HIRING AND PAY FREEZES ADOPTED BY STATE AND LOCAL GOVERNMENTS TO COPE WITH RECESSION

State and local governments are coping with the recession by implementing hiring freezes as their primary strategy, but many are combining several strategies for dealing with hard times, according to an online survey of 80 state and local governments by the benefit consulting firm Segal Co. of New York. More than two-thirds (72 percent) of the jurisdictions surveyed between February and May are imposing hiring freezes, with more than one-half (56 percent) freezing pay, and nearly one-half (47 percent) reducing the size of their workforce.

Governments are using additional strategies to a lesser degree. More than two-fifths (42 percent) of the survey participants are requiring employees to pay a larger portion of the cost of their health and retirement benefits, while others are offering employees early retirement incentives (21 percent) or redesigning retirement plans (19 percent). Some governments are combining several recession strategies, including about one-third (31 percent), freezing pay and reducing the size of their workforce. Nearly one-quarter (23 percent) are freezing pay and asking employees to pay a larger share of their benefit costs, and 15 percent are doing all three: freezing pay, asking employees to pay a larger share of their benefit costs, and reducing the size of their workforce.