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DeMaio-Reed Pension Measure Flops, For Now

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By Doug Porter

Former City Councilman Carl DeMaio, along with former San Jose Mayor Chuck Reed, are headed back to the drawing board, following the failure of their latest pension “reform” ballot proposal to gain traction in California.

DeMaio and Reed were hoping to attract funding and political support for a pension reform initiative involving voter approval for each and every future plan throughout the state, negating what is now part of the collective bargaining process.

The California Republican Party failed to endorse the measure during its Anaheim convention last weekend. DeMaio and Reed cried foul last month after the State Attorney General’s office gave the proposed reforms ballot language not to their liking.

“That the California Republican Party won’t back Carl DeMaio’s attack on retirement security shows just how shoddy it is,” said Dave Low, Chairman of Californians for Retirement Security. “It’s becoming increasingly clear that their measure is destined to fail and the proponents are the gang that couldn’t shoot straight.”

Although DeMaio and Reed had called their measure “bulletproof,” legal experts and nonpartisan state officials were wary of the language used.

As Bill Raden, writing at [Capital and Main](#) noted,

...the act’s very “empowerment” of voters to make changes to the terms of the plan on an ongoing basis would run afoul of IRS rules, and that could result in the revocation of CalSTRS’ tax exempt status. Without tax exemption, the letter points out, “the system would effectively close and the State and school districts would have to assume principal funding of earned benefits for retired educators and their beneficiaries, and to pay the annual taxes due on the income from CalSTRS’ \$190 billion investment portfolio.”

Joel Fox, writing at [Fox and Hounds](#), let it be known that DeMaio and Reed were cutting their losses. He also thinks the choice of the 2016 election may not have been a wise one.

Over the weekend, two sources indicated to me that the Chuck Reed/Carl DeMaio pension reform initiative would be pulled, re-written, and re-submitted to the attorney general for a new title and summary. If it is to be re-filed, it is worth considering for which ballot it would be re-submitted.

Whatever a new initiative might declare would be attacked by public employee unions with criticisms real or imagined. But would the placement of the initiative on the 2018 ballot give the measure a higher probability of success?

The 2016 presidential election will bring out a greater turnout of voters, many occasional voters who don't pay as much attention to public affairs. The profile for the 2016 electorate would contain a larger percentage turnout of Democratic voters who are more closely connected to public employees whose union leaders will rail against any pension reform initiative.

The one advantage to placing items on the 2016 ballot would be the relatively low threshold (585,407 valid voter signatures) to qualify the measure. Qualifying for the 2018 ballot will require many more signatures, since its standard will be based on 2016 turnout.

One thing is certain; there will be more of these conservative ballot offensives claiming to offer "common sense" reforms. Backdoor attacks on unions are a key element of what Bernie Sanders calls "the billionaire class" strategy to expand their wealth.