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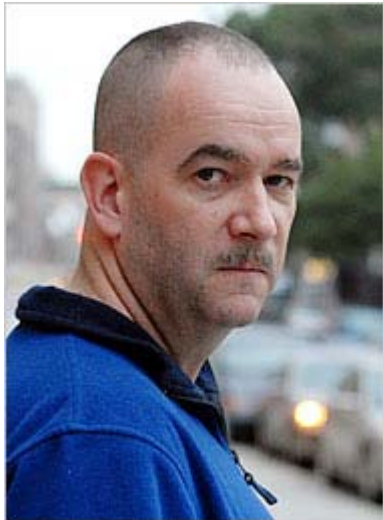
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New York City's Reservists Are Asked to Return Iraq Pay

By [ANDY NEWMAN](#)
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When they were called up for military service in the wake of 9/11, hundreds of uniformed city workers in the Reserves faced the suspension of their city health and pension benefits. The city offered them an option: it would keep paying their salaries and continue their benefits, but when they returned they would have to repay the city their city salary or their military pay, whichever was less.

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Marko Georgiev for The New York Times
Sgt. Michael Donohue estimates that he owes the city \$100,000.

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On its face, the offer made sense. And many reservists had only a few days to get their affairs together before shipping out — hardly enough time to consult accountants. Nearly all took the deal. As the war dragged on, more than 1,600 city employees, mostly police officers, signed up for the benefits program.

Now the bills from the city are coming due, for far more than many veterans imagined they would have to pay — as much as \$200,000 — and often for more money than they ever received.

The city is demanding that the veterans repay their gross salaries, even though they never saw about a third of the money, which went for taxes and other deductions. The commissioner of administrative services, Martha K. Hirst, said veterans should be able to get back the difference between gross and take-home pay by amending their tax returns. But several tax accountants said the city had created an accounting quagmire.

David Gitel, a tax accountant in Manhattan, said that if the employees paid the money back over several years — which many will have to do — rather than in a lump sum, they could lose thousands of dollars in income-tax and social

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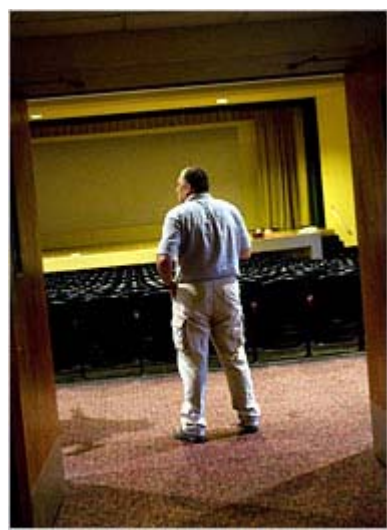
security payments.

“It’s an interesting experience,” Mr. Gitel said.

For now, the Police Department, which waited as much as four years to begin asking for the money back in the spring, is stepping up its collection efforts. On Thursday, hundreds of officers received letters in their pay envelopes threatening legal action if they did not make repayment arrangements within 15 days.

A city official, who was unwilling to be identified lest he incur his colleagues’ anger, gave an explanation for the delay.

“People have been talking about it here for some time, about getting around to doing it,” he said. “It’s probably the hero thing. Why make a top priority of telling somebody to give back money when they just went off to war?”



Jeremy M. Lange for The New York Times

Sgt. Joseph Mastrota waiting for other officers to arrive for a meeting at Fort Hamilton to discuss their options in dealing with the city.

Under the terms of the deal, nontaxable military housing and food allowances also count as military pay. Those allowances can nearly double military pay, in some cases making it more than city pay. Many veterans who did not read the fine print said they thought they would have to repay only their modest military take-home base salary.

On Monday, the City Council will consider a resolution by Councilman Michael E. McMahon of Staten Island to ask Mayor [Michael R. Bloomberg](#) to stop counting military allowances as income.

Assistant Police Chief Michael Collins said that after the letters went out on Thursday, many officers contacted the department to begin repayment. The department hopes to recover more than \$15 million, he said.

Other officers said the system needed to be overhauled. “We have to change it,” Detective David Goodman, treasurer of the Police Department post of the Veterans of Foreign Wars, said at a gathering on Tuesday of about 50 officers at the Army base at Fort Hamilton in Brooklyn, “so that when you come back you’re not paying money for having gone to war for your country.”

Detective Goodman added that since the war effort relies increasingly on reservists, it

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behooved the city to make enlistment attractive.

Ms. Hirst said the city was “looking at” the possibility of not counting military stipends as income, but she thought that in any case the benefits program was an excellent one.

“The city works out very, very friendly repayment agreements,” she said.

Many officers said the four-year delay had reinforced their impression that the city did not intend to come after them for the money at all.

Officer Jake Marino, a five-year police veteran who was in the Military Police in Iraq in 2004, recalled that while he was preparing to go, his contact in the department’s military-leave office told him, “As far as paying back the money, I don’t think you have anything to worry about.”

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