



June 26, 2008

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State Capitol  
Albany, NY 12224

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Elizabeth Lynam

Dear Governor Paterson:

I am writing on behalf of the Citizens Budget Commission to ask that you veto A9393A/S6457 when it reaches your desk. The bill would further tie the hands of local government managers in collective bargaining by prohibiting the diminution of retiree health insurance benefits. Although the prohibition is for one year only, the practice has been to renew these items annually after they have secured initial passage. Furthermore, the prohibition was tacked on as an amendment to what was originally a bill to establish a commission to study future liabilities for retiree health insurance. While a study of the issue would be helpful the amendment is an anathema to local government leaders.

As new national accounting rules require the disclosure of the future liabilities associated with the cost of providing health insurance to retirees very large numbers are being reported around the State. New York City's reported liability is \$54 billion. New York State estimates its future cost at \$52 billion. Other local governments are like to face collective liabilities of about that magnitude. Local managers need the flexibility to negotiate cost savings with their public employee unions without the State's interference.

If you make this bill a law it may ultimately be recorded in history as one of the largest unfunded mandates ever passed. Please don't let that happen; veto A9393A/S6457.

Sincerely,

Elizabeth Lynam  
Deputy Research Director