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State buyout deal nears

\$20,000 payment for each job designed to avoid layoffs; Tier V part of package with unions

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ALBANY -- Gov. David Paterson and public employee unions are closing in on a deal to avoid the governor's proposed 8,700 layoffs. Under the preliminary plan, the state would provide \$20,000 "buyouts" to workers who voluntarily leave the payroll, people briefed on details said Wednesday.

The deal, the subject of serious discussions in recent days, calls for the unions to endorse a new pension package -- the governor's proposed Tier V -- with more modest benefits terms than those available for decades to public employees.

The deal calls for the governor to drop his layoff plan. But the departures would have to take place this year.

Officials with the Civil Service Employees Association and the Public Employees Federation declined to discuss the deal, and the governor's spokesmen would not take questions on it.

People briefed on details, however, said momentum for the deal has been building for days, and an announcement appeared imminent on a resolution to the layoff plan. But talks lost steam after news circulated Wednesday that the governor had vetoed a bill to extend expanded pension benefits for newly hired cops and firefighters.

The buyout offer would be for workers eligible for retirement, according to the people briefed, but details were still being sewn together. Initially, the deal would be an expense rather than a savings for the state. The costs could mount, into the tens of millions of dollars, to pay for the buyouts of almost 7,000 workers.

Savings from a Tier V package wouldn't be realized for several years. Nevertheless, Paterson would be able to boast that he accomplished a major pension change that no other governor could produce.

Paterson accomplished something along those lines Tuesday when he vetoed a generous but costly police and fire pension bill that critics called a symbol of the state's profligate spending.

The veto came without fanfare and took many in the Capitol by surprise. Noting that "state and localities are hemorrhaging revenue at an alarming rate," Paterson vetoed a measure -- identical to one approved by lawmakers and signed by the governor every year since 1981 -- that allowed police and firefighters to continue collecting a more generous pension even

as other public employees saw their benefits reduced.

The veto could put police and firefighters on the same footing as other public workers. Currently, so-called "uniformed" workers can retire with half-pay after 20 years of service. Although other state employees also can retire in 20 years under the system, they receive less of a payout, around 40 percent of pay.

Only future hires are covered in the veto, which has no impact on anyone now employed in the public sector. Labor advocates weren't happy: "I'm kind of puzzled more than anything," said state Sen. Diane Savino, D-New York City, who co-sponsored the bill extending the fire and police benefit. "This is something you would think the governor would have let us know. ... If they're using this as a bargaining (tool), this is not the way to do it."

Budget watchdogs hailed Paterson's veto for breaking what they described as a woeful tradition that favored powerful unions but shortchanged taxpayers.

The veto "is sending a really strong statement," said Elizabeth Lynam, deputy research director at the Citizens Budget Commission, which studies state spending.

"Gov. Paterson made a gutsy decision," agreed New York City Mayor Michael Bloomberg.

The higher police and fire benefits force municipalities to put about 15 percent of their payroll toward retirement costs, compared to 7.5 percent for other municipal jobs.

As of March 2008, the average person enrolled in the police and fire pension program earned \$88,440, while the average pensioner collected \$37,030, according to data from the state comptroller.

Paterson's veto could be overridden if two-thirds of lawmakers in each chamber vote against him. But that could draw the Legislature into a potentially bruising and high-profile discussion of the state's growing public employee cost, and the influence that police and fire unions wield over the Assembly and Senate.

Moreover, the veto is a concrete move in a legislative session that's seen numerous calls for caps on spending as well as property taxes -- pleas that have been met with indifference in the Legislature.

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State pension tiers

New York's pension system for public workers has changed over the years. Current workers can fall into one of four "tiers," with benefits dropping from first to last. The tiers are based on the hire date of a worker:

Tier I: before July 1 1973

Tier II: July 1, 1973-July 26, 1976

Tier III: July 27, 1976-Aug. 31, 1983

Tier IV: Sept.1 1983

Police officers and firefighters fall into Tier I or II regardless of their hire date.

Source: Office of the Comptroller