

Future NY teachers scramble to avoid state's new pension plan

By The Associated Press, December 24, 2009

Albany NY - Prospective full-time teachers are scrambling to get into the current state pension tier before a reform measure designed to save New York taxpayers billions of dollars takes effect New Year's Day.

The change adopted earlier this month means new hires will receive less generous retirement benefits than teachers vested under the current pension plan — unless they followed the teachers' union guide to lock into the richer plan.

Teachers joining after Jan. 1 will have to pay 3.5 percent of their salary toward their pension for as long as they work. Currently employed teachers pay 3 percent for the first 10 years of service, then pay nothing.

As of Tuesday, 3,198 workers had joined the pension system this month under the more generous tier — about three times the number who joined a year ago, according to data from the state Teachers Retirement System.

“It's astounding,” said E.J. McMahon, director of the Empire Center for New York State Policy, part of the fiscally conservative Manhattan Institute. “Those teachers will all cost 30 percent more than they would have.”

“Over its life, the cost to the taxpayers will be hundreds of millions of dollars,” McMahon said.

The new tier was created to reduce taxpayers' cost of public employee pensions, which have been getting more expensive each year.

“Our obligation to members is to always make them aware of the changes in the law that could be harmful,” said New York State United Teachers President Richard Iannuzzi, whose union helped shape the legislation. “What we really are talking about is those who have already been put on an approved substitute list, and may have been putting off their first day of employment until January. ... Hopefully they heeded our advice.”

NYSUT is one of Albany's most powerful lobbying forces and biggest campaign contributors. It and other public employee unions were part of negotiations for the new pension tier with Gov. David Paterson and legislative leaders because a deal wasn't possible without union support.

John Cardillo, spokesman for the state teachers pension system, said he's not sure why applications spiked this year, although news of the new pension reform alone probably prompted some to apply. As for NYSUT's urgings: “It's probably safe to assume that had something to do with it.”

McMahon said he had wondered why the effective date for the new pension plan was set for Jan. 1, rather than immediately. Now, he said, he knows why.

“It underscores how this whole process was a giveaway to the teachers union,” he said.

The new plan also required other public workers to serve longer before being eligible for full retirement benefits, but NYSUT secured a lower retirement age — 57 years after 30 years' service. Other public workers in the new tier will have to work until they are 62 years old with 30 years service.

Teacher salaries are diverse and set in local school district contracts, with most paid around \$40,000 in their earliest years to near \$100,000 or more in the later years.