporary situation into protracted stagnation impacting the entire economy. In times of fiscal distress, consulting engineering firms have historically borne the brunt of reduced public spending and economic activity. During COVID-19, the MTA enforced across-the-board 10 percent cuts to consultant contracts, at a time when the industry was already reeling from shutdowns and a pause on non-essential work. Unlike the breadth of workforce retention protections held by public employees, fiscal hardship for the private sector not only means a hiring freeze, it also means the elimination of jobs.

According to a 2024 Economic Assessment & Forecast report commissioned by the ACEC Research Institute, the New York engineering and design services industry ranks fifth in the nation when it comes to its total economic contribution. Specifically, New York's engineering firms generate \$25.6 billion in GDP and support 256,000 jobs, with \$24 billion in wages paid. Therefore, when a severe economic contraction occurs, engineering firms across the state are impacted, causing a deleterious effect on the revenue base for State and local governments.

ACEC New York members understand the immense value of fully staffed agencies and a professionalized State workforce. Problems with recruitment, retirement and attrition continue to contribute to delays in plan review, permitting, and other government functions necessary to move capital plans forward, maintain our critical infrastructure, and keep New Yorkers safe. Consulting engineering firms seek to promote cooperation with public agencies—not competition. Outsourcing design work to private sector engineering firms allows government agencies to focus their resources on the total program and not tie up resources with the high fixed costs associated with larger staffs. By coordinating the efforts between high quality government design managers and private design firms, the government agency can be more flexible in meeting the changing demands of the future. Since design typically costs less than 2% of total life cycle project costs, a smart design investment can save millions of dollars in construction and long-term maintenance.

As a matter of policy, we should not be creating arbitrary statutory triggers that constrain an agency's ability to weather the fiscal storm and fulfill their mission on behalf of taxpayers. The failure to uphold and support agency discretion and compel a prohibition of hiring consultants may turn a manageable disruption into an economic contagion.

For these reasons, **ACEC New York opposes A.1396 (Eachus)/S.4773 (C.Ryan)**.