

timesunion.com

State workers: 55/25 bill OK'd

Early out action awaits governor's signature to reduce the public ranks

By [RICK KARLIN](#), Capitol bureau

Click [byline](#) for more stories by writer.

First published: Saturday, May 29, 2010

ALBANY -- State workers got a triple dose of good news on Friday, including word of an early retirement incentive.

Not only did a judge order a halt to a planned furlough and order Gov. David Paterson to pay the 4 percent raises that unionized workers were supposed to get on April 1, the Senate gave final approval to the retirement 55/25 retirement plan.

The bill passed the Senate late Friday 58 to 1, with Buffalo-area Republican Mike Rzenhofer casting the sole vote in opposition. The Assembly approved the bill earlier.

"This legislation represents an important first step, but additional work force reductions are essential as we address the state's current \$9.2 billion deficit," Paterson said in a statement. "I applaud the Legislature for passing this bill, and I look forward to signing it into law."

The state is hoping to save \$95 million this fiscal year, and an additional \$225 million in 2011-2012.

The measure has two broad components which workers can choose from if their employer participates: the 55/25 plan or the crediting of an extra month for each year of service.

Generally, employers have to agree to eliminate the jobs held by those taking the incentives, and they can say no to applicants serving in critical positions.

Under the 55/25 option, called Part B, state as well as local employees can retire at age 55 after 25 years of service without penalty. Typically, the workers have to spend 30 years on the job before drawing a full pension. Firefighters and most police can typically leave after 20 years.

Participating employers must provide a 90-day period to allow eligible employees adequate time to consider the incentive. Employers will decide if they want to participate by Sept. 1, or by July 1 for educational organizations.

For the second option, employees can get another month's credit for each year served, with a cap of three years of credit. Employees must be retirement-eligible or at least 50 years old with 10 years of service.

Employers will have to provide a 30- to 90-day open period to allow employees time to consider the offer. Local employers must opt into the plan by Aug. 31, or July 30 for school

districts.

Critics say the savings from an early retirement plan can be hard to assess. Employers have to pay higher pension costs, and they will amortize the extra payments -- essentially borrowing against the state's retirement fund -- to meet those obligations.

The fiscally conservative Empire Center for New York State Policy earlier this month noted that between 1983 and 2002 lawmakers have approved 10 early retirement bills for state employees.

The most recent, in 2002, drew 5,562 participants but added \$249 million in pension costs, which were financed over a five-year period -- similar to the way this plan is configured. They contend there has never been a rigorous cost-benefit analysis of the plans.

Senate passage removes some uncertainty for public employees who may have been considering retirement but have held off to see if the incentive appears. The Public Employees Federation, a major public employee union, advised members last month to postpone putting in their retirement papers in anticipation of the incentive.