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Cuomo Urges Broad Limits to N.Y. Public Pensions

By [DANNY HAKIM](#) and [THOMAS KAPLAN](#)

Gov. [Andrew M. Cuomo](#), joining a parade of officials from across the country who are seeking to rein in spending by limiting public employees' pensions, proposed Wednesday to broadly limit retirement benefits for new city and state workers in New York.

Mr. Cuomo said New York State and New York City simply could no longer afford to offer new employees the generous benefits their predecessors received.

Among the most significant changes the governor proposes is to raise the minimum retirement age to 65 from 62 for state workers, and to 65 from 57 for teachers.

"The numbers speak for themselves — the pension system as we know it is unsustainable," [the governor said](#) in a statement. "This bill institutes common-sense reforms to bring government benefits more in line with the private sector while still serving our employees and protecting our retirees."

Mr. Cuomo's proposal escalates a battle between the first-term Democrat and a major Democratic Party constituency: public-sector labor unions.

Unions have been fighting pension changes around the nation, particularly in states like Wisconsin

and New Jersey, which have Republican governors.

Even in New York, in continuing contract negotiations they have sparred with Mr. Cuomo over layoffs.

Under his new proposal, the governor would require state employees to contribute 6 percent of their salaries into the pension system — up from 3 percent currently.

And in an effort to curb rampant padding of pensions by workers who step up their overtime in their final year of employment, Mr. Cuomo would exclude overtime from pension calculations.

The changes would affect newly hired workers in a pension system that covers 175,000 state employees and hundreds of thousands of employees of local government and teachers, as well as 300,000 New York City employees.

Labor officials immediately expressed strong opposition.

“Congratulations to Governor Cuomo for another grandstand play for the attention of his millionaire friends at the expense of the real working people of New York,” Danny Donohue, president of the largest union of state workers, the [Civil Service Employees Association](#), said in a statement.

“Governor Cuomo’s proposal can only be viewed as an attack on working people to score some cheap political points.”

The [president of the New York State Public Employees Federation](#), Kenneth Brynien, attacked the proposal as “draconian pension cuts that would inflict permanent damage on middle-class workers such as nurses, parole officers, bridge inspectors and cancer researchers for what is a transient problem.”

“This is about politics and placating big-business special interests, plain and simple,” Mr. Brynien added.

Pensions for new workers would still be enviable by the standards of the private sector, and Mr.

Cuomo is not going as far as he has talked about in the past, when he raised the idea of shifting from a traditional pension to a defined contribution plan, similar to the 401(k)'s that have proliferated in the private sector.

But Mr. Cuomo's proposal would still cause significant changes to worker retirement plans.

The legislation would end early retirement packages, restrict the pensions of the highest paid state employees and ban the use of unused sick leave or unused vacation time to enhance an employee's pension calculation.

Vesting would take place after 12 years, instead of 10.

The state has a system of five pension tiers that apply to workers hired in different periods, with more recently hired workers generally receiving less in benefits. Mr. Cuomo's proposal would add a sixth tier.

Benefits for law enforcement officers and firefighters, who have more advantageous plans than other employees, would also be scaled back.

A newly hired New York City police officer, for example, would vest in the pension plan after 12 years, instead of the current 5.

For New York City workers, many of the changes are the same as for state workers, including raising the retirement age to 65 and increasing the annual contribution to 6 percent.

The governor's bill is unlikely to pass in the current legislative session, which ends June 20, but his proposal could influence the continuing contract negotiations with the two major public-sector unions, and Mr. Cuomo could either call the Legislature back to Albany this year or wait until January to try to have the changes enacted.

Mr. Cuomo's predecessor, David A. Paterson, won some pension concessions during his brief tenure as governor — but at the price of promising not to lay off any workers.

And the changes he signed into law did not apply to New York City employees.

Mr. Cuomo's proposal could also influence the legislative debate over a property tax cap, because the governor can now argue that with the pension proposal, he is seeking to reduce the future cost of local government.

Mayor Michael R. Bloomberg, who has frequently bemoaned the effect of high pension costs on New York City spending, said he was delighted with the new proposal because Mr. Cuomo's legislation encompassed proposals by the mayor's office for the city pension system.

"By making sensible pension reforms that won't impact a single current employee or existing retiree, this legislation will create \$30 billion in savings over the next 30 years for the city, which will ensure we can afford the services and work force that city residents depend on," Mr. Bloomberg said in a statement.

Legislators had subdued reactions.

"I haven't seen it yet, but in all honesty, there's only six or seven session days left," said Assemblyman Peter J. Abbate Jr., a Brooklyn Democrat and chairman of the Assembly's [Governmental Employees Committee](#). "It's really cutting it close to the wire."

And Senator Martin J. Golden, a Brooklyn Republican who is chairman of the Committee on Civil Service and Pensions, said, "It's difficult to try to get this off the ground in the next five or six days," adding, "It's definitely got labor up in arms, that's for sure."

Pension costs have been soaring. In New York City, costs have jumped to \$8.4 billion a year from \$1.1 billion in 2001, according to the governor's office. For the state and other local governments, pension costs have risen to \$6.6 billion, from \$368 million in 2001.

The pension debate is also heating up in New Jersey, where Gov. Chris Christie, a Republican, has

been demanding a big increase in what public employees pay toward benefits.

Officials said on Wednesday that they expected an announcement that the governor and the Senate president, Stephen M. Sweeney, a Democrat, had reached an agreement giving Mr. Christie much of what he wanted — but then no announcement took place.



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