

Cuomo Derides Public Workers As 'Special Interests' on Tier 6

By MARK TOOR | Posted: Monday, February 27, 2012 5:00 pm

The battle over Governor Cuomo's Tier 6 pension proposal heated up last week, with Mr. Cuomo portraying state workers as "special interests" and both he and one leading opponent, the president of the Public Employees Federation, saying they would accept a temporary government shutdown as part of the price of victory.

The PEF president, Ken Brynien, told the Albany Times Union on Feb. 19 that the pension proposal needed to be removed from Mr. Cuomo's budget, which the Legislature is supposed to pass by March 31, to provide more time for consideration and consultation. Some lawmakers said the same thing during budget hearings, noting that the unions had not been consulted on the plan.

'Some Things Just Go Too Far'

"If the Governor's going to put something in the budget that's unreasonable, maybe it should be shut down," the union leader said. "I think eventually, rational people will see that some things just go too far, and they won't allow government to be shut, or if they shut it down it will be shut for two days and then it'll come back up because people will say, there's a line that we've crossed that maybe we shouldn't. I remember when Washington got shut down too, and that wasn't good, but it came back. People saw that they couldn't let this continue, and made whatever changes needed to be made."

Worse Things Than Shutdown

In an interview with THE CHIEF-LEADER, Mr. Brynien said he was responding to a question about how he would react if Mr. Cuomo put the pension proposal in a budget-extender bill, which would lead to a government shutdown if the Legislature rejected it.

Lawmakers need to send the message that "there's stuff in the budget that goes too far and we just can't keep saying yes," he said. "...If the government has to shut down it'll shut down.

"Wealthy and powerful people are pushing the Governor to go against a large segment of the middle-class taxpayers in the state," he said. He cited such Tier 6 supporters as Mayor Bloomberg and E.J. McMahon of the business-funded Empire Center think tank. "These aren't the 99-percent people we're talking about here," he said.

Mr. Cuomo's proposal, which would apply to new state and city employees, would require them to pay higher premiums for a smaller benefit, would exclude all overtime—even time employees are ordered to work—from pension calculations and, for the first time, would offer them the option of a 401(k) plan rather than the traditional defined-benefit pension.

'I Represent the People'

The Governor fired back after a Cabinet meeting Feb. 22. He called the pension issue “the central power struggle of Albany,” asking, “Does this Legislature perpetuate a pension system that is on the verge of bankrupting the state?...I believe on this issue I represent the people, and the people will win.”

When reporters asked about a government shutdown, Mr. Cuomo said, “I don’t think in those terms.” But as the discussion continued, he made clear that he was willing to use a budget-extender bill to gain passage—and that he would blame the Legislature for any shutdown.

Mr. Cuomo followed his usual practice of using rhetoric that separated state employees from other New York residents. He said his proposal was good “for the taxpayers,” as though state employees don’t pay taxes. He characterized the pension struggle as a battle of “special interests versus the people,” casting his own employees as special interests.

Several lawmakers have signaled there will be trouble for Tier 6 in the Legislature. Assembly Speaker Sheldon Silver said he had problems with the plan but would be open to addressing certain abuses Mr. Cuomo had pointed out in his previous role as Attorney General, such as piling up overtime in the final years of work. Mr. Silver’s office did not return a call requesting more specifics.

'Shouldn't Be a Budget Item'

Assemblyman Peter J. Abbate, chair of the Committee on Governmental Employees, said he believed the Tier 6 proposal should be removed from Mr. Cuomo’s budget proposal. “Pension tiers should not be a budget item,” he said in an interview. When former Gov. David Paterson proposed the Tier 5 pension plan as part of the budget, he was persuaded to remove it and to consult with the unions before submitting it as a bill, Mr. Abbate said. Tier 5 took effect at the beginning of 2010.

Mr. Abbate said the Governor’s Office had not consulted him about Tier 6. “I don’t know if he’s talked to anyone,” the legislator said, noting that many state decisions are made in a back room with a few aides. “Branch out, talk to people, you might get some creative ideas.”

He also questioned poor-mouthing by politicians. “He gave Teachers a 43-percent raise over nine years,” he said of Mr. Bloomberg. “...That’s why pensions are going up.”

The 401(k) option is “a very dangerous road to go down,” he said, citing the case of a 56-year-old constituent who had worked for the State University of New York for 20 years and had a 401(k) worth just \$73,000. “How’s she going to retire?” he asked.

State Service Just for Training?

He predicted that the 401(k)s, which under Mr. Cuomo’s plan an employee could withdraw when he or she quit after as little as one year on the job, would change the face of state service. A \$50,000-

a-year employee could work for four years, then quit, taking along the state's contribution of \$8,000. "You're making state service a training program," Mr. Abbate said.

For politically-appointed posts like Commissioner, though, he added, "it's a bonus." A Commissioner earning \$178,000 a year would leave after four years, the length of a Governor's term, with \$32,000.

Mr. Brynien and Mr. Abbate both said that pension costs could be trimmed by fixing specific problems with the current tiers. The PEF president cited Mr. Cuomo's finding in his previous post as Attorney General that many managers agree to allow workers to put in increasing amounts of overtime in their last years. "We don't need to change the system, we just need managers with the backbone to say no," he said.

'No Consultation by Cuomo'

State workers are also unhappy that Mr. Cuomo's people ignored them when developing the Tier 6 plan, Mr. Brynien contended. "They're being forced to do this without discussion or consultation," he said. "I think that rankles people. They're pretty tired of it." Of course, he said, "If you have enough staff to do the work, you won't have any overtime."

Apparently pushed by Mr. Bloomberg, Mayors and County Executives from around the state announced Feb. 22 that they had formed New York Leaders for Pension Reform. The group said it will lobby lawmakers to pass Tier 6, and took a swipe at State Comptroller Thomas P. DiNapoli, who says that the current pension system is just fine and that 401(k)s are too risky to depend on instead of a defined-benefit pension.

"Despite opposition to reform by Comptroller DiNapoli and others, members of the coalition know first-hand how runaway local payments have already reduced localities' ability to fund education, public safety, social services, economic development and other services—and how skyrocketing costs threaten to force severe budget cuts or tax increases in the year ahead," the group said in statement.

In addition to Mr. Bloomberg, who has said the city's current pension system is unaffordable, members include County Executives from Nassau, Suffolk and Westchester, all of whom have complained that their pension costs are too high. The coalition said annual pension costs to local governments have risen from \$1.7 billion in 2002 to \$12.5 billion today.

DiNapoli: Look At Facts First

In response, Mr. DiNapoli issued a statement saying, "Pension changes should be based on a factual, thoughtful and inclusive discussion about the level of benefits and ways to reduce abuse. Some local officials may be misinformed if they believe that any proposed change to the pension system now will provide them with immediate budget relief. It is also important that the costs to local

governments for implementation be fully evaluated.”

Any significant savings from Tier 6 are years away. If passed, the system would cost millions of dollars more to implement than it would save in the first year.