



Sneak labor giveaway

By MARIA DOULIS

Across New York, the cost of health benefits for retired government employees is growing so rapidly that it threatens to crowd out funding for essential government services. Rather than lay off police or close libraries, public officials may want to use their discretion to alter retiree health insurance — but some state legislators are trying to take away that discretion.

These lawmakers are introducing bills that would prevent government officials from reducing current benefit levels — in effect, forcing them to sacrifice core services instead.

In fiscal year 2012, New York City will pay \$1.6 billion for health insurance for retired government employees — more than is budgeted for transportation and park operations combined. The state paid \$1.3 billion for retiree health care in fiscal year 2011-12, as much as it gave to support the City University.

Retiree health-insurance costs are up 44 percent in the city budget and by a third in the state budget from just five years ago — and that's *still* not enough to fully fund the future benefits that have been promised.

These unfunded liabilities are staggering — and *growing*. The most recent estimates are \$84 billion for the city and \$56 billion for the state. The Empire Center estimated the statewide unfunded liability at more than \$200 billion in 2010.

New York City has the greatest liability because its health benefits are the most generous. It takes only 10 years of employment to vest for lifetime retiree health benefits, which begin upon retirement at any age and require no retiree premium contributions. The city even reimburses retirees over age 65 for the full cost of their Medicare Part B premiums.

Current law lets public employers make changes to health benefits. The only exception is for teachers in schools outside New York City; a 2009 law protects their retiree health benefits from reduction.

Now other unions are seeking the same protection. Six bills have been introduced in the Legislature to prevent state and local governments from reducing retiree health benefits unless public-employee unions agree to an equivalent reduction for their active members via collective bargaining — a highly unlikely event.

Their proponents claim these bills would have no fiscal impact because they provide no new benefits. But they would make it virtually impossible to save money at a time when the flexibility to grapple with pressing fiscal challenges is urgently needed.

As the costs of retiree health benefits grow, local governments and school districts across New York will have to choose between reasonable reductions in benefits or cuts in crucial services: police and fire, schools, roads and bridges, parks and so on.

Government retirees should always be treated fairly and with due respect for their public service, but it's a mistake to tie the hands of state and local elected officials further. With health-care costs skyrocketing — and the unfunded liabilities already at staggering levels — they shouldn't be put in a position where they have to lay off current workers and reduce services because they have no latitude in addressing retiree health-insurance costs.