



League Fights Back: Retirement Security Attacked



Police Officer SCOTT RATE, Director

Members, our retirement security is under attack as never before. We are taking all the necessary steps to defend and preserve our hard-earned pension benefits. Whether you are a veteran officer or a rookie, you have a vested interest in the outcome of the debate over public employee pensions.

As a prime example of the kind of challenges we are facing, earlier this month three new initiatives were approved by Secretary of State Debra Bowen for collection of petition signatures. When you read the attorney general's official title and summary of the three measures, you will understand why the League is taking this latest assault on public employee pensions extremely seriously and why we are devoting all available resources to stopping it.

“1. ELIMINATES COLLECTIVE BARGAINING RIGHTS FOR TEACHERS, NURSES, POLICE OFFICERS, FIREFIGHTERS, AND OTHER PUBLIC EMPLOYEES. INITIATIVE CONSTITUTIONAL AMENDMENT. Eliminates collective bargaining rights for teachers, nurses, police officers, firefighters and other public employees. Prohibits state and local public agencies from recognizing any labor union or other employee association as a bargaining agent of any public employee. Prohibits state and local public agencies from collectively bargaining with public employee unions or employee associations. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Potential state and local government employee compensation savings. The amount of savings would depend on future compensation decisions by state and local governments.

“2. INCREASES INCOME TAXES ON TEACHERS, NURSES, POLICE OFFICERS, FIREFIGHTERS, AND OTHER PUBLIC EMPLOYEES FOR PENSION INCOME. INITIATIVE CONSTITUTIONAL AMENDMENT. Increases income tax rate by 15 percent for annual pension income between \$100,000 and \$149,999, and 25 percent for annual pension income over \$150,000, on income received by teachers, nurses, police officers, firefighters, and other public employees from the California Public Employees' Retirement System and the California State Teachers' Retirement System. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Possible increase in state revenues from a new tax on certain public employee pensions. Over the long run, these revenue gains would be offset by decreases in other state and local revenues and increases in some state and local costs.

“3. INCREASES RETIREMENT AGE FOR TEACHERS, PEACE OFFICERS, AND OTHER PUBLIC EMPLOYEES. INITIATIVE CONSTITUTIONAL AMENDMENT. Increases the minimum retirement age to 65 (or 58 for sworn public safety officers) for members of the California Public Employees' Retirement System and the California State Teachers' Retirement System, including for teachers, nurses, police officers, firefighters, and other public employees. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: In the long run, possible reductions in state and local pension and retiree health costs. The magnitude of the savings would depend on a variety of legal, implementation, and behavioral uncertainties and would be offset to an unknown extent by increases in other state and local employee compensation costs.”

It is obvious that we are not in this fight alone. That is why we are formulating action plans in collaboration with other labor organizations whose members have a vested interest in stopping this outrageous attack on our retirement security. As we mobilize against the three initiatives above, we implore our membership to make sure your family, friends and neighbors do not sign any petitions related to these initiatives. The proponent of these measures — a Santa Barbara professor named Alan Oliver Ebenstein — must collect the signatures of 807,615 registered voters for each measure in order to qualify them for the ballot. He has been given 150 days to do so.

As we have said repeatedly, the condition of public employee pensions in Los Angeles is *not* a crisis. Thus, these initiatives are completely unwarranted and only serve to distract California voters from understanding the real pension crisis facing all Americans: Reliable and secure retirement incomes cannot be provided by 401(k) plans.

Traditional pension plans — such as those offered to Los Angeles City employees — have been a proven retirement vehicle for many decades. While grandstanding politicians proclaim that the era of defined benefit plans is over, millions of Americans are beginning to

understand that their 401(k) plans will fail to provide them with secure and dignified retirements.

In stark contrast to the inadequate 401(k) approach, the pension system covering Los Angeles police officers has existed since June 7, 1899. The Los Angeles Fire and Police Pensions system, even after the global economic downturn, is currently 91.6 percent funded. Members contribute up to 9 percent of their pay biweekly, which for the 2010-2011 fiscal year will amount to \$120,287,911. As sizeable as this amount is, it doesn't even constitute the majority of the system's funding, which comes from returns on the fund's investments.

Public employee pensions in Los Angeles and throughout California will continue to be under a microscope for the foreseeable future. The League is committed to using its considerable resources and clout, locally and in Sacramento, to ensure our members' rights and benefits are protected. For more information, see the Membership Alert that was sent out on September 14. As always, I can be reached at (213) 251-4587 or scottrate@lappl.org. ❖