

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
<http://nyc.gov/olr>

JAMES F. HANLEY

Commissioner

MARGARET M. CONNOR

First Deputy Commissioner

June 22, 2009

Randi Weingarten
President
United Federation of Teachers
52 Broadway – 14th Floor
New York, NY 10004

Dear Ms. Weingarten:

This letter will confirm certain mutual understandings and agreements of the parties. The parties agree as follows:

(1) TWO DAYS PRIOR TO LABOR DAY

Effective immediately, in return for UFT support of legislation to effectuate paragraphs (2), (3) and (4) of this agreement, the parties agree that UFT-represented employees whose current contract requires them to report two work days before Labor Day will no longer be required to report on the two work days before Labor Day. The first day after Labor Day may be an instructional day.

(2) TAX DEFERRED ANNUITY PROGRAM

The City and the union agree to support legislation to provide that, effective the next business day after the enactment of the legislation, the interest to be allowed on the Tax-Deferred Annuity (TDA) accounts in the fixed annuity savings fund of UFT-represented participants in the Teachers Retirement System (“TRS”) and Board of Education Retirement Systems (“BERS”) TDA programs shall be 7.00% per annum.

(3) PENSION MODIFICATIONS

The parties agree to jointly support legislation to amend current pension provisions that will contain the following elements in order to implement a revised retirement paradigm for United Federation of Teachers (“UFT”) represented employees in TRS and BERS hired after the legislation is enacted.

Employees hired after enactment of this enabling legislation:

- (a) Shall continue to be eligible to retire at age 55 with 27 years of credited service and receive immediate payability of pension benefits;
- (b) Shall be required to pay Member Contributions of 4.85% for twenty-seven years. Thereafter, such employees will be required to pay Member Contributions of 1.85%. These Member Contributions shall become effective on the first business day after the enactment of this enabling legislation, and;
- (c) Shall vest in the applicable retirement program after ten (10) years of credited service as a member of such retirement or pension system.

To the extent the parties have not captured all of the necessary elements required to be enacted with enabling legislation (e.g., loan provisions, refund rules, etc.), the intent is that those elements shall be analogous to those comparable provisions contained in Chapter 96 of the Laws of 1996. Should the parties be unable to agree on those specific terms in a timely fashion, they agree that the City Actuary, in consultation with the Law Department's Pension Division, shall determine the final language for the proposed legislation consistent with the parties' mutual understandings.

(4) RETIREE HEALTH INSURANCE COVERAGE

The parties shall jointly take whatever action is necessary, including joint support of legislation, to modify retiree eligibility for health insurance coverage so that vested retirement and service retirement retirees with less than fifteen (15) years of credited service as a member of such retirement or pension system shall no longer be eligible for health insurance and welfare benefit coverage, although they may remain vested for pension purposes after ten (10) years of credited service.

The above shall apply to UFT-represented employees in TRS and BERS hired after the legislation is enacted.

(5) ADDITIONAL FUNDING

The parties recognize that in order to fund the provision in Section 1 of this agreement, 1.08% in additional funding must be generated effective September 3, 2009. The parties agree that paragraphs (2) and (4) of this agreement, when actualized, will generate 0.50% in funding, leaving 0.58% to be addressed in the upcoming round of collective bargaining for the successor agreement to the current agreement which expires October 31, 2009. To the extent that the legislation contemplated in paragraphs (2) and (4) of this agreement is not enacted, then the amount of funding that has not materialized shall also be addressed in the upcoming round of collective bargaining for the successor agreement to the current agreement.

(6) ADDITIONAL FUNDING FOR EDUCATION

The parties agree to meet no later than September, 2009 to assess the impact, if any, of budget cuts, as measured by what, if any, personnel and program reductions may occur, and to identify potential additional funding for schools.


This agreement is subject to the approval of the UFT Delegate Assembly.

If the above accords with your understanding, please execute the signature line below.

Very truly yours,


James F. Hanley

Agreed and Accepted By:



Randi Weingarten
President
United Federation of Teachers



Date