



Search Terms: Why California is broke

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SECTION: OPINION**LENGTH:** 846 words**HEADLINE:** Why California is broke**BODY:**

Did you hear the one about how Sacramento buys \$36,000 wheelchairs for the disabled when less expensive wheelchairs work fine? Or how legislators slipped \$266,000 in the budget for their own meals because \$125 a day for food and housing didn't satisfy their finer tastes?

The excesses emerged during the state Assembly's "efficiency" hearings. Assembly Speaker Fabian Nunez of Los Angeles, who one year ago was eager to raise taxes, stated: "First, we're going to find cuts."

Assemblyman Keith Richman, the moderate San Fernando Valley Republican who has the governor's ear, says, "You have to really give credit to the Democrats for trying to find some efficiencies."

Richman is a diplomat. The efficiency hearings, despite the millions in excess they highlighted, were a distraction from the \$17 billion deficit embedded in the 2004-05 budget, caused by chronic overspending pushed by the very same Assembly. Gov. Arnold Schwarzenegger has proposed big program cuts, sliding fees for the non-poor for currently free services, and some borrowing. Yet the Democrats are expected to refuse many of his cuts and fees.

Schwarzenegger says he may be naive in opposing taxes. But in the next breath he says taxpayers shouldn't pay for the mistakes of politicians who repeatedly blew their money.

The truth is, California must undertake "structural reform" - --fundamental change to how it conducts business. Democratic Assemblyman Darrell Steinberg of Sacramento, who chaired the efficiency hearings, had all of March to address structural reform. Yet he displayed no spine, taking off the table key ways to actually become efficient.

As Richman notes, "They took off the table cutting back the size of the state employment rolls, and rolling back the massive compensation packages granted to state unions.

"State workers enjoyed a mind-blowing 41 percent jump in compensation in the past five years, as per capita income in California rose only 24 percent, according to a report by Daily News reporter Troy Anderson. State officials admit to me that 6,000 workers earn over \$100,000 a year.

Moreover, state unions wangled an incredible retirement deal out of our gutless Legislature. Signed by Gray Davis, workers can now retire with a fat pension just as they reach the height of their career expertise, at age 50. Early retirement was intended as reward for punishing work like highway patrol. But we're paying pencil-pushers to retire prematurely.

The majority Democrats, long controlled by public unions, and a handful of Republicans approved the deal. They insisted that riches flowing into worker pension funds from stock market investments would last forever.

The so-called "3 percent at 50" deal awards 3 percent of a worker's base earnings per year, permitting retirement at 50. According to Steven B. Frates of the Rose Institute at Claremont College, the foolish deal substantially pads the base earnings with overtime and unused sick pay.

In legislators' minds, these fat early retirement checks would be paid from pension funds. Yet if the stock market tanked, as it later did, guess who would insure that our pre-Botox state workers could retire young? California's hapless taxpayers -- who generally work until 65.

Because the base pay is padded, "You can actually make more in retirement than when you are working for the state," says Frates. "If you were to ask an actuary how much it would cost [a California taxpayer] to pay for somebody else to retire at the age of 50, on \$90,000 or so, for life, I suspect they will say it will cost over \$1 million."

When state workers retire early, many do what other 50- year-olds do -- they work. They take away private jobs while getting big retirement checks. What a stupid economic policy, hurting jobless Californians.

Republican state Sen. Tom McClintock of Thousand Oaks argued fiercely against the "3 percent at 50" deal. He was labeled an exaggerator. Today, he says, "We now have exponential increases in taxpayer subsidies for this. Was it Louis the 16th who said, 'After us, the deluge?'"

Legally, we can't easily turn back the clock on those already promised early retirement. McClintock suggests a two-tier system where new workers are hired under the sensible, old system.

This is just one mess Schwarzenegger faces, created by an out-of-touch Democrat majority that is well to the left of California voters. It rejects "best practices" to run government. For example, we're one of the few states that bans contracting out of routine state work to private firms. And we never lay off big numbers of workers, such as the 6,000 or so Caltrans engineers going idle because highway projects have dried up.

We're positively French in our unionista, bureaucratic bloat. Sadly, the "efficiency" hearings dug into the petty cash drawer. But the real troubles, created by ideology best left in the past, are still locked deep inside the vault.

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