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Former California City Officials Move to Put Pensions on Ballot.

New state and local government employees in California would no longer earn guaranteed public pensions unless voters decide otherwise, under a 2016 ballot measure proposed by two former city officials.

Former San Jose Mayor Chuck Reed and former San Diego City Councilman Carl DeMaio, who championed efforts to reduce benefits in their cities, said Thursday the measure would allow local voters to decide how to balance employee pensions against the cost of municipal services.

Growing public employee retirement costs have hobbled California cities since the recession, contributing to municipal bankruptcies in Vallejo, San Bernardino and Stockton. Elected officials in cities and counties began boosting pensions for police and firefighters after lawmakers in 1999 raised benefits for state troopers. At the time, the California Public Employees' Retirement System had 138 percent of the assets needed to cover projected liabilities. It now has about 77 percent.

"We're filing this because pension costs and retirement costs generally are going up dramatically in California," Reed said on a conference call with reporters. "This initiative is to empower local governments to do what is necessary in their communities. We're not telling them how to solve the problem."

They would need to overcome opposition from public-employee unions and gather 585,407 valid signatures by Nov. 25 to place their "Voter Empowerment Act" on the November 2016 ballot.

The measure wouldn't affect pensions for current state and local government workers, except for prohibiting enhancements to their benefits without voter approval, Reed and DeMaio said.

Retirement Security

Employees hired after Jan. 1, 2019, would be placed in 401(k)-style defined-contribution plans, with the government paying no more than 50 percent of retirement costs, unless voters decide differently.

"This is yet another destined-to-fail attempt to eliminate the retirement security of teachers, firefighters, school bus drivers and other public employees that they have earned and agreed to in good faith at the bargaining table," Dave Low, chairman of union-backed Californians for Retirement Security, said in an e-mailed statement.

Across the nation, state and local governments are grappling with pension deficits that exceed a combined \$2 trillion, according to a Moody's Investors Service report last year.

DeMaio said the measure would save "billions" over the next 30 years, although he wasn't more specific.

In 2012, voters in San Diego and San Jose, the second- and third-largest cities in California, approved measures to curb employee pension costs.

San Diego's measure put new employees except police into a 401(k)-style retirement plan, rather than one with guaranteed payments, while San Jose's allowed current employees to choose whether to pay more to keep their existing retirement plan, or switch to one with reduced benefits and a higher retirement age. Reed, a Democrat, backed the San Jose plan while DeMaio, a Republican, endorsed San Diego's.

Reed's city measure was stymied by unions, which sued to block the changes.

Last year, Phoenix voters rejected a ballot measure that would have made Arizona's capital the largest U.S. city to do away with guaranteed pensions for new public workers. Almost 57 percent of voters turned down a proposal to replace pensions with 401(k)-style defined contribution plans for city workers other than police and firefighters.

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