

# New York gubernatorial campaign centers on pledges to attack state workers

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As the economic crisis deepens, the New York Democratic and Republican candidates for governor have pledged with one voice to carry out draconian cuts on the state's services and workforce. The election is being used by both big business parties to shift the politics further to the right and inflict ever-deeper cuts on the social conditions of the working class.

Most media attention on the gubernatorial contest has focused on the contrast between Democratic candidate Andrew Cuomo, the current state attorney general and the son of former governor Mario Cuomo, and his Republican opponent, the Buffalo businessman and Tea Party-backed demagogue Carl Paladino. In fact, there is little difference between the policies of the candidates, both of whom speak for Wall Street.

Major investment and banking firms have seen their profits rebound and have resumed the distribution of massive bonuses to top executives. The real economy of the state, however, has seen little improvement, and conditions for the majority of the working class has continued to deteriorate.

New York State has lost more than 350,000 jobs since April 2008. During 2009, personal incomes fell for the first time in 70 years. The loss was 3.1 percent, almost twice the national average, totaling \$908 billion in lost income, according to state comptroller Thomas DiNapoli. Mortgage foreclosures rose by 30 percent from 2007 to 2009.

Consequently, state revenues are still down substantially from their previous highs, \$375 million below the budget projections for the first half of the year, and budget deficits are expected to continue for years to come. Estimates for the coming fiscal year's (2011-2012) shortfall range between \$8 and \$9 billion. DiNapoli projects a budget gap of \$15.6 billion in 2013-2014 and a cumulative gap of \$37 billion through 2013-2014.

Both parties have categorically ruled out any increase in taxes on the wealthy and have promised instead even deeper cuts in state services and the public workforce. Cuomo and Paladino have both stated that they would reduce the state budget by 20 percent. Specifics on cuts are in short supply, however, as both candidates seek to confuse and mislead working class voters with vague generalities.

Among the proposed attacks on state workers are layoffs and reductions in pension and health care benefits. As part of the measures implemented in the attempt to close the current year's budget gap, public employee unions, including primarily the Civil Service Employees Union (CSEA) and the Public Employees Federation (PEF), agreed not to oppose the creation of a new, fifth tier in the state retirement system for newly hired employees, with significantly reduced benefits from the existing four tiers. In return, the governor,

David Paterson, agreed not to undertake any layoffs during the remainder of his term (i.e., through the end of the year).

In an attempt to cut costs by \$250 million, Paterson created a retirement incentive program for some categories of state employees. Deliberately narrow restrictions in the program have allowed only some 5,000 employees to retire recently. This generated \$120 million in budgetary reductions. After legal action by state worker unions halted Paterson's attempts to cut costs further through furloughs and withholding contractually agreed-upon pay increases, the governor announced in September that 2,000 state employees would be laid off, violating the previous agreement.

Both major party gubernatorial candidates have expressed support for Paterson's plan. In addition, they have called for reduction in the size and number of state agencies, by consolidation (Cuomo) or outright elimination (Paladino), inevitably leading to more job losses.

Far from the caricature of a bloated workforce repeatedly trotted out by politicians and right-wing pundits, the *New York Times* has reported that the number of state employees has actually decreased by about 25 percent over the last two decades.

The CSEA and PEF have raised only legalistic objections to the layoffs, saying that Paterson is violating his previous no-layoff agreement. PEF president Ken Brynien has proposed that workforce reductions should be allowed to occur by attrition. Speaking to the Hornell Chamber of Commerce September 29, Brynien insisted, "In the next three months, a quarter of a year, you'll lose 2,000 to 3,000 people just naturally. Don't fill a position once it becomes empty."

The PEF, which has endorsed Cuomo, has nothing to say in defense of jobs, let alone the ability of state workers to provide necessary services to the public. Cuomo, Brynien commented approvingly, "knows agencies, commissions, pseudo-government authorities. He knows he can get rid of 20 percent of them right off the top."

The fact that both Cuomo and Paladino support the layoffs means that even if they are delayed until the end of Paterson's term, many more state workers are likely to lose their jobs regardless of the outcome of the election. Given the projected continuation of huge budget deficits for years into the future, further layoffs are certain to be proposed. In this light, the endorsement of Cuomo by the PEF and the New York State AFL-CIO only exposes more clearly the complete partnership of the union bureaucracy with the Democratic Party in its assault on state employees. The CSEA has not yet made a public endorsement for governor but supports Democrats in most other state races.

As with pension systems across the country, the New York State Common Retirement Fund is also targeted for deep cuts. As of June 30, 2010, the fund reportedly held about \$125 billion. Estimates

suggest that this is \$30 billion to \$80 billion less than is needed to meet existing needs. News media editorials across the state are raising calls for reductions in retirement benefits, increased employee pension contributions, and raising the retirement age. Governor Paterson, with the acquiescence of the state workers' unions, has already implemented "Tier V" with significantly reduced retirement benefits for new hires.

Both the Democratic and Republican gubernatorial candidates have promised further attacks on state worker pensions. Paladino has proposed to eliminate the defined benefit pension system for state workers and raise the retirement age.

In a calculated political attack, Cuomo, in his capacity as attorney general, recently issued a preliminary report of an investigation by his office alleging widespread pension fraud by state employees. This highlighting of the "padding" of pensions by small numbers of highly paid individuals is used to fuel the propaganda campaign against the state workforce.

In fact, most workers retire with extremely modest pensions. For example, the average pension for a retired member of the CSEA is \$16,000 per year, according to the union. Nationally, it is reported that 7 out of 10 retired public employees receive less than \$30,000 a year in pension benefits. Bloomberg News cites Alicia Munnell, director of the Center for Retirement Research at Boston College, who notes that of the 126 largest public retirement plans, the average annual benefit for public retirees in 2008 was only \$22,780.

In New York City, billionaire Mayor Michael Bloomberg is seeking to institute pension "reform" for city employees including creating a new, lower tier of benefits for new hires and obtaining permission from the state to negotiate public employee pensions independently from the state system. If the scheme is not approved, Bloomberg has threatened reduction in the city workforce via privatization of some city services.

Nothing is said, of course, by Bloomberg or any other establishment politicians about the truly obscene levels of compensation, bonuses, and retirement packages received by the financial and corporate aristocracy. Cuts in the public pension system are part and parcel of the immense rise in social inequality that both the Democratic and Republican parties have overseen.

In addition to the attacks on pensions, the gubernatorial candidates have pledged health care cutbacks for working people in general and state employees in particular.

Paladino has said that he wants to cut Medicaid, the public health insurance program for the poor, by \$20 billion. This would be accomplished by eliminating alleged "waste, fraud, and abuse"—and many jobs as well—along with a reduction in "optional" services such as dental and eye care services for senior citizens and the poor.

Cuomo has been more circumspect on this topic, but has stated that he intends to raise state employee health care contributions. His election program pledges to cut the cost of health care and make Medicare more "efficient" by doing "a much better job of controlling over-utilization of Medicaid services."

A new report by the Empire Center for New York State Policy, entitled *Iceberg Ahead: The Hidden Cost of Public-Sector Retiree Health Benefits in New York*, will provide ammunition to whoever becomes the next governor for another line of attack on public employees. The report indicates that the state government, as well as county and municipal government and related agencies, is currently liable for a projected total of more than \$200 billion to cover agreed-upon health benefits for retired employees and current employees

once they retire.

Unlike pension benefits, which are paid from investments made using a combination of employer and employee contributions, health benefits are paid from current revenues. While this structure has been in existence for decades and is usually part of contract agreements between the various government entities and public employee unions, this supposed revelation is being brought forth as yet another justification for the need to "reform" the benefits provided to public employees.

The Empire Center report enthusiastically comments, "The good news for New York taxpayers is that public-sector retiree health benefits, unlike pensions, are not guaranteed by the state Constitution.... Elected officials can still change course on retiree health care by restructuring benefits for both current retirees and active employees." The report suggests various methods by which the burden of health care costs can be shifted to retirees. Proposed cuts include reinstatement of employee payments into the insurance fund for those workers with more than ten years of service, an arrangement that had been eliminated by the legislature in 2000.

Cuomo, who is favored to win in the governor's race, has made clear that he expects to "tangle" with public employee unions. While remaining vague on many issues, he stated that he plans to institute a freeze on state worker salaries. In his Labor Day message, Cuomo called on state workers to sacrifice to help the state in a time of economic crisis. He cited past betrayals by union bureaucrats such as Albert Shanker of the New York City United Federation of Teachers and Victor Gotbaum of District Council 37 municipal workers, who agreed to eliminate pay raises during the New York City budget crisis of the mid-1970s, as examples for current union leaders to emulate.

The news media have actively taken up the campaign to vilify and scapegoat government workers and prepare public opinion for increasingly savage attacks. There is an overt drive to divide public-from private-sector workers by highlighting the fact that benefits won by the former during years of struggle are not enjoyed by many who work for private employers.



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