



New York State Budget Update

- The New York State budget was settled about a week late, after the April 1 deadline.
- We saw a victory in strengthening public pensions. In 2012, over AFSCME's strong opposition, a new public pension tier was created, called Tier 6, which reduced retirement benefits, increased worker pension contributions, capped overtime earnings and doubled the vesting requirement for new employees from five years to ten years.
- Ten years later, the public sector is facing an unprecedented challenge to recruit and retain public service workers. One of the main causes is the less generous pension package. The state and local pension fund is in very strong shape and local employers recently saw their employer contributions reduced, so our union made it a priority to "Fix Tier 6".
- One of the worst aspects of Tier 6 was the increase in employee contributions. Traditionally, public employees in New York contributed 3% to their pension. Tier 6 created new "bands" of contribution rates based on employee earnings, from 3% up to 6%. Many of our members worked mandatory overtime during the pandemic, which pushed them into higher contribution rates. It is unjust and unfair that Tier 6 members have to contribute at much higher rates for a significantly reduced pension.
- Our goal this year was to do away with the contribution bands, bringing all employees back to a 3% contribution rate, increase the pension multiplier and drop the vesting requirement from ten years back to five years. Ambitious goals, but a righteous cause.
- Although we were unsuccessful in getting the big changes that we were seeking included in the budget, we were successful in changing the vesting period from ten years to five years. This is a significant win for newer employees, who immediately become vested in the system in half the time.
- Additionally, we were able to get all overtime earnings from the last two years (during the pandemic) excluded from the higher contribution bands. Public employee pension contributions from the last two years will now be based solely on base salary, not overtime earnings. This immediately puts money back in thousands of our essential members' pockets.
- Although the state budget is now settled, we still have the remainder of the legislative session, which runs through early June, to continue to fight the fight to "Fix Tier 6".