

## Gear for Albany Battle

# Unions Assail Bloomberg's Radical Pension Revisions

### ■ Mayor's Pension Agenda Infuriates Union Leaders

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Union leaders Feb. 2 slammed wide-reaching pension changes proposed by the Mayor that include raising the retirement age for civilian employees to 65, requiring 10 years of service before pension vesting, ending the use of overtime to determine pension allowances, and revising the proposal he made two weeks earlier to eliminate the \$12,000 Variable Supplement Fund benefit not only for active cops and firefighters but for the retirees already receiving it.

The changes were presented to the Municipal Labor Committee steering committee by Labor Relations Commissioner James F. Hanley, but there was no discussion of negotiation, MLC Chairman Harry Nespoli said in a phone interview.

### Looking to Bypass Unions

The city's proposals require legislative action in Albany. Such action is usually taken only after an agreement between the city and unions is reached, as in the case of the United Federation of Teachers' 2009 pension deal with the city that created a Tier 5 for that union which raised the number of years of service needed to retire from 25 to 27 for new hires.

To spur these drastic changes, Mr. Bloomberg is apparently banking on the city's escalating pension costs and public resentment he has helped generate of retirement provisions that are far more generous than most private-sector employees receive.

"They turned around, dropped it on the table, and said 'this is what we're going to do, adios, and I'll see you later,'" Mr. Nespoli said. "Which is not the way we've been doing things between labor and management in this town for the longest time. I shouldn't use the word negotiation, because it's not. It's a dictatorship...and he's setting back labor relations many years now."

Asked at a press conference the following morning about Mr. Nespoli's comment, the Mayor said, "I don't know how you can set it back by decades. Tomorrow Harry and I will be just as friendly as ever...But we're going to have some very tough times....He's gotta do what's best for his members. I've gotta do what's best for taxpayers and the city."

UFT President Michael Mulgrew, who was also at the meeting, said, "There's been a distinct change of approach in the last couple of months...they're running everything like they're running a political campaign. It's a zero-sum game, it's win or lose for them."

### Wants 65 As Retirement Age

Currently, most civilian employees can vest after five years and retire at 62 or, in return for added pension contributions, by 57, while Teachers can retire at 55 if they have 27 years on the job. The new pension plan would impose a flat retirement age of 65 for all civilian employees, with vesting after 10 years on the job.

These changes are generally more severe than the Tier 5 agreement reached between former Governor David Paterson and state employee unions in 2009, which raised the minimum retirement age to 62 and required continued pension contributions of 3 percent after 10 years on the job. Those contributions had been suspended a decade earlier when the Wall Street boom spurred unusually strong pension-fund investment returns.

Police and fire employees received Tier 2 pensions until June 2009, when Governor Paterson vetoed an annual extender bill and shifted future hires into Tier 3. But the city is seeking further changes to that tier.

Uniformed police, fire, sanitation and correction employees would all be covered by the modified Tier 3 plan that also raises pension vesting to 10 years. Employees would become eligible for benefits after 25 years of service. Currently, most uniformed employees can retire after 20

years on the job, although the Tier 3 cops and firefighters need 22 years' service to qualify for a full pension.

### **VSF Wipeout, OT Scaleback**

The Variable Supplements Fund that pays \$12,000 annually to all non-disability police and fire retirees after 20 years of service would be canceled entirely, even for those already collecting it. Mr. Bloomberg announced in his State of the City address two weeks earlier that he wanted it ended only for those who had not yet met the 20-year service requirement, but spokesman Marc LaVorgna said the more-radical cutoff "reflects the dire fiscal circumstances the city is in and the need for aggressive reform."

Overtime pay for both uniformed and civilian employees would no longer count towards final salary calculations. The state's Tier 5 pension deal limited overtime that could be applied for pension purposes to 15 percent above base pay for cops and firefighters and a cap that is currently \$15,450 for civilians. The current "Kingston Limits" allow Tier 3 and 4 workers to include overtime, as long as it doesn't exceed the previous two years' overtime average by 10 percent. Tier 2 has a limit of 20 percent for cops and firefighters.

Mr. Nespoli called parts of the proposal "totally ridiculous," like the elimination of the Variable Supplement Fund. "You're talking about something that was negotiated and agreed upon at the bargaining table," he said. "When you sit down and you make a deal, whether you're in the private sector or municipal sector, a deal's a deal."

He also criticized raising the retirement age to 65. "I didn't look at the life expectancy in New York, but it can't be much over 70. So you work your whole life, then you retire and die," he said sarcastically.

### **Paying Less But Working Longer**

Speaking as president of the Uniformed Sanitationmen's Association, he said, "My guys would be paying less if we go into this pension, but working longer, which we can't do with the kind of work that we do. Loading that truck takes a toll on you. Now you want to add five more years?" His union agreed to have members contribute a greater portion of salary than other uniformed workers to obtain a 20-year pension because the physical toll of their job made it difficult to work longer.

The pension contributions under the Mayor's proposal would actually decrease for sanitation and corrections employees. Currently, the former pay 8.35 percent for the first 10 years and 5.35 percent for the next 10; the latter pay 7.61 percent for the first 10 and 4.61 percent for the next 10. Both would now contribute 3 percent for 25 years, the same level as police and fire employees currently in Tier 3.

All civilian employees, including Teachers, would be required to contribute 5 percent of salary in all years of employment. Currently, civilians contribute 4.85 percent for 10 years, then 1.85 percent for the next 20, with Teachers hired since 2009 contributing 4.85 percent for 27 years and 1.85 percent thereafter.

Mr. Nespoli said the city should be looking to negotiate all of these changes with individual unions, rather than simply informing the MLC of its aims and then demanding action in Albany.

### **'Wrong Way to Do This'**

"Maybe possibly somebody would look for a change if they could get something for their members, when you negotiate," he said. "Jim [Hanley] was somebody that we always had that relationship with. We don't always agree at the table, but at least you're sitting down and talking about it. This is totally the wrong way to go about this."

Other union leaders voiced their anger as well. "In the middle of squandering \$1 billion on City Time and another \$1.8 billion on the failed UCT dispatch system, the Mayor's proposal fails to recognize the unique and dangerous nature of firefighting," Uniformed Firefighters Association President Steve Cassidy said in a statement. "Among other things, New York City Firefighters killed or injured in the line of duty will no longer be able to count on their benefits to protect their families."

"We've done two pension changes with this Mayor...we've already done one that's saved the city \$100 million over the last two years," Mr. Mulgrew said in a phone interview, referring to the pension changes the UFT agreed to in 2009. "What do you get? 'I need you to bend and do more.' There's no respectful relationship anymore."

### **'We'll Fight Him 110%'**

While all of the pension changes sought must be approved by the State Legislature, Mr. Nespoli said the unions would also analyze them to see if legal challenges could be mounted.

“We’ll definitely fight the Mayor 110 percent. This isn’t negotiation. Legally, we’re going to do everything possible that we can do,” he said. “Some of the things I think are illegal, but I don’t know for sure until I sit down with attorneys.”

“We all have working relationships with Albany, and at this point, right now we have a better relationship with them than the city,” Mr. Mulgrew said. “We’ll work with the people in Albany and we’ll get us through this current economic crisis.”

When asked if some of the changes he was seeking were fair, the Mayor said, “We just don’t have the money, whether it’s fair or not.” He said the State Assembly, which is Democratic-controlled and more likely to resist the changes, had to approve his proposals. “If they don’t make these changes, an awful lot of people are going to lose their jobs.”

### **Little Immediate Savings**

Union heads disputed this, saying that the savings produced by pension changes would be long-term, and the immediate impact would be miniscule, despite the Mayor’s assertion that the current economic climate necessitates the proposal. (The VSF elimination would be an exception, since it would affect both current retirees and those already working; pension benefits under state law can be reduced only for future hires.)

“Every single [pension] proposal doesn’t give the city a dime for years,” Mr. Mulgrew said.

“What we did last year gave immediate savings; the millionaire’s tax would be immediate savings,” Mr. Nespoli added, referring to a deal reducing city health-care costs the MLC made that gave the city \$300 million, and the income-tax surcharge on individuals making \$200,000 or more and couples earning above \$300,000 that is due to sunset at the end of the year, costing the state at least \$1 billion in 2011 and \$4 billion in 2012.

The Mayor admitted that a fifth pension tier would “save a little money now; it’ll save a lot down the road.”

### **Liu: Let City Negotiate**

City Comptroller John C. Liu opposed the elimination of the VSF, saying in a statement, “Everyone agrees on the need to explore pension reform and crack down on pension fraud and abuse,” he said. “We also agree that New York City should be empowered to negotiate pension benefits. I am, however, extremely concerned with a proposal that breaks a promise, particularly one made to our Finest and Bravest who risk their lives every day to keep New Yorkers safe.”

The Mayor responded, “While the Comptroller and I disagree on some issues, today he stood up for returning the power to negotiate pensions from Albany to New York City, a centerpiece of our long-term plan to give the city control of its destiny and put our pension funds on sound financial footing. We negotiate salaries and other employee benefits directly with organized labor—we have to be able to do the same with pension benefits, because it’s city taxpayers paying those bills as well.”