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Sickening 'sweeteners'

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New York governments at all levels are buckling under the weight of generous public-employee-pension costs -- yet the Legislature is considering increasing the pension burden on taxpayers.

Pension contributions this year will cost the state government alone \$1.7 billion in fiscal year 2010-11 -- an amount already set to grow 85 percent, to \$3.2 billion, by 2014. How much higher must it go before the Legislature puts the taxpayers ahead of special interests?

As of June 15, at least 50 bills had been introduced in both the Assembly and the Senate to "sweeten" already generous pension and health-insurance benefits for public employees. These are bills that are advanced by legislators on behalf of organized labor outside the collective-bargaining process between unions and governments -- the governments that will have to pay these costs.

Albany's willingness to force higher pension costs onto local governments and taxpayers is one major cause for the relentless rise of property taxes across the state -- an issue that has been one key point of contention in the protracted state budget negotiations.

On top of that, newly enacted pension benefits are protected from future reduction by the state Constitution. Once the higher bill is forced on the taxpayers, it can't be reduced without amending the Constitution -- a political near-impossibility.

The proposed "pension sweetener" bills -- 26 of which are moving forward even as lawmakers fail to pass a state budget -- fall into a number of different categories. Here are some highlights:

Undermining Pension Reform: Because retirement benefits for current public employees are protected by the Constitution, the only way to cut future costs is to reduce the benefits for future employees -- by creating a new "tier" in the pension system. New York created just that (Tier V) a few months back -- and the Legislature is already undermining it.

For example, one bill would already undo some of the reforms by eliminating the minimum retirement age for state employees with 35 years of service. (They now must serve until age 62, or until age 55 with 30 years of service, to get a full pension.) This would cost the state \$7.7 million, and local governments \$9.1 million, in added contributions *each year*.

Restricting Health-Insurance Options: Unlike pensions, health benefits for retirees are not constitutionally protected and may be changed through bargaining -- but another sweetener would prohibit any reduction in retiree health-insurance benefits. The bill would extend this protection, permanently granted to teachers last year, to other employees, greatly hampering flexibility in managing labor costs.

Presuming Work-related Illness or Injury: These bills extend the automatic assumption that certain ailments of public employees are work-related. Thus, one bill would allow any firefighter and any officer of the State Police who contracts a *staph infection* -- something that's hardly unknown in civilian life -- to collect a lifetime disability pension at three-quarters salary.

Vesting Health Insurance: Despite the MTA's severe financial crisis -- and related service cuts -- one bill would saddle it with new health-insurance costs by accelerating the vesting of lifetime insurance benefits for employees represented by District Council 37 (and their spouses); the vesting time required would be 10 years instead of 25.

Expanding Variable Supplement Funds: VSFs were established to provide annual payments to New York City police and fire employees on top of their regular pensions; as of fiscal year 2009, this annual payment is \$12,000 per retiree. A bill has been introduced that would expand eligibility to those who have retired under disability (and who, therefore, already have more generous benefits) and to the survivors of retirees.

New York governments are already facing unprecedented fiscal challenges. The Legislature shouldn't be adding to that burden.

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