

# Public Payroll Watch

No. 4 • June 2009

EMPIRE



CENTER

FOR NEW YORK STATE POLICY

A project of the  
Manhattan Institute for Policy Research

## Plenty of Public Pension Sweeteners Pending in State Legislature

Despite a crushing recession and a \$45 billion drop in the state pension fund, Albany's 2009 legislative hopper includes dozens of proposals to enhance the retirement benefits of New York State and local government employees.

At least 98 bills are now pending that would add to pensions for entire groups of public-sector workers in New York. Nearly half are two-house bills; a number of others are virtually identical to bills introduced in the other house.

Although some of the bills are retreads from past sessions, all were reintroduced after the start of the 2009-10 session – when it was already clear the state was facing a budget gap of at least \$15 billion, and when the state comptroller was acknowledging steep pension fund losses. State legislators also have introduced scores of bills designed to adjust pension benefits for individual constituents or their beneficiaries.

*The economic downturn and massive losses by the state pension fund haven't deterred lawmakers from introducing dozens of bills designed to enhance retirement benefits for groups of state and local government employees.*

The most expensive of the group enhancements (A.7121-Schroeder/-S.1809-Lanza) would alter the formula used to calculate automatic cost of living increases for older retirees by removing the existing 50 percent cap on inflationary increases. This change would carry a first-year cost of \$760 million – \$300 million for the state and \$460 million for local governments, according to the sponsors' memo.

A summary of other pension enhancement measures follows, including cost estimates as stated in the text of the bills:

**Early retirement** -- Similar bills introduced in each house (A.7075-McEneny and S.4069-Flanagan) would allow state and local employees to retire without any reduction in benefits at age 55 after accruing 25 years – rather than 30 years. The annual cost of the Assembly version is pegged at \$362 million, including \$67 million for the state, \$95 million for local governments and \$200 million for school districts. The Senate bill would have similar costs. At least a half dozen other early retirement bills have been introduced in at least one house of the Legislature.

**Employee contributions** – Members of the retirement system with less than 10 years on a government payroll now pay 3 percent of salary per year. Even this minimal contribution would be eliminated under A.2820, sponsored by Assemblyman Peter Abbate, the chair of the Assembly Governmental Employees Committee. Annual cost: \$44 million for the state and \$63 million for local governments.

*(Continued on next page)*

Under another bill (A.7064), sponsored by Assemblyman John McEneny, Tier 3 and 4 members who contributed for more than 10 years before the law was changed in 2000 would be compensated with extra service credit. Annual cost: \$30 million to the state and \$44 million to local governments.

**More police-style “peace” pensions –**

Uniformed state agency peace officers, who have less training and fewer responsibilities than police, now belong to civilian plans requiring a minimum of 30 years experience for early retirement without reduced benefits at 55. But several different groups of peace officers are seeking to move into plans that would qualify them for half-pay after 25 years, closer to the 20-and-out norm for police.

The most expensive of these measures (A.4144/S.3166), allowing peace officers in the state Judiciary to retire at 50 with 25 years service, would cost taxpayers an estimated \$9.4 million annually plus a one-time payment of \$57.7 million. Other measures would extend earlier retirement to parole officers, State University police officers; investigators in the Attorney General’s Office; employees of the Office of Fire Prevention and Control; and various peace officers at the Department of Taxation and Finance, Department of Motor Vehicles and State Liquor Authority.

**Presumptive disabilities –** Under current law, police officers who suffer heart conditions are presumed to have developed them as a result of their jobs, qualifying them for more generous disability retirements. Eleven bills would expand similar “heart bill”-style presumptions to larger classes of public employees with different disabling health conditions.

**Phantom credits –** Pensions are based on an employee’s work history, but two bills (A8226-Abbate/S5627-Savino and A7169-Abbate/S4797-Savino) would allow up to two years pension credit for unpaid parental leaves. For school districts, the estimated cost would be \$18,700 per year of service credited per retiree, or \$37,400 for the maximum two years credit. Local governments would need to spend 20 to 40 percent of salary for each year of credit claimed by an eligible retired police officer or firefighter.

**More apples for teachers –** About 1,200 teachers who retired prior to June 1, 1980 would see their minimum pension benefits increase to \$550 (from \$500) for each year they taught, costing members of the Teachers Retirement System \$2.3 million annually (A2823-Abbate/S2341-Savino).

Teachers looking for more pension credit could get up to 10 years if they previously taught at a Association for Retarded Citizens facility (A6448-McEneny) or in a federal program, such as Head Start, Vista, Peace Corps or even an elementary school at the West Point Military Academy (S3406-Maziarz). The cost to members of the Teachers Retirement System: \$18,700 per year of service credited per retiree.

**MTA Anti-Bailout –** As the Metropolitan Transportation Authority struggles to balance its budget, another bill (A7282-S3718) would add \$100,000 to the pension costs of one of its subsidiaries, the Triborough Bridge and Tunnel Authority. The bill would extend an expired law, reducing the employee retirement age through December 31, 2011.

**Lise Bang-Jensen**  
*Senior Policy Analyst*

A spreadsheet listing pension enhancement bills pending in the Legislature as of June 1 can be downloaded from:

<http://www.empirecenter.org/files/pension-bills-6209.xls>