

JAMES SANDERS JR.

COUNCIL MEMBER
31ST DISTRICT, QUEENS

CHAIR

Civil Service and Labor

COMMITTEES

Land Use
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OF
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Dear Colleagues:

As Chair of the Civil Service and Labor Committee it is my responsibility to ensure the policies, laws and conditions are equitable and beneficial to our tax payers, our civil servants and the members of the City's organized labor community. It is equally incumbent that I must oppose policies and laws that upset that balance and are decidedly unfair.

In regards to the Variable Supplement Fund (which has been called the "Christmas Bonus"), here are the charges and here are the basic facts:

- "This is a Christmas Bonus" – **Fact: This is a contractual obligation at the request of past mayors;**
- "This pension is overwhelming the City" – **Fact: The City has profited from this fund and has not paid into this fund since 1996; and**
- "The Legislature should remedy this" – **Fact: All contract changes should be resolved at the negotiating table.**

After much deliberation, it has become clear to me the Mayor's effort to legislatively repeal the Variable Supplement Fund, collectively bargained with the city Police, Fire, and Corrections department unions has crossed the threshold of equity and fairness. And, I urge you to join with me and stand with the members of these unions, who have committed their lives to protect and serve, to hold the City to its commitment to them.

The Variable Supplement Fund goes back to a time when the union pension funds could only invest in bonds. Eager to improve the pension plans without increasing the City's contribution, Mayor John Lindsay proposed the change allowing the funds to invest in the equities market. The Uniformed Unions -- through collective bargaining -- agreed to allow for change. In return service retirees were paid annual various lump sum payouts from the earnings above any returns generated by the bonds.

In October 1987 Mayor Edward Koch approached the unions and again, through collective bargaining, negotiated a new agreement providing the unions with a Defined Benefit which also permitted the City to keep a larger portion of the supplemental proceeds. Under the new agreement retirees received an annual supplement to their pension with a cap of \$12,000.

With the benefit of a bull market and the right to retain any profits in excess of the funds liabilities for the fixed payments the City took in more than \$4 billion. In fact, the funds have been so successful that the City has not had to make any contributions since 1996.

Clearly, the City of New York has benefitted greatly from this agreement. It does not make any fiscal sense to eliminate a benefit that has earned our City a substantial amount of money; nor is it equitable that the City would now seek to deprive the unions the benefit of their bargain. This deal was borne of negotiation between the City and our Uniformed Unions.

It goes against our long history of solid labor relations with our municipal unions to seek to have the state pass legislation to eliminate this benefit. Any changes to the VSFs should be made at the negotiating table. We do not want to see our great City emulate Wisconsin and Ohio's contempt for public workers. We are better than that!

Again, I urge you to stand with our Uniformed Unions and demand that the Mayor stop his campaign to legislatively abolish VSFs.

Very truly yours,

A handwritten signature in cursive script that reads "J. Sanders Jr.".

Hon. James Sanders
Chair of the Civil Service and Labor Committee