Opinion: CalPERS makes workers rich at taxpayers expense

By Larry Weitzman

Some CalPERS pensions are more "reasonable" than others. In El Dorado County, miscellaneous employees (all employees other than public safety employees) after 30 years receive an annual retirement pension of 60 percent (2 percent for a year of service) of their highest salary and public safety employees after 30 years of service receive as an annual pension payment of 90 percent of the highest annual salary.

EDC is one of the lower CalPERS pension paying agencies in California as many other counties and agencies for miscellaneous employees pay pension retirements of 2.5 or 2.7 percent per year of employment. Sutter County, because and at the insistence of Larry Combs raised its pension rate in 2005 from 2 percent to 2.7 percent giving Combs a more than 30 percent increase in his pension benefits. (The highest of any Sutter County miscellaneous employee. Can you say self-serving?)


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What this all means is that someone who is a public safety employee and who works 25 to 30 years and starts working for an agency in their early to mid-20s will earn more in total compensation during their retirement than they earned while employed in their actual job. That is true for most early employed career government employees who work for 30 or so years and receive pension benefits of 75 to 90 percent (2.5-3 percent annual benefits) of their highest salary.

To confirm my facts, I contacted an expert, Robert Fellner of the Nevada Public Policy Institute, who gave me this simple example of a 30-year career employee with a 2.5 percent annual pension benefit who starts work at 25 earning $30,000 annually and retires at age 55 earning $100,000 a year. That person would receive an annual pension of $75,000 (plus health benies) for life. By actuarial standards that person will likely live for at least another 26-29 (men/women) years. During that period the annuitant will also get cost of living increases from 2-4 percent annually.

Many government employees start low and work their way up in salary, say from $30,000 to $100,000. But their average annual earnings over that 30-years of working is about $60,000, meaning their total working year earnings are $1.8 million. In retirement, that same person will earn by age 80 after 25 years of retirement (an actuarial certainty) a total of $1.875 million without COLA increases. With a minimum of a 2 percent COLA annually during retirement, the total retirement received would be about $2.35 million.

For public safety employees, the riches are even greater. In 30 years, they receive a 90 percent pension based on their highest annual salary. Their total pension benefits based on current actuaries will be 150 percent of what they actually made while working. Then you can add on the COLA benefit. If a government employee started working at 22 upon completing four years of college, they can retire at age 52 with benefits ranging from 60 percent (as in EDC) to 90 percent of their highest salary plus COLA. The same person in the Social Security system needs to wait another 15 years to retire and then his benefits might be about 25 to 30 percent of his highest salary and of his total work wages. And we all know Social Security can't sustain itself. How can CalPERS do so paying two to four time the benefits?

Can you say look to the taxpayers?

According to Fellner, two states have had massive public pension reform, Utah and Arizona. We need to do the same. More on that in a later column.

In a somewhat related subject, as reported in *Lake Tahoe News* **earlier this month**, ex-BOS members, Briggs and Santiago, lost their lawsuit for back wages. I wrote a column about this case **in February** in which I stated Briggs and Santiago had no case as all the raises they claimed that were not paid were barred by the California State Constitution Article XI, Sections 1 and 4 which says all compensation for county Board of Supervisors must be set by an ordinance, not by a resolution. Unfortunately for the ex-supervisors the raises they claim were set by resolution and therefore not applicable to members of the BOS. It was that simple of a case, other facts were irrelevant. As I said then it was a cut and dry matter of constitutional law. It was over before the case even started.

In its 26-page decision, the court went over all the contentions of B and S and then, in the last two pages, said the facts of the case cannot "escape" the California Constitution. Therefore, B and S lose, period, end of story. In reality, it was a simple case, which in fact was no case.

As a bit of irony Briggs and Santiago claim to be champions of EDC, its residents and taxpayers. But when it came to lining their own pockets, EDC taxpayers be damned. They had no case for back pay. Maybe they thought they could get a quick settlement, but their own greed has already cost EDC over $62,000 successfully fighting their wonton lust for OPM (other peoples' money). The total legal bill will probably reach or exceed $100,000. Fifty thousand dollars of that money would fund an entire senior nutrition program for a year. If either Briggs and/or Santiago try again to become a county supervisor, you will know that their own well-being comes before that El Dorado County.

But there is still a rub that needs to be resolved and as mentioned in my prior column, what about the Terri Daly declaration under penalty of perjury filed on behalf of B and S in their failed lawsuit? By filing the declaration, Daly clearly violated the promises she made in paragraph 4 (a) of her severance agreement with EDC in which she was paid $153,000 based in part on her written and binding promises which were "to assist the county in regards to matters in which she was involved during her employment including but not limited to assistance in connection with any actual or threatened claims, complaints, litigation or lawsuits in which the county and/or Daly, in her official capacity, are named as subjects or defendants …"

EDC is entitled to a return of the $153,000. EDC must demand return of the money paid to Daly and if not returned, file a lawsuit. It's a slam dunk. EDC is hard up for money and here is a chance to recover one sixth of a million dollars. You can bet the BOS won't lift a finger while EDC pot holes go unfilled breaking our resident's automobile suspensions. We have an election in about a year and a half. Choose your candidate carefully.

Larry Weitzman is a resident of Rescue.