

## **Our View: Union clamor can't muffle need for pension reform**

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Union activists are marching on the state Capitol and have launched a public relations blitz to convince the public that efforts to rein in out-of-control pension costs for public employees amount to an effort to demonize government workers. As liberal activist Steve Maviglio put it, "Pension reform is a Trojan horse for an attack on public employees." Yet respected sources ranging from Stanford University to the watchdog Little Hoover Commission continue to paint a bleak picture of a growing pension debt that threatens to swamp government budgets and result in crushing tax increases.

A new report commissioned by Californians for Fiscal Responsibility, released Thursday, adds to the alarm: "The combination of retroactive benefit enhancements, lengthening lifespan and some weaker-than-expected investment returns during recent years has led to deterioration in the condition of public funds in California. As of 2010, the five largest public pension systems are only between 61 percent and 74 percent funded for benefits earned for past service, based on the actuarial assumptions used by those systems. These measures would be even lower if they instead reflected the assumptions mandated for use by private sector plans," the report stated.

This latest study shows not only significant disparities between private sector and richer public sector pensions, but also among public employee unions, with teachers receiving less than prison guards, as the Orange County Register reported Friday.

Former Assemblyman Roger Niello, speaking Thursday at a Pension Boot Camp in the Sacramento area, where the study was released, argued that government employees themselves must embrace pension reform given that they must "depend on the sustainability of a system that is not sustainable." Yes, at some point the unions must end the theatrics and embrace real, significant reform — not just the nibbling-around-the-edges reforms that won't fix the problem and are designed mainly to reduce public attention to the issue.

The Legislature and Gov. Jerry Brown have embraced only the most superficial pension- and government-employee reforms. In fact, Brown just negotiated a shameful pact with the powerful prison guards union that will vastly expand their benefit levels by, for instance, allowing members to "bank" an unlimited amount of vacation time. Democrats have been arguing that pension problems can be fixed at the negotiating table. But it's at that table where the problem was created, as unions use their political muscle to elect their own bosses — the local and state lawmakers who approve their compensation packages.

In California, serious reform can only come through the initiative process, given the

heavy leftward tilt of the Legislature and executive branch. Two initiatives are moving forward that have some promise. One, offered by Niello, would ban retroactive pension increases, limit retirement benefits to 60 percent of the employee's highest base wage over three years (rather than the final year), and would require the employee to contribute to their plan. Another initiative would create a hybrid system that combines a 401(k)-style program with a smaller defined-benefit plan.

We'll examine these initiatives in more detail as they move forward. But the factual case keeps getting stronger. The pension system for public employees is out of whack, and significant reform must come sooner rather than later — regardless of the emotional case made by unions.