

New York's Democratic governor demands mass layoffs, pension cutbacks

Philip Guelpa
13 June 2011

On Friday, one of the two main public employee unions in New York State, the Public Employees Federation (PEF), released details regarding its contract negotiations with the administration of Democratic governor Andrew Cuomo. Contracts with state worker unions expired on March 31. Until now, there has been a virtual news blackout regarding the negotiations between the state and the two major unions, the PEF and the Civil Service Employees Association (CSEA), which together represent 120,000 state and municipal workers.

Governor Cuomo has threatened to lay off 9,800 workers, out of a total labor force of 187,000 full-time positions under the governor's control, if an annual cost reduction of \$450 million, termed "Labor Management Partnership Savings," included in the state budget adopted at the end of March, is not achieved through contract concessions. This cost reduction would require between a \$2,000 and \$3,000 annual give-back per employee, according to the PEF.

In recent weeks, the governor has reiterated the layoff threat, and his administration has begun the process of developing lists of those who would lose their jobs beginning in mid-July. Notices to employees who may be laid off are expected to go out shortly. These job cuts would come on top of a loss of nearly 9,000 employees, a 3.2 percent reduction in the state workforce, since 2008, which has been achieved through a combination of unfilled vacancies, early retirements, and layoffs.

This loss of staff has already affected the ability of state agencies to deliver essential services at a time when the economic crisis has forced ever-increasing numbers of people to rely on these services for their well-being and even survival. Furthermore, throwing nearly 10,000 additional people onto the unemployment line will have substantial repercussions not only on the workers'

families, but on the local economies of the communities where these people live.

The layoffs of state agency employees would occur at the same time as an estimated 16,000 to 18,000 public school teachers and staff across the state are expected to lose their jobs due to a combination of federal and state budget cuts.

In another prong of Cuomo's coordinated attack on state workers, this past week the governor proposed the creation of Tier VI in the state employee pension system. This would be costlier and provide even lower benefits to newly hired workers than Tier V, which was instituted only last year under Cuomo's predecessor, David Paterson, also a Democrat. Tier VI would raise the minimum retirement age from 62 to 65 for state workers and from 57 to 65 for teachers.

The governor is continuing his divide-and-conquer strategy of seeking to pit public and private sector workers against each other. In his announcement, Cuomo states, "This bill institutes common-sense reforms to bring government benefits more in line with the private sector while still serving our employees and protecting our retirees." The PEF estimates that the average pension of its members is only \$18,300 a year. The New York State public employee pension system is not in crisis; it is fully funded, according to a recently released Pew Center on the States report.

According to the PEF's announcement, the main points of Governor Cuomo's contract proposal include a six-year contract (previous contracts have been for four years) with a pay freeze for the first four years, then raises of 1 and 2 percent in years 5 and 6, respectively; numerous give-backs regarding health insurance, including 10-20 percent increases in premiums for individuals and 25-35 percent for families, and increases in prescription co-pays. Hospital outpatient co-pays could in some cases reach nearly \$600. By the PEF's calculation, Cuomo's proposal

would constitute an annual loss of up to \$10,000 per employee, substantially more than what was envisioned in the enacted state budget. The members of a smaller union that represents various state police entities recently rejected a similar contract proposal by a 2-to-1 margin.

The PEF's counterproposal includes its own mix of substantial concessions. The union claims it would meet its share of the reductions required by the state budget, but provides no estimate of their cash value. Among the proposed give-backs is a one-year wage freeze, with increases tied to inflation in the remaining three years; four furlough days and four days of deferred pay in the first year; "consideration" of changes to co-pays for medical services and prescriptions; and an increase in the vesting period for current employees to establish eligibility for retiree health insurance from 10 to 15 years. The union proposal also includes a number of work-rule and other "enhancements," which are negligible in comparison to what it offers to give up.

The PEF explicitly accepts the premise that workers must pay for the economic crisis. The announcement states, "We as PEF members are willing to share the sacrifice and endure some fiscal hardship to preserve the jobs of our working colleagues but cannot accede to the State's egregious demands." Details of any offers made by the state's other major public employee union, the CSEA, have so far not been made public, but are likely to be of a similar character. In response to the PEF's disclosure, a spokesman for the governor has stated that their side will not "negotiate in public" and would prefer that the unions uphold their previous agreement to do the same.

Cuomo has made no formal response to the PEF's counterproposal. The "negotiations," which have been carried out under a virtual news blackout since they began in late-March, have reportedly been stalled for weeks. In effect, however, the governor's advancing preparations for the 9,800 layoffs and proposal to create a Tier VI for pension benefits make clear his contempt for the union's offer. The initial agreement by the two unions to hold the contract talks in secret emphasizes their conception that "reasonable" compromises would be made by both sides.

The release of these proposals represents the PEF's attempt to make a show of putting pressure on the governor. In reality, it only reveals the union's abject capitulation to and collaboration with the Democratic and Republican political establishment, in a pattern that is now all too familiar.

In state after state, the public employee unions concede,

indeed embrace, the need for massive spending cuts in employment and social services to compensate for the economic crisis brought on by the rampant greed and speculation of the financial elite. At the same time, the Democratic and Republican state governments' elite shamelessly enact tax cuts—in New York's case, the elimination of the "millionaire's tax"—and other benefits for the very same elite. All the union bureaucrats ask for is "a seat at the table" so that they can maintain their own privileged positions, justifying their existence by arguing that they are the best qualified to enforce the destruction of their own members' standard of living.

The combination of the proposed cuts to state employee benefits, layoffs, and reductions in services comes at a time when a whole range of statistics points to a sharp downturn in the US and world economies. The unions' contention that by making concessions they can ride out the storm and regain losses once good times return amounts to a criminal deception of their members. The crisis of capitalism will only worsen in the coming months and years, and the concessions being made now will only set the stage for far deeper cutbacks still to come.

Workers must reject both the lie that "there is no money" and the unions that collaborate in promoting this deception. The brutal attacks on both public and private sector workers cannot be fought as individual, isolated trade union battles that leave workers open to a divide and conquer strategy.

Neither "limited" concessions nor protests aimed at pressuring the political establishment will avert the deepening assault on the working class. The fight against the conspiracy between the financial elite, their political representatives in the Democratic and Republican parties, and the unions can only go forward as a united, political movement through the formation of independent committees of public and private sector workers to fight for a socialist program guaranteeing jobs, education, health care, and the other essentials of life for all workers.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact