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## **CITIZENS BUDGET COMMISSION ISSUES REPORT DETAILING THE UNSUSTAINABLE AND GROWING BURDEN OF NEW YORK CITY'S OTHER POST- EMPLOYMENT BENEFIT DEBT**

*Liabilities Amount to \$95 Billion*

*CBC Recommends Implementation of New Policies To Reduce  
Financial Burden on Future Generations*

**New York, NY - October 25, 2017** - The Citizens Budget Commission (CBC) today released "[The Price of Promises Made](#)," a report highlighting the more than \$95 billion in other post-employment benefits (OPEB) obligations that New York City's municipal leaders have run up, without any credible plan to pay it off. The debt, which continues to grow by approximately \$5 billion annually, equals about \$30,000 for each household in New York City.

OPEB benefits are, for the most part, comprised of retiree health insurance plans, which, unlike the City's pension plans, are not prefunded and are paid using a pay-as-you-go (PAYGO) arrangement each year. However, since the health insurance benefits promised to today's workers are not paid until they reach retirement age, the taxpayers having to foot those bills will be the next generation of New York City taxpayers.

"The City's increasing OPEB debt threatens the affordability of city services," said CBC President Carol Kellerman. "Every year the problem is left unaddressed, the magnitude of the OPEB burden on future generations of New Yorkers grows by \$5 billion more annually. It's time the City embraces more sound fiscal practices on OPEB before it's too late."

Despite being two times higher than current rates, this estimated toll level is still considerably less than the nearest alternative to the Cuomo Bridge, the George Washington Bridge, which has a toll of \$15.

New York City's unusually large OPEB liability is primarily due to its relatively costly benefit package. While other cities have been actively seeking to reduce costs, New York City continues to give out some of the most generous retiree health benefits.

In a comparison of retiree health benefits of New York City with those of the federal government, the State of New York, and six other large cities: Chicago, Los Angeles, San Francisco, Boston, Phoenix, and Houston, none of the other jurisdictions match New York City's policy of covering 100 percent of the premium for both individual and family coverage and reimbursing the full cost of Medicare Part B premiums for retirees and spouses.

In order to decrease the financial burden that future New York City taxpayers will bear and avoid fiscal crises like those seen in Detroit (where current and future retirees absorbed cuts upward of 90 percent of expected benefits when the city's plan for adjustment in formal Chapter 9 bankruptcy proceedings was approved in 2014), CBC recommends that New York City's leaders:

- Reduce the cost of the benefit package by half; and
- Adopt more substantial and systematic prefunding policies such as making regular deposits into a dedicated fund resulting in the accumulation of funds for investments from which earnings can reduce future required taxpayer contributions.

The full report is available at [www.cbcny.org/research](http://www.cbcny.org/research).

**About Citizens Budget Commission**

The Citizens Budget Commission (CBC) is a nonpartisan, nonprofit civic organization whose mission is to achieve constructive change in the finances and services of New York City and New York State government. Our mission is rooted in serving the citizenry at large, rather than narrow special interests; preserving public resources, whether financial or human; and focusing on the well-being of future New Yorkers, the most underrepresented group in city and state government.