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GOV REACHES DEAL WITH UNIONS TO AVOID MASS LAYOFFS

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Gov. Paterson and the state's two biggest labor unions reached a tentative deal today to avoid mass layoffs and controversial contract givebacks in exchange for buyouts and more modest retirement benefits.

Under the deal, the Civil Service Employees Association and the Public Employee Federation would endorse the scaled-back pension program for new workers and a plan to trim 7,000 workers from the state payroll.

Paterson estimates the deal would save \$440 million over two years.

"This agreement is a huge win for New York's taxpayers and will lead to the most significant reform of our public pension system in decades," Paterson said in a statement.

"This is real reform to the pension system which will substantially reduce costs to the taxpayers of New York State."

The unions wouldn't reopen their contracts. Their members wouldn't forgo scheduled three percent raises this year or postpone two weeks pay until retirement as Paterson had hoped.

The pact also postpones as many as 8,700 layoffs Paterson threatened in March, after the unions and the Legislature rejected any concessions during budget talks.

Instead, the age at which newly hired state

workers could retire without penalty would rise to 62 from 55.

Workers would have to continue 3 percent pension contributions for 20 years rather than the current 10 years.

They would be vested in the pension plan after 10 years rather than five years as now.

In an effort to prevent "overtime spiking," in which workers run up hours in their final years on the job to pad their pension, extra time would be split into two categories.

Mandatory overtime would still count toward pensions, but only the first \$10,000 of voluntary overtime annually would be included in benefit calculations.

Paterson hopes to trim 4,500 jobs with a one-time, \$20,000 buyout targeted to departments with the fattest staffs under a plan to be worked out by the unions and the governor.

Another 2,500 vacant positions would be permanently slashed from the budget. "It's a compromise," said Assembly Governmental Employees Committee Chairman Peter Abbate Jr. (D-Brooklyn). "Both sides are happy. It's not as bad as unions would think. They didn't have to reopen their contracts. They didn't get a [pay] lag. I think it'll be viewed favorably by the Legislature."

The governor also estimated his original pension plan would've have saved the state local governments \$48 billion over the next three decades.

Elizabeth Lynam of the Citizens Budget Commission said the new pension tier would create huge saving in the long run, despite the compromises by Paterson.

"There's always trades offs," Lynam said. "The public employee unions are fierce about protecting their perks. I'm sure it was hard fought and it's a significant step forward."

The deal needs approval from the Legislature and the numerous county unions Paterson hopes to include in the plan.

It does not include cops and firefighters, who will be subject to separate negotiations with the governor and Mayor Bloomberg.

Earlier this week, the governor unexpectedly vetoed a bill that has for nearly three decades allowed new uniformed personnel to participate in one of the state's most generous pension plans.