

# Another View: Pension scare tactics ignore the changes already made

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In a society where a growing number of public workers are reaching retirement age, the stability of California's public pension funds must be ensured. Unfortunately, the rhetoric of the public pension busters seems to be heating up at the same rate that the problem is cooling down.

CalPERS – the California Public Employees' Retirement System – after a decline during the economic crash, is in good shape again, having grown \$70 billion since its losses in the last recession. Its funding is back to 70 percent, a level that national rating agencies and financial analysts consider healthy.

Meanwhile, changes further strengthening California's public pension systems are steadily emerging from negotiations between state and local governments and the unions representing their workers. They have already negotiated significant savings both in the formula for how pensions are calculated and for what employees will pay into the pension system each month. Such negotiated changes saved the state more than \$400 million in the last state budget alone.

Collective bargaining is also working to reduce pension costs for California's cities. A just-released survey from the League of California Cities shows many cities and unions have negotiated lower-cost tiers and other money-saving formulas. The survey finds that two-fifths of cities have already agreed on employer-employee cost sharing. Almost a quarter of cities now have negotiated a cheaper second pension tier. Even pension plans for police and fire agencies have dramatically increased the amounts these public safety workers will have to contribute.

Why then are the pension busters keeping up a drumbeat of warnings about the supposed imminent collapse of public pension funds? They continue to invoke false charges of labor intransigence and sound the alarm about \$100,000-a-year pension bogeymen that play upon the public's fears and cast a dark cloud over the debate. In reality, 98 percent of public pensions in California are smaller; half are \$18,000 a year or less.

In fact, even as the state's economy still suffers in the aftermath of the recession, the state pays less as a percentage of payroll for public worker pensions today than it did in 1980. And the entire budget costs of pensions for state workers in 2011 will be \$3.5 billion, barely 4 percent out of an \$85 billion budget.

The inconvenient truth for the pension busters is that collective bargaining is already restructuring the state's public pension system – without the need for another expensive and divisive ballot box battle.