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**TESTIMONY PRESENTED BY**

**DONN ROWE**

**President**



**January 25, 2012**

**Testimony of Donn Rowe**

**New York State Correctional Officers and Police Benevolent Association, Inc.**

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Good morning Chairman DeFrancisco, Chairman Farrell and Members of the Legislature. My name is Donn Rowe and I am President of the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA). NYSCOPBA represents more than 27,000 active and retired critical law enforcement personnel, including State Correctional Officers and Correctional Sergeants who provide an invaluable public service by ensuring the security of New York's prisons and in turn the safety of all New Yorkers.

In addition to our Correctional Officers, NYSCOPBA also proudly represents Security Hospital Treatment Assistants; Safety and Security Officers; Security Services Assistants; and Security Screener Technicians including those who work to protect all of you here every day in the Legislative Office Building and at the State Capitol. These are just some of the many security titles NYSCOPBA proudly represents.

On behalf of all our members, I would like to thank you for the opportunity to testify here today and to voice our members' response to Governor Andrew Cuomo's 2012-2013 budget proposal.

I'd like to begin today by providing a brief update on the state of New York's corrections system, and providing a snap shot of the conditions NYSCOPBA members face as a result of budget decisions made by the state in recent years.

Since 2009, New York State has closed eight (8) prisons, four (4) camps, five (5) annexes and 12 farms. 1,780 corrections officer and Sergeant positions have been lost. In that same time, the inmate population has also decreased by a little more than 8 percent (60,844 on January 4, 2009 to 55,804 on January 22, 2012, a decrease of 5,040 decrease or 8.3%).

However, despite that decrease in the inmate population, in that same timeframe, 1) total incidents of inmate assaults on staff and inmates have remained unchanged or have increased, 2) escape incidents quadrupled, and 3) contraband incidents are up nearly 5 percent.

As the overall prison population declines, it would only stand to reason that we should also see a decrease in these incidents. Clearly, what was once a nationally recognized system for excellence and safety has quickly deteriorated into a crisis waiting to happen. You now have fewer officers watching more dangerous criminals crammed in a tighter space. And, we have not yet had enough time to assess the potential damage of last year's sweeping cuts.

It is under these conditions that Governor Cuomo has proposed a budget that keeps funding relatively flat, but does include a modest cut. We are urging these cuts be directed solely to administration and hold harmless the men and women who serve on the frontlines everyday. Given the circumstances I have just outlined, this is the only prudent decision that can be made. NYSCOPBA members serve the public in one of the most difficult and dangerous jobs in New York State. By refraining from deeper cuts, Governor Andrew Cuomo is acknowledging the difficult and dangerous work of the men and women of NYSCOPBA, and we commend him for that. We can support this portion of the budget proposal if these cuts are appropriately directed to reducing administration.

However, there are two provisions in the Governor's proposal – separate from direct agency budget cuts – which NYSCOPBA does not support. The first is a relatively obscure and seemingly minor change to the Mental Hygiene Law, but could potentially have devastating consequences for families in New York.

Under existing law, before the state closes any state psychiatric hospital or implements any significant service reductions within such hospital or within its catchment area, the Commissioner of the Office of Mental Health is required to provide notice of at least 12 months to the affected parties. This includes providing notice to local governments, community organizations, and *employee labor organizations*, among others.

The Governor's proposal would allow the Commissioner to close, consolidate, merge or reduce services at any state psychiatric hospital without having to adhere to this one-year

notification requirement. Instead, the Commissioner could close, consolidate, or merge any hospital, and would only be required to provide 60 days notice in the form of a website posting. With respect to significant service reductions at a state psychiatric hospitals – specifically ward closures - only 30 days notice would be required.

NYSCOPBA represents security at these facilities. Two groups of employees would be impacted by the implementation of the Governor’s proposal – Security Hospital Treatment Assistants (SHTAs) and Safety and Security Officers (SSOs). SHTAs are employed at the state’s forensic psychiatric hospitals – these are the hospitals that house people deemed “criminally insane” by a court of law. Our members are essentially corrections officers for those facilities. SSOs work at all psychiatric hospitals, not just forensic ones. They are the security personnel at these facilities – patrol perimeter, assist SHTAs when necessary at the forensic sites, and perform traditional security work on a daily basis.

There are approximately 1,500 NYSCOPBA members who work at these facilities, and by eliminating the one-year notification period, the state is showing callous disregard for the lives of these dedicated public servants. With nothing more than a posting on a website, my members’ lives and their families’ lives could be completely turned upside down. To treat these men and women with such disrespect and without any regard to their wellbeing or their families’ wellbeing is beyond reproach. I would urge the legislature to reject this proposal.

The second proposal in the Governor's budget that we are urging you to reject is a new pension tier for future employees, also known as Tier VI. Devaluing the earned retirement benefits for future employees will not only have a devastating impact on New York's ability to recruit quality candidates to work in these facilities, it is also a shortsighted budget strategy that is bad for New York's economy. The claim is that Tier 6 will help balance the budget on the backs of the so-called "unborn," when in reality, it is fiscally irresponsible and will become more of a burden on taxpayers in the long run.

The most significant component of the Governor's Tier 6 proposal is the introduction of a 401k-style retirement benefit. While this proposal may make sense if you're only looking at the bottom line, NYSCOPBA believes the state has a responsibility to protect their employees in retirement. We are not alone in this belief.

Just last week, Comptroller Tom DiNapoli delivered a speech in Washington DC that was a real dose of reality. Not only does Comptroller DiNapoli say that pensions are affordable for state – and he should know, because he manages New York's pension fund – but the Comptroller also reminded everyone that 401k's were never supposed to take the place of pensions, and historically, have not reliably provided retirement security.

Keith Brainard, research director for the National Association of State Retirement Administrators, echoed this fact, when he told the New York Times last year that 401k-style retirement plans are a "very unreliable vehicle for promoting retirement security. Many workers don't know how to invest, many don't contribute enough to their 401(k)s,

and many cash out much of what's in their 401(k) long before they retire, leaving them too little to live on when they retire.”<sup>1</sup>

Comptroller DiNapoli also said – and it is true of NYSCOPBA members as well – that New York State workers usually stay in New York after they retire. And what do they do with their pension benefits? They spend that money here, in New York, to support our economy.

In 2009, a study by the National Institute on Retirement Security examined the impact of pensions on the economy, state by state. What they found strongly supports maintaining a viable pension system for state workers, because the retirement security is also good for the economy. They found that each dollar paid out in pension benefits supported \$1.41 in total economic activity in New York. □ Even more compelling, each dollar “invested” by New York taxpayers in these plans supported \$9.61 in total economic activity in the state.

What the Governor is proposing will force more retirees to either rely on some form of public assistance – which means a bigger burden for taxpayers – or, they won't be able to retire at all. And, by reducing that retirement security, Tier 6 would remove dollars that are currently being invested in New York's economy.

Our members, on average, receive approximately \$30,000.00 annually from their pension benefits. This is not overly generous, but represents security for retired New Yorkers.

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<sup>1</sup> The New York Times, Steve Greenhouse, February 28, 2011.

NYSCOPBA members serve the public in some of the most difficult and dangerous conditions in the State. Now you're going to take away their ability to retire? Part of your responsibility is as caretakers of this government, this state, and the people who serve it.

Doing more with less is what we have had to do for the past 30 years. At some point there comes a breaking point. Overall, when you honestly look at New York's prison system today what you are left with is a more violent felon, being held in tighter quarters but in less secure environments with little or no programs for any help to change behavior and a significantly diminished security force to manage it all. On top of that, the Governor is now proposing we devalue one of the most attractive recruiting tools to the detriment of the individual employee's future well-being and the state's economy. That is where we stand today, a deteriorating structure that is quickly becoming a warehouse or holding pen that teaches these people how to become more violent and more destructive, while the men and women we ask to risk their lives to guard that structure have less incentive to even take the job.

Through it all, NYSCOPBA members recognize that these are incredibly challenging times for New York. Faced with a daunting budget shortfalls and the need to make more out of less, there is no doubt that cuts must be made, spending must be reeled in and new cost saving measures must be employed.

However, these are not simply budgetary numbers; they are the men and women who safeguard these facilities. They are also New Yorkers, with families and lives. This is not

about the bottom line. It is about the obligation the state has to serve citizens of New York, especially those citizens who have already given so much to the state.

Thank you for providing me with the opportunity to testify in front of you today. I would be happy to address any questions you may have or to continue this dialogue on these crucial matters at any time or place in the near future.

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# NEW YORK

## Pensionomics:

Measuring the Economic Impact of State and Local Pension Plans

### Key Findings

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of New York.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a *multiplier effect*.

Expenditures stemming from state and local pensions supported...

- 136,914 jobs that paid \$10.5 billion in wages and salaries
- \$24.0 billion in total economic output
- \$4.1 billion in federal, state, and local tax revenues

... in the state of New York.

Each dollar paid out in pension benefits supported \$1.41 in total economic activity in New York.

Each dollar "invested" by New York taxpayers in these plans supported \$9.61 in total economic activity in the state.

### Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to New York communities and the state economy. In 2006, 700,565 residents of New York received a total of \$17.00 billion in pension benefits from state and local pension plans, with \$16.87 billion paid from plans within the state and the remainder originating from plans in other states.

The average pension benefit received was \$2,022 per month or \$24,263 per year. These modest benefits provide retired teachers, public safety personnel and others who served the public during their working careers income to meet basic needs in retirement.

### Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 136,914 jobs in the state. The total income to state residents supported by pension expenditures was \$10.5 billion.

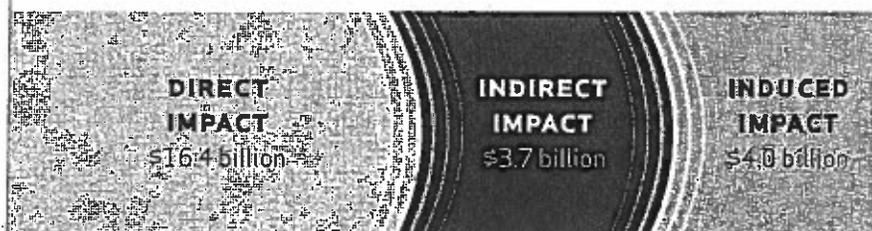
Of this, the greatest share, \$5.8 billion, was comprised of employee compensation (wages and salaries). Proprietors' income (self-employment income) represented \$868.4 million, and other property income (including payments from interest, rent, royalties, profits and dividends) totaled \$3.9 billion.

### Economic Impact

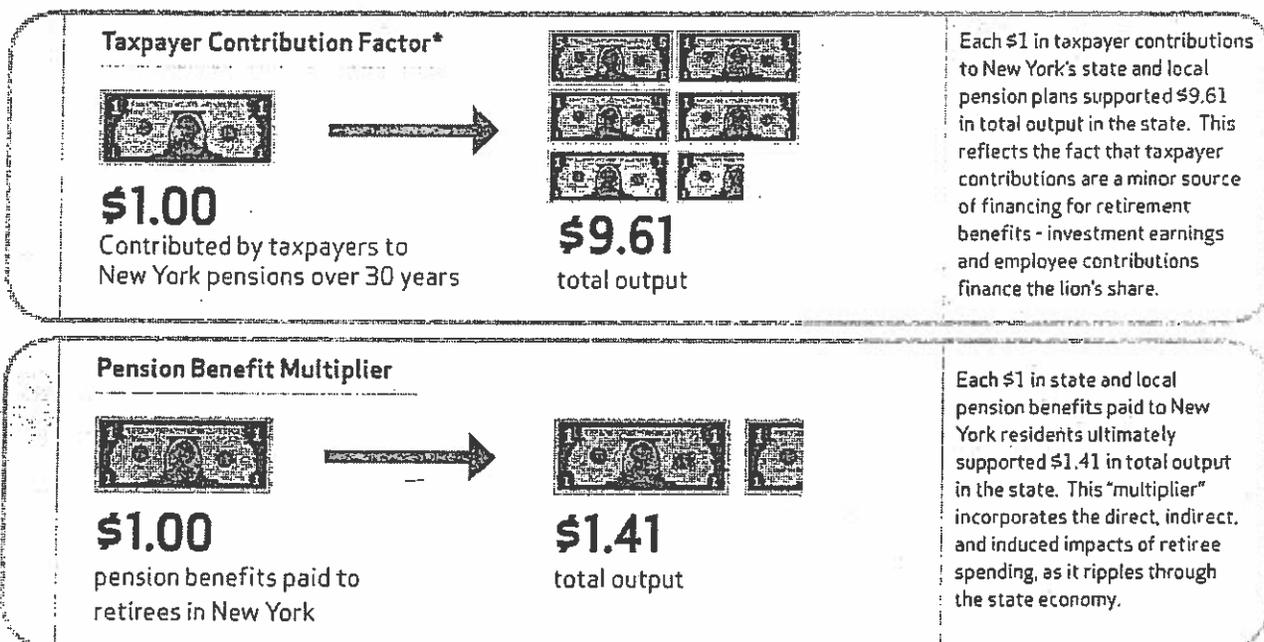
State and local pension funds in New York and other states paid a total of \$17.00 billion in benefits to New York residents in 2006. Retirees' expenditures from these benefits supported a total of \$24.0 billion in total economic output in the state, and \$11.7 billion in value added in the state.

\$16.4 billion in direct economic impacts were supported by retirees' expenditures on goods and services from businesses in the state. An additional \$3.7 billion in indirect economic impact resulted when these businesses purchased additional goods and services, generating additional income in the local economy. \$4.0 billion in induced impacts occurred when employees hired by businesses as a result of the direct and indirect impacts made expenditures, supporting even more additional income.

————— Total Economic Impact **\$24 billion** —————



## Economic Multipliers



\* Caution should be used in interpreting this number, because the Census data used reflect the taxable status of contributions only; because employee contributions may be reported as taxpayer contributions, the multiplier here may be underestimated.

## Impact on Tax Revenues

State and local pension payments made to New York residents supported a total of \$4.1 billion in revenue to federal, state and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$594.9 million. Taxes attributable to direct, indirect and induced expenditures accounted for \$3.5 billion in tax revenue.

Federal Tax	2,417.1 million
State/Local Tax	1,653.9 million
Other Corporate Taxes	5.8 million
<b>Total</b>	<b>\$4,076.7 million</b>

## Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in the state. The ten industry sectors with the largest employment impacts are presented in the table below.

Industry	Employment Impact (# Jobs)	Value Added Impact (\$ millions)	Income Impact (\$ millions)	Output Impact (\$ millions)
Health Care and Social Assistance	35,215	\$2,008.0	\$1,984.3	\$3,172.2
Retail Trade	25,650	1,319.0	1,047.4	1,983.6
Accommodation and Food Services	13,666	458.7	408.1	849.7
Other Services (Except Public Administration)	11,263	405.1	380.5	734.0
Wholesale Trade	5,855	812.6	634.6	1,205.0
Administrative and Waste Services*	5,830	278.6	298.4	428.6
Professional, Scientific, and Technical Services	5,765	560.7	549.1	921.0
Real Estate and Rental and Leasing	5,510	908.8	755.7	1,332.6
Finance and Insurance	4,996	1,085.7	1,037.9	1,682.7
Educational Services	4,869	214.3	190.1	344.8

\* The North American Industry Classification System classifies this industry as Administrative and Support and Waste Management and Remediation Services.