

Opinion: Backroom CalPERS deals

By Daniel Borenstein, Bay Area Media Group

Politics trumped prudent fiscal management when CalPERS, labor and Brown administration officials held a closed-door confab last month to set the pension system's key investment return rate.

The rate, which should be based on professional market forecasts, is the most critical determinant of how much state and local governments must contribute each year.

Gov. Jerry Brown

A lower rate means the pension system anticipates earning less on investments and consequently will need more from employer contributions. That, in turn, leaves less money for workers' salaries and benefits, which is why labor leaders push to keep the investment rate as high as possible.

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