

# DON'T LET THE GOVERNOR SQUEEZE MIDDLE CLASS STATE EMPLOYEES

The Governor's budget proposal attacks the middle class, raising fees and taxes on the average family but gives millionaires a free ride.

The news gets worse for state employees and their families.

The governor also wants to take away state workers' April, 2009 3% raise, strip away one week's pay from every state employee (lag pay), water down their pension, and significantly increase retirees' health insurance costs.

The loss of salary and benefits will mean the budget will cost the average state employee and many retirees in excess of \$2,800 this year! That is the equivalent of a 66% tax increase for these workers.

Meanwhile, hedge fund managers get to enjoy their yachts!

Why are middle class state employees being asked to bear the brunt of the burden of the state's fiscal crisis, while wealthy New Yorkers and corporations, some of whom helped cause this crisis through greed and recklessness, are not asked to carry their fair share of the burden?

State employees recognize the state's dire fiscal situation but the burden of fixing this crisis must be shared by all.

PEF has identified several options that will help close the budget gaps, including increasing the income tax on wealthier New Yorkers and reducing the use of high paid consultants. Our proposals have the potential of reducing the budget deficit by as much as \$8 billion and will more than pay for the cost of employee givebacks the governor is demanding.



- FACT** The economic impact of the job cuts and givebacks the governor has proposed for the state workforce will cost the New York State economy over \$1.8 billion - the equivalent of almost 50,000 jobs.
- FACT** The proposals to unilaterally withhold a week of state employees' pay and take away negotiated raises guaranteed in contracts the governor signed less than a year ago are illegal. Similar actions taken by Governor Cuomo were found by the courts to be illegal.
- FACT** The average state employee will lose about \$2,800 in salary this year due to the governor's illegal proposals to defer pay and rescind contractual raises and cost as much as \$70,000 over their career.
- FACT** The proposal to reduce state payments for retiree health insurance will cost retirees up to \$5,435 a year in additional costs.
- FACT** The Governor claims state employee givebacks are necessary to avoid layoffs but his proposed budget lays off over 500 employees and eliminates over 3,000 state jobs.
- FACT** The Governor has not proposed to terminate any other state contracts in this fiscal crisis except state employee contracts.
- FACT** The proposal to require a minimum of 10 years credited service for a service retirement or deferred vesting benefit would be illegal under federal law if it applied to a private sector pensions. Federal law does not allow private sector pensions to require more than five years of service to receive a vesting benefit. Why should public employees face more stringent pension vesting requirements than private sector employees?
- FACT** The proposal to cap pension service credit for accumulated unused sick leave capped at 165 days violates Article 12.8 of the PEF/NYS labor contract which allows service credit up to 200 days.
- FACT** In SFY 2007-08 the state spent \$2.78 billion on consultants and paid them an average annual rate of \$126,503. Consultants charge 54% more than state employees who do the same work including the cost of state employee benefits. Consultant spending for the first half of this year is at the same rate as last year. The state should reduce the use of these high priced consultants before any state employee loses their job or pay. Replacing half of these consultants with state employees will save the state over \$730 million over the next three years.

**MAKE WEALTHY NEW YORKERS AND CORPORATIONS PAY THEIR FAIR SHARE  
OF TAXES BEFORE FURTHER TIGHTENING THE SQUEEZE ON  
MIDDLE CLASS STATE EMPLOYEES!!**



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