

New York Says It Cut Too Many From Payroll and Will Start Hiring

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This cost can be spread over five years, he said.

But new workers hired to replace the retiring workers will generally come in at lower pay scales, he said, and will probably take four years to reach the top pay grade of the worker they replaced. This difference, he said, will pretty much make up for the cost of the retirements.

The state has a total of about 175,000 workers paid directly from state tax receipts, and about 50,000 more who are paid through Federal funds or other special budget accounts.

The reduction of the state work force was a central theme in Mr. Cuomo's effort earlier this year to close what he had characterized as a \$1.8 billion gap in the state budget.

His budget originally contained a reduction of 14,000 in the work force, including 9,400 layoffs.

But during legislative negotiations both the total reduction and the number of layoffs were sharply reduced.

After the negotiations, Mr. Cuomo's aides had said the work force would probably be reduced by about 11,000.

But today they said the actual reduction due for this fiscal year, which ends next March 31, would be 9,112.

To reach this number the state will have to hire people, because it has already cut the work force, through a combination of retirements, layoffs, and other cuts, by some 10,500 of the people paid directly from state tax receipts, according to a statement from Mr. Cuomo.

Mr. Cuomo said in the statement that the Work Force Reduction Program, as he calls it, was "a prime factor in maintaining balance" in his budget.

"This program has already produced the largest reduction in the state's work force in history," Mr. Cuomo's statement read. "Because of the pro-

gram's success, the state will save \$140 million this year and will obtain recurring annual savings of \$215 million."

Mr. McGowan, however, issued an angry statement in response. "It is clear that this budget has been balanced on the backs of people who depend on the state for services," he said.

In recent weeks there has been criticism on various fronts about the deterioration of services at state agencies as a result of the staff cutbacks.

"Inadequate levels of direct-patient-care staff at state psychiatric centers are jeopardizing the health and welfare of clients," Senator Frank Padavan, a Republican of Queens and chairman of the Committee on Mental Hygiene, said last week.

The psychiatric centers illustrated a problem with the early retirement program, officials said: managers could not control who retired, and many people who were needed decided to leave.

Pay Freeze Overturned

Special to The New York Times

ALBANY, Aug. 1 — A freeze imposed by Governor Cuomo on the salaries of state managers as a budget-cutting measure was overturned today by a state judge.

The decision cost the state as much as \$5 million in salary increases for 1,200 administrators and managers, according to Nathan Riley, a spokesman for Attorney General Robert Abrams. He said no decision had been made on whether to appeal.

In the ruling, Justice Harold J. Hughes of State Supreme Court in Rensselaer County said that the state had acted "in an arbitrary and capricious manner" in blocking an 8 percent raise to management employees with salaries of more than \$23,065. The freeze applied only to managers who are exempt from Civil Service regulations.