

Memo puts layoffs in play

Governor can shed state jobs if Legislature fails to pass Tier V pension plan

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First published: Friday, October 2, 2009

ALBANY -- Members of New York's two major state worker unions, the Public Employees Federation and Civil Service Employees Association, have been resting a little easier for the past few months in the belief that Gov. David Paterson won't subject them to layoffs -- despite the state's growing budget woes.

In exchange for that promise, the politically powerful unions said they wouldn't oppose the governor's proposal to create a less-generous Tier V pension plan for future public employees.

But a close look at the pledge signed by Paterson and the unions shows there are some strings attached that could give the governor an option to return to the bargaining table.

The memorandum of understanding, which details the pledge, states that: "Upon enactment of Tier V legislation ... there will be no layoff, or threat of layoff."

It goes on, however, to say that "Should the Tier V legislation ... be introduced, but fail to be enacted, the parties to this MOU shall meet to negotiate in good faith regarding the subject matter of this MOU."

The agreement runs through the end of 2010.

Depending on who one asks, the memo -- which was signed July 22, more than a month after the initial layoff agreement was struck -- is either a case of dotting the I's and crossing the T's or a blunt tool that could allow the governor to proceed with job cuts should the state budget situation continue to deteriorate.

It also could place some pressure on legislators, who because they tend to enjoy perennial union support, have been cool to the idea of lower pension benefits for future state workers.

Even though PEF and CSEA agreed not to oppose Tier V, other powerful unions such as New York State United Teachers are against the idea.

That means that if lawmakers block Tier V, Paterson could conceivably blame layoffs on the Legislature's intransigence.

CSEA spokesman Stephen Madarasz downplayed the memo's importance. "I'm not sure you should read that much into it at this point," he said. "We believe the governor is sincere in his commitment."

Moreover, Madarasz expressed confidence that a Tier V plan would move forward. "If they can't get a working partnership with the Legislature, then a whole lot of things are a problem," he said.

"We're confident that he's going to stick to his agreement with us," added PEF spokeswoman Darcy Wells.

When asked for its interpretation of the memo, Paterson's office reiterated that Tier V is a priority and that the governor expects PEF and CSEA to support him in moving it along.

The governor "is committed to enacting comprehensive Tier V pension reform that will achieve short-term savings for taxpayers and provide long-term fiscal stability for New York State and local government," Paterson spokesman Morgan Hook said in a written statement. "The governor considers CSEA and PEF as supporters in his fight to achieve this critical legislation."

Still, at least one longtime observer said the memo could, in a pinch, provide Paterson with leverage to extract concessions from the unions or even move ahead with layoffs if the Tier V plan doesn't pass.

Concerns about possible layoffs or other sacrifices emerged earlier in the week when Paterson was discussing the state's reduced options in the next round of budget cutting. "We've not had to furlough or lay off any workers," he said, "but the means of balancing budgets are becoming less and less available, and everything is on the table."

Also, while Paterson's no-layoff pledge was with two of the state's major unions, there are some 10 other labor groups that were not party to the agreement.

Paterson had been criticized by fiscal conservatives for agreeing to avoid layoffs. While the pledge was linked to \$20,000 buyout offers to promote more retirements, critics said that by removing layoffs from the table the governor may have given away his bargaining leverage.

This memo could punch holes in that criticism, however.

"If it's not until it's enacted -- and Tier V hasn't been enacted -- it would seem that layoffs would be possible," said Elizabeth Lynam, deputy research director with the Citizens Budget Commission.

Unions, she said, "may have to bite the bullet and renegotiate."

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