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Taxpayer pension pain

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Pensions and other fringe benefits for city employees gobble up 22.6 cents of every taxpayer dollar spent to run the Big Apple, an analysis of the current municipal budget shows.

The city is spending $6.7 billion on its five retirement systems and $6.9 billion on health insurance and other fringe benefits this year -- a total of $13.6 billion, the city and Independent Budget Office say.

That's more than a fifth of the city's $60 billion operating budget for fiscal year 2010, and up from $10 billion in 2006.

And it will only get worse, experts warn.

"The pensions and fringe benefits are crowding out everything else," said Charles Brecher of the watchdog Citizens Budget Commission.

Recent pension-investment losses are staggering. Stocks, real estate and other assets of the city's five pension funds plunged in value from $101 billion to $85.8 billion in fiscal year 2009.

But under state law, taxpayers must plug the gap if the funds earn less than 8 percent a year, bringing the total shortfall to $21 billion.

The city has to make that up in extra yearly payments starting in 2011 -- on top of basic pension contributions.

Other employee benefits are also skyrocketing. "The city continues to pay the full cost of comprehensive health insurance, which is very expensive, and the pre- miums are going up at a rapid rate," Brecher said.

The IBO analysis of the current budget also shows:

* State and federal aid make up 30 percent of city revenue, up from 29 percent in 2006. That's largely due to $2 billion in stimulus funds this year -- mostly for education and Medicaid.

* The other biggest jumps in revenue: Property taxes, which now make up 27 percent of budget revenues (up from 25 percent in 2006), and business-income taxes, which make up 7 percent (up from 3 percent). But those revenues rose as a result of business and real-estate boom times before the recession hit, the IBO says.

* The biggest spending hikes are in education (up from 28 to 30 percent of the budget); police, fire and corrections (up from 10 to 11 percent); and "general government," which includes the mayor's office, other elected officials, and citywide administrative services (up from 7 to 9 percent).

But the analysis doesn't show how the city sidestepped a huge deficit, said IBO spokesman Doug Turetsky.

Beside using the stimulus money to avoid layoffs, the city made ends meet by exhausting last year's $2.5 billion surplus. It also had $2.5 billion socked away to pay this year's debt on bonds issued for capital costs.

"It masks what would otherwise be a big hole in the budget," Turetsky said.

Mayor Bloomberg has projected a nearly $5 billion deficit next fiscal year.

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