



CITIZENS BUDGET COMMISSION

One Penn Plaza ? Suite 640 ? New York, NY 10119

July 18, 2006

Governor George E. Pataki
State Capitol
Albany, NY 12224

Dear Governor Pataki:

Research by the Citizens Budget Commission, recently summarized in our report *Old Assumptions, New Realities: The Truth About Wages and Retirement Benefits for Government Employees*, shows that most public employees in New York receive pension benefits that are more generous than those of comparable private sector workers, while also enjoying wages that are higher. Despite the already high cost and generosity of these pension benefits, the Legislature recently passed 13 bills that would exacerbate the situation by further enhancing benefits. I am writing on behalf of the Commission to urge you to veto these “pension sweetener” bills.

These bills would require taxpayers to fund about \$91–97 million annually in additional contributions to public employee pension funds and related items, and to make a one-time payment of \$70 million. Because the compensation of these workers is already greater than their private sector counterparts, this added fiscal burden is not necessary.

The most expensive measures are those that (a) reward early retirement by increasing payments to civilian workers who elect to retire between ages 55 and 62; and (b) give new one-time, cash payments to New York City uniformed workers when they retire.

The early retirement bill (S.8408/A.11805) increases by 27-30 percent the pension benefits to civilian workers ages 55-62 who chose to retire in two designated periods in the coming two years; it will increase annual costs to the City of New York by about \$12 million and to the State by about \$33 million, for total taxpayer costs of \$45 million. The bills requiring new cash payments to police officers (S.3040/A.6233-A) and firefighters (S.5589-A/A8704) must be paid for by the City of New York outside the formal pension fund system and will cost city taxpayers about \$21 million annually.

Another bill (S.7386-A/A.3340) increases benefits for state correction officers and security hospital treatment assistants by giving these employees credit for prior service in other jobs not now part of their retirement plan. It would require the state to make a one-time payment of \$70 million to their pension plan.

The other objectionable bills are less costly, but also deserve your veto. They are summarized in an attachment to this letter.

Thank you for considering our recommendations.

Sincerely,

Diana Fortuna
President

Benefit Enhancements Approved by the Legislature

The following 13 bills approved by the Legislature grant unjustified benefit enhancements to public employees.

Enriching Payouts for Certain Classes of Workers

- **S.7386-A/ A.3340** – Gives corrections officers and security hospital treatment assistants credit for prior service for other jobs not now part of their retirement plan. *Estimated cost: One-time payment of \$70 million.*
- **S.7280/ A.9802** – Permits the maximum salary in any year for pension purposes to be 120 percent of the average of the two prior years for members of the New York City Employees' Retirement System or Board of Education Retirement System (up from 110 percent). *Estimated annual cost: \$3 million.*
- **S.6773/ A.9803** – Makes it possible for certain retirement system members employed in the New York City Department of Parks as climbers or pruners who were laid off between 1991 and 1993 to purchase pension credit for the period of layoff. *Estimated annual cost: \$30,000.*
- **S.5430-A/ A.8243A** – Grants a special accidental death benefit for members of a pension or retirement system covering uniformed court officers or peace officers of the unified court system.
- **S.7119/ A.10530** – Increases the accidental disability pension from 60 percent of pay to 75 percent of pay for members of the NYCERS or BERS in the titles of campus peace officer, school safety agent, special officer, tax and limousine inspector and parking control specialist. *Estimated annual cost: \$200,000.*

Shortening Service Requirements for Retirement

- **S.8408/ A.11805** – Establishes a temporary early retirement incentive for State and local public employees. *Total annual estimated cost: \$45 million.*

Monetary Payment In Lieu of Terminal Leave

- **S.3034/ A.6233-A** – Allows members of New York City Police Department the option of taking a monetary payment in lieu of terminal leave.
- **S.5589-A/ A.8704-A** – Allows members of the New York City Fire Department the option of taking a monetary payment in lieu of terminal leave. *Estimated annual cost for both bills: \$21 million.*

Reducing Member Contributions

- **S.7389/ A.10570** – Requires that the City and State assume the costs of the currently required 3 percent employee contribution on behalf of SUNY and CUNY employees who are members of the optional retirement program and have at least ten years of membership in the program. *Estimated annual cost: \$18–24 million.*

Extending Presumption of Injury to Additional Classes of Workers

- **S.6299/ A.9242-A** – Creates the presumption that certain lung and cancer diseases impairing the health of New York City police officers have been incurred in the performance and discharge of duty. *Estimated annual cost: \$3 million.*
- **S.2309A/ A.6022-A** – Creates the presumption that heart-related disabilities or deaths suffered by bridge or tunnel officers were incurred in the performance of duty. *Estimated annual cost: \$125,000.*
- **S.4458/ A.7395-B** – Expands the presumption of injury for police officers and firefighters to include disabilities caused by stroke. *Estimated annual cost: \$375,000.*

Physically Taxing Status

- **S.7239/ A.10273-A** – Grants physically taxing status to registered nurse members and midwife members of the NYCERS for pension purposes, allowing retirement at age 50 rather than 55.