

PENSION FIXES NEED TO HAVE THOUGHT

By H. Mattson Austin

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SENATE REPUBLICANS, Marcia Fritz and the Times have it wrong in targeting public-employee pensions as the problem with California government financing (Jan. 25, "No pension reform, no vote on taxes"), and their mean-spirited campaign to mislead the citizens can be easily discerned.

The California Public Employees' Retirement System (CalPERS) isn't the problem here, and quite possibly it is the solution.

First of all, while most public-employee pension benefits are modest, it is the top management and executives who have cut a fat deal, which is not at all what these people are portraying, tarring average government employees as big recipients.

Let them modify grossly abusive benefits such as we saw in the city of Bell, but leave the typical public servant's benefit package alone.

California doesn't need a whole new class of elderly poverty cases created because some businesses in the private sector have reneged on their pension promises. What private business can get away with is beside the point.

I find it odd that this issue is getting so much press lately. The reason seems to be because Republicans polling finds their most potent issue is a temporary resentment of public-employee benefits, which dovetails nicely with their hatred of public-employee unions, who predominantly support That Other Party. They get two birds with one stone.

Widespread renegeing on retirement benefits would save the state money (which could be used for their all-purpose solution to any problem: tax cuts for their fat cat business friends) and will punish and put strain on organizations that help fund the Democrats.

But what about our public services? Right now, government agencies have difficulty recruiting for many different positions; government doesn't pay professionals very well (think doctors, lawyers, engineers, scientists, nurses, psychologists), and they rely on benefits to make up the difference. Who will prosecute the criminals if no one wants to work for the DA? Who will warn the public of food-borne illnesses?

Mindlessly saying "we can't afford it" is complete nonsense: we live in the richest society the world has ever seen. Surely reasonable people can agree on a plan to make sure that the people who protect us from air pollution, E. coli, criminals, and decrepit bridges can retire after a career without risking going on food stamps.

Fritz seems to think the answer is a 401(k) type benefit. Anyone who has only a 401(k) plan as their retirement option can surely agree that this arrangement provides nothing in the way of retirement security. My own plan fell 30 percent-plus a few years ago, setting my retirement plans back by at least five years. It's seems OK if you're 30 and healthy, but later life has a way

of bringing up circumstances like serious disabling illness without regard to the level of the stock market or Fritz' tax priorities.

No one would consider "401(k) pension roulette" a superior plan worthy of accepting the low wages government pays. As such, government wages will have to rise, or work will go undone.

I think I see behind the curtain: the forces bringing you this "crisis" are really simply trying a new wrapping for an old package: if denigrating government service will lead to poor quality service, employee dissatisfaction and a shunning of government employment, contractors eager to pick up the work will make a killing, charging government more but paying the same poor wages without the benefits, and pocketing huge gobs of profit legally.

When their poor service is finally apparent, they simply move on to the next sucker and another contractor takes their place. We the public get fleeced, and government contractors (but not their employees) get rich.

We need to get smart. Sure, outsize pension benefits that are clearly an abuse need to be reigned in and Gov. Jerry Brown has promised to do so. This isn't the average worker. Since CalPERS has been a sound, well-performing fund for close to a century now, perhaps instead of insinuating that it is evil we should be rolling poor-performing, small scale and abusive local government funds into PERS to assure that everything will be professionally managed at much lower cost than smaller funds or brokers can offer.

It is no accident that public employee pensions did so well throughout the '90s that government managers at all levels thought they could follow Fritz's agenda and skip their pension payments to spend the money on pet projects and tax cuts. Crying now that the market went down and they have to pay higher rates is just disingenuous (anyone could predict that), and impoverishing the career people who work for us is the most cynical attempt at whitewashing I've seen yet.

Let's keep pensions -- they're a good thing, both for the beneficiaries and for the public, making sure no one ends a lifetime of commitment and then starves. Where there are abuses, let's fix them. Where there are efficiencies, let's implement them. And if CalPERS has done as well for taxpayers as most in the investment world think, let's expand its reach.

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