

CITIZENS BUDGET COMMISSION

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CBC URGES GOVERNOR TO VETO BILLS THAT WOULD INCREASE THE COST OF FRINGE AND PENSION BENEFITS FOR PUBLIC EMPLOYEES

New York, NY – July 27, 2005 – The Citizens Budget Commission (CBC) today sent a letter to Governor George Pataki urging him to veto a number of bills that would drive up the cost of fringe and pension benefits for State and local employees.

An analysis by the CBC released in April showed that benefits offered to public employees are more generous than those provided by large private employers, the federal government, and most other states and localities. The analysis also found that wages for public employees exceed those in the private sector in the New York metropolitan region, shattering the myth that generous benefit packages are necessary to make up for a wage differential.

“Taxpayers should not have to pay to improve already generous benefits for public employees,” said CBC President Diana Fortuna. “In principle, changes to pensions and fringe benefits should be negotiated with public employee organizations, not unilaterally decided by State law. Public employers are already restricted from negotiating retirement benefits; signing these bills would erode the limited ability public employers retain to determine what is affordable and in the best interest of workers and taxpayers alike.”

The CBC urged the Governor to veto the following types of legislation:

Extending Presumption of Injury to Additional Classes of Workers

These bills grant benefits to public employees under the presumption that injuries incurred during the period of service were actually incurred in the performance of duties. Although it is the State’s duty to provide proper benefits to employees injured during the performance of duties, creating an automatic presumption of injury places the State in the unreasonable position of providing benefits to those whose diagnoses may be unrelated to work. The bills extend the presumption of injury already granted for certain diseases and conditions for certain groups of employees to additional diseases and conditions and groups of employees. The specific bills are:

- **S.2516-A** – *Creates a presumption that diseases of the lung and certain cancers causing disability or death of retirement system members in police or fire service in New York City were caused by a job-related accident.*

- **S.3815** – *Creates the presumption that any impairment of health due to lung disease for members of the New York City Transit Authority was incurred while on duty.*
- **S.4391** – *Creates a presumption that various heart and blood-borne diseases were incurred in the line of duty for peace officers and police officers in the State Department of Taxation and Finance.*
- **A.8052** – *Maintains a presumption that heart-related disabilities or deaths suffered by members of the New York State and Local Police and Fire Retirement System and the New York State and Local Employees' Retirement System were incurred in the performance of duties.*
- **S.4768** – *Extends presumption that cardiovascular conditions and certain cancers are job-related for firefighters employed by the Division of Military and Naval Affairs.*

Extending Legal Protections to Health Insurance

The State Constitution prohibits the reduction of pension benefits for current employees; however, health insurance benefits are not constitutionally protected. Management now has the ability to negotiate with labor over the cost and payment of health insurance benefits. This discretion and flexibility must be preserved. Therefore, the CBC urges a veto of **S.5758**, which prohibits the diminution or reduction of health insurance benefits of public employee retirees and their dependents or reduce the employer's contributions for such insurance from May 1, 2005 until May 15, 2006, or any other bill that fixes health insurance benefits for specific employees or for specific periods of time.

Shortening Service Requirements for Retirement

These bills reduce the years of service or age required to collect retirement benefits. With a population that is living longer such enhancements would significantly increase the cost of future pension liabilities. The specific bills are:

- **S.2519** – *Permits deputy sheriffs in New York City to retire at no less than half-pay after 20 years service and attaining age fifty.*
- **S.4530-A** – *Adds fire protection inspector member to the list of those who may retire without regard to age from the New York City Employees Retirement System.*
- **S.3913** – *Provides for retirement eligibility for certain Triborough Bridge and Tunnel Authority employees upon twenty years of service and removes the requirement that they also be fifty years old.*

Enriching Pension Payouts for Certain Classes of Workers

Over the past 30 years the pension system has been changed to reflect changing fiscal conditions through the addition of tiers. Each time benefits were changed, new employees were assigned to a new tier. Over time pressure has grown to eliminate these tier distinctions by extending the more generous benefits of earlier times to employees hired into newer tiers. These so-called “tier equity” measures bid up the cost of paying out pensions later on by raising benefits for newer employees. Thus, the CBC urges a veto of bills such as **S.4455**, which increases the maximum salary in any year for pension purposes from 110 percent to 120 percent of the average of the two prior years for certain members.

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.