

Opinion: Government unions tee up Calif.'s bankruptcy

By Bill Frezza, Forbes

Half a billion dollars. That's how much the California Teachers Association and the powerful Service Employees International Union have spent on California politics since 2000. The unions' return on that "investment"? A legislature totally beholden to them for political support and campaign contributions.

Here's another mind-boggling number: Half a Trillion Dollars. That's an estimate of the unfunded public pension liabilities racked up by California's state and municipal governments due to overly generous pay and defined benefit pension plans lavished on unionized government employees.

If you thought the bankruptcies of Stockton, San Bernardino, and Vallejo were entertaining, break out the popcorn to watch the next fiasco California's famously progressive citizens voted themselves into. That first wave of municipal bankruptcies demonstrated that the odds of the state's public pensions paying out at full value are virtually zero. The donnybrook that breaks out when the rest go sour is going to be a monster movie scale spectacle.

Jim Lacy, former Chief Counsel for Technology at the U.S. Department of Commerce and General Counsel to the U.S. Consumer Products Safety Commission, has been sounding the alarm. His new book, "Taxifornia", lays out the numbers and illustrates them in horrifying detail, with stories you just can't make up—like rank-and-file firefighters making \$348,000 a year who can retire at age 55 at 90 percent of salary. Meanwhile, California's poverty rate has soared to become highest in the nation (almost one in four Californians now

live in poverty, according to the Census Bureau).

As my guest on last week's RealClear Radio Hour, Jim makes the case why the rest of us should care about California's taxpayers becoming ATMs for retired school teachers, bus drivers, police, and firefighters. "Because it's happening throughout the rest of the country," Jim explains. "The Detroit bankruptcy is based on the same premises." Coming soon to a theater near you!

California has the highest state income tax in the nation, the highest state sales tax, the highest gas tax, and some of the highest corporate and property taxes. Yet, all that cash is barely enough to cover current expenditures. Governor Jerry Brown's claim of a surplus would disappear in a heartbeat were the state to follow generally accepted accounting principles.

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