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HEADLINE: Public pension bill grows

BYLINE: By Troy Anderson Staff Writer

California taxpayers forked out \$10.2 billion for public employee pensions in 2003-04 and are likely to face even greater liability in future years, according to a study released Monday.

The study prepared for the Howard Jarvis Taxpayers Association by the Center for Government Analysis at Newport Beach analyzed 130 public pension systems statewide and found taxpayer outlays doubled from 1997-98 to 2003-04.

"State and local governments are going to have to put more money into these systems and that means less money for police, less money for teachers, less money for schools, less money for roads, less money for parks and less money for libraries," said Steve Frates, president of the center.

"The total payout to retirees up and down the state was

\$20 billion in \. ... That's twice the amount of money we spend on police services."

The 159-page study also found Californians paid

\$37.7 billion in state income taxes and \$13.5 billion in police and fire services in 2003-04.

Government offices were closed Monday for the Martin Luther King Jr. holiday, and officials could not be reached for comment.

But Keith Brainard, research director for the National Association of State Retirement Administrators, said the study conducted on behalf of the taxpayer advocate group relied on "highly selective use of statistics to make its case."

He noted that taxpayer contributions to pension systems soared because of stock-market declines earlier this decade. And since 2003, Brainard said, public pension systems have gained about 50 percent in value while he expects that taxpayer contributions have hit their peak and will now begin to decline.

"I think their use of a particular five-year period to measure taxpayer contributions by state and local governments is somewhat disingenuous," Brainard said. "They don't point out that taxpayer and employee contributions had declined steadily in the 1990s before beginning to rise again in the early part of the 2000s. So they are starting from a low point.

"They also don't point out that employee contributions almost equaled or came close to employer contributions. So public employees in California are contributing to their own pension funds."

In many systems, public safety employees can retire at age 50 after working 14 years and receive a pension equivalent to more than 40 percent of their salaries.

"There are plenty of them that make more than 100 percent of their salaries in retirement," Frates said. "If they are in a system that awards \ or grants them rights of selling back vacation time and things like that, by the time they finish their calculations, it will be more than

100 percent of their salary."

In the private sector, employees in many systems can retire at age 55 after 16 years

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of service and receive 40 percent, Frates said.

In 1998-99, the average annual retirement benefit for a member of the California Teachers Retirement System was \$32,472. By 2003-04, it had increased 41 percent to \$45,804. In the same period, the average per-capita income in the state increased 18 percent to \$35,219.