

Tier 6 rollbacks gain momentum in New York

By Bill Mahoney

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Twelve years after then-Gov. Andrew Cuomo pushed an overhaul of the state's retirement system through the New York Legislature, lawmakers are taking a serious look at rolling back some of the changes.

The creation of "Tier VI" of the state's pension system lessened benefits for state workers at a time when New York was in the midst of a long budgetary struggle. Since then, public employee unions have groused about the changes, and there have been some tweaks over the years.

But the efforts to revisit the changes made in 2012 have ramped up since Cuomo left office in 2021, and they're even more energized this year.

Unions and their supporters are now framing the need for new changes as a response to staffing shortages at every level of government.

"Across the board, we're in a workforce crisis," said state Sen. [John Mannion](#) (D-Onondaga County). "It's challenging for our state agencies, for our school districts, for our municipalities. Having the pension system considered a disincentive rather than an incentive for employment in public service is an absolute problem and it's at a crisis level right now."

WHAT'S IN THE BILL?

This Pro Bill Analysis is based on the text of the bill ([S8490/A9133](#)) as introduced on Feb. 6.

One of the many many bills that deals with changes to Tier VI would delete the language from [New York's retirement and social security law](#) that states that employees who joined a state pension system after April 1, 2012 would have their average salary — which is used as a baseline for determining their pension payments — determined by their pay in their highest-earning stretch of five years (Secs. 1-3).

By deleting that language, an employee's average would instead be calculated by their three highest-earning years, as is the case for workers hired before the Tier VI system was created.

The measure would also add language to the same effect for members of the Police and Fire Retirement System (Sec. 4).

WHO ARE THE POWER PLAYERS?

Several unions representing state and local workers have worked against Tier VI in recent years.

The most visible effort at the moment is the "[Fix Tier Six](#)" campaign launched by the **New York State United Teachers**.

NYSUT brought hundreds of supporters to a rally at the Capitol last week, where labor leaders and legislators called for changes.

"We need to fix Tier VI so we can maintain the amazing public servants we have now," NYSUT President **Melinda Person** said at the rally.

"Both houses of the Legislature and the governor need to work with us to address Tier VI now, in this budget," said state AFL-CIO President **Mario Cilento**. The **New York AFL-CIO** has also called on the Legislature to reform Tier VI, which Cilento highlighted as one of the organization's priorities in a [January memo](#).

There are dozens of bills that make changes to the pension system, some of which make major rollbacks to the 2012 changes and others of which adjust complaints [specific to](#) particular groups of state employees.

Those include the measure sponsored by Manhattan Democrat [Robert Jackson](#) in the Senate, and Queens Democrat [Stacey Pheffer Amato](#) in the Assembly that would change how an employee's average salary is calculated.

In a [recent Q&A](#), Jackson — who chairs the Senate Civil Service and Pensions Committee — told City & State New York that Tier VI “sucks.”

“The general priority [as chair] is to move away from what I've been hearing from the membership, which I summarize in a nutshell [is] that Tier 6 sucks,” he said. “There are six tiers in the system and Tier 6 is the worst.”

WHAT'S HAPPENED SO FAR?

The Tier VI system was created in 2012, when legislators agreed to approve Cuomo's plan in exchange for his willingness to sign off gerrymandered district lines they drew. But few were enthusiastic about the plan — several were called out of their hotel rooms in an effort to sew up support in a vote that started after midnight and wrapped up around sunrise.

The new category — and a Tier V that was created three years earlier — contained the first significant changes to New York's retirement system in decades.

Those who joined the pension system after the start of April 2012 are considered Tier VI and must contribute sliding shares of their salary — up to 6 percent — for their entire careers. Meanwhile, Tier IV members, who joined the workforce between 1983 and 2009, contribute 3 percent and only their first 10 years of employment.

Tier IV members can receive their full pension if they retire at 55, while Tier VI members need to wait until they're 63.

Some workers also have the option to join a 401(k) style plan rather than the state's pension system, although that change [has not had a dramatic impact](#).

Cuomo promised at the time that this new tier would “save New York state, local governments and school districts nearly \$80 billion over the next 30 years”

It was unpopular from the get-go among the various unions that represent public employees — but there was no chance that one of Cuomo's signature financial reforms would be overhauled during his tenure. The ex-governor even proposed a new Tier VII in January 2020; however societal and Executive Chamber disruptions over the following 18 months meant it was never seriously deliberated.

But there's been at least some willingness to consider changes since Gov. Kathy Hochul took office nearly three years ago. In fact, the budget that passed in 2022 [rolled back one Tier VI change](#), allowing employees to vest after five years rather than 10.

WHAT'S NEXT?

It's unlikely that any existing bills making sweeping changes to the pension system will be approved as stand-alone measures, but there's a chance they could be wrapped into the state budget. At least some of the changes sought by labor unions will make it into the one-house budget proposals that are expected to be released on March 11.

“I'm not sure if every single change people would want or I would want will be there,” Mannion said. “But there will be some aggressive but gradual steps to make it a more fair retirement system for individuals who are dedicating their lives to public service.”

Budget negotiations will have to get serious after the [one-house budget proposals are voted on this week](#), and then it'll become a question of how much legislators are willing to prioritize pensions during budget talks and how keen Hochul will be to act on the issue. Her administration isn't completely ruling out changes.

“State employees, municipal employees, local employees — they're the lifeblood of government,” Budget Director Blake Washington said. “We've seen a lot of the proposals come before us. We have to make sure those proposals are responsible to the state's financial plan, but also to municipalities' ability to bear the cost of those.”

WHAT ARE SOME STORIES ON THE BILL?

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