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July 14, 2009

Dear Legislator:

I am writing to commend you for voting against A9037/S52204, the bill that would have allowed State and local governments to postpone paying the full required annual contributions to their employee pension funds. The legislation proposed a cap on employer contributions and authorized amounts above the cap to be, in effect, "borrowed" from the funds by stretching the payments out over ten years.

As you know, public employee pension costs in New York State are skyrocketing. The State Comptroller recently projected that public employers in this State will have to contribute close to 60 percent more annually to fully meet their pension obligations starting in 2011.

While the proposed changes to the payment schedule would have provided short-term fiscal relief, they would come at an unacceptably high price. New York's pension systems have been well-funded historically in part *because* of the requirement that the full annual pension bill submitted by the State Comptroller be paid when it is due. The experience of many other states struggling to deal with enormous unfunded pension liabilities shows that the slippery slope of pension borrowing should be avoided.

New York's full funding requirements should not be changed. Instead the Legislature must curb the tendency to enrich benefits and immediately enact a new, less costly pension tier. This is the only real and long-lasting solution to the pension funding crisis in New York, and one that does not burden the next generation of New Yorkers by borrowing from the future to pay for current expenses.

Thank you again for voting against A9037/S52204. Please do not hesitate to contact us if we can provide additional information or be helpful in any way in your efforts to stand up for responsible fiscal practices.

Sincerely,

Carol Kellermann
President