

## Editorial: Cuomo's War of Choice

RICHARD STEIER | Posted: Monday, February 27, 2012 5:00 pm

For those who prefer their arguments shallow, Governor Cuomo last week offered an alluring analysis of the battle over Tier 6, couching it as a battle of the “special interests versus the people” and declaring, “I represent the people.”

By “special interests,” he meant the public-employee unions, not the wealthy businessmen and real-estate developers who have given him free rides on their planes that are valued in the neighborhood of \$60,000. “The people” are undoubtedly aware that those giving the Governor a lift do so out of sheer public-spiritedness and a desire to save the state on plane fare, rather than because they have their own issues that might come before Mr. Cuomo.

He has tried to sharpen this argument by contending that the proposed Tier 6 changes would not affect those already on the government payroll, as if to assuage any concerns that actual employees—as opposed to unidentified future workers—would be suffering from the drastically scaled-back benefit rights. This isn't necessarily true: union officials have pointed out that if a majority of future workers opted for the 401(k) plan being offered under the proposal, it would drain enough money from the pension system to potentially jeopardize benefits for current workers.

That is almost beside the point, however. Unions are not intended to merely help those already on the payroll but to pave the way for a better future for those who enter the workforce at a later date as well. That eye on the future is why the public-employee unions have placed such an emphasis on pensions and health benefits over the years. Some city uniformed-union leaders two decades ago who reluctantly decided to give “the unborn” the short end of the stick to persuade the city to provide the same wage and longevity-benefit gains that were won for entry-level cops quickly found themselves voted out of office when enough newer members who got screwed by that deal provided a groundswell for their opposition.

Mr. Cuomo has also claimed that the state's fiscal solvency depends on the massive change that Tier 6 would bring. This isn't remotely true. Most of the savings under the program would not kick in for at least 20 years. The ballooning pension costs the state and its localities have experienced over the past decade—a combination of a prolonged stock-market slump and a short-sighted deal reached by Gov. George Pataki (who just endorsed Tier 6), Mayor Rudy Giuliani and State Comptroller Carl McCall with union leaders that briefly cut the state's pension obligations to almost zero while providing workers with breaks that included suspension of their contributions to the system upon completing 10 years of service—have begun to level off. Pension investment returns are once again healthy, and it is expected that employer contributions will begin decreasing within the next four years.

What Tier 6 is really about is a political opportunity. Mayor Bloomberg, who clearly is not going to be remembered the way he hoped as the man who made the city's education system vastly better, now has his legacy hinging on his fiscal stewardship, and being able to claim that the pension system as we know it for public workers ended on his watch would embellish his credentials.

In Mr. Cuomo's case, there is no question that he is already running for President in 2016. A big part of this socially liberal Democrat's crossover appeal to both business interests and conservatives rests on his penchant for hacking away at public-employee unions and the benefits they have obtained for their members. It is his political ambition, far more than the need for another scale-back of pension rights just two years after Tier 5 took effect for state workers, that is spurring him on.

Last week, he pledged that if legislators did not adopt Tier 6, he would force the issue with a series of budget-extendors of the type Gov. David Paterson used to implement the more-painful parts of his spending program. The threat would be given weight by his popularity, which might make some legislators facing tight re-election races reluctant to buck him.

Union leaders ultimately will have to determine whether Mr. Cuomo is ready to go to the wall on this or is just staking out a bargaining position from which to make smaller changes in the pension system rather than opening the sluice gates for a 401(k) as the primary retirement plan for future workers. Given the longer lifespan of the population, even some prominent union officials have conceded that a bit of tweaking is necessary.

But if that's not enough to satisfy the Governor, labor leaders must mobilize their members for an all-out battle to persuade legislators they face just as much risk in going along with the Governor's strong-arm bid as they would in standing up to him. Between active employees now accruing credit and retirees, there are more than one million people with a stake in the city and state retirement systems. Add in family members of voting age, and you've got a pretty significant chunk of the state electorate, and potential difference-makers in tight State Senate contests, where Republicans hold just a slender majority.

If Mr. Cuomo was reasonable regarding those who work in state government, he would have stepped away from the table after hammering state workers in last year's contract-bargaining rather than looking for a second helping at the expense of those not yet on the payroll. If a Democratic Governor can get away with this kind of sustained assault on public workers, it will be a long time if ever before the unions can regain even a portion of what they would have lost.

It's time for them to mount their horses.