

# Opinion: Taxes won't solve the CalPERS problem

By Larry Weitzman

Another California city, Santa Cruz, is about to go under. It won't be from a Pacific tidal wave, but an overwhelming tidal wave of pension costs from CalPERS, which is a direct result of government employee unions and the politicians they buy off.

As reported by the very respected Dan Walters, Santa Cruz pension costs will have risen from 28 percent of General Fund salary in 2004 to 43 percent in 2015 to 58 percent in 2020. It is unsustainable. Most long-term government workers earn more in retirement than they did during their working years.



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If you haven't noticed, the solution has been new and more taxes. El Dorado County is starting to float the idea of a new sales tax and our smaller fire districts have recently done some polling to see if the public would tolerate a sales tax increase to keep those fire districts afloat.

Our fire districts are funded by a portion of our property taxes, about 8 percent, except for the El Dorado Hills Fire District which has a 17 percent property tax funding rate. That rate was set in stone shortly after the passing of Proposition 13 passed in 1978 via a piece of 1979 legislation

known as AB8. It turned out the more frugal districts got less of the property tax base and the more wasteful ones got a bigger share as it was based on past history. Typical of wasteful bureaucracy. Consequently, EDH Fire is one fire district that is flush with cash.

A few years ago, in a column, I reported EDH Fire had \$13 million of uncommitted cash in the bank. But the other districts rely on funding from the county General Fund to make up their shortfall, which has been a lessening amount. Some "experts" think consolidation is the answer as there are too many chiefs, literally. Also, some feel that there is too much duplication of administration. There might be something to be said for that and perhaps that is part of the answer.

Of course, no small district fire chief wants to lose his/her kingdom or job. Being a fire chief isn't a bad paying gig. In 2016 for example, Michael Hardy, fire chief of the El Dorado County Fire Protection District had total compensation of about \$243,000. Dave Roberts, the retiring, embattled chief of El Dorado Hills Fire earned about \$287,000 in 2016 and Robert Combs, chief of the Diamond Springs Fire District, made a paltry \$170,000 in 2016. But Combs retired and the new chief, Bryan Ransdell, earned \$229,000 for 2016, for a combined \$400,000 in fire chief pay for 2016. And the people near the top in our fire districts are not too far behind. Yes, they have a risky, responsible job, but so do roofers.

Instead of fixing the root problem of government pensions running amuck, the easy answer is more and new taxes. That will not fix the problem and neither will new taxes and here is why. The proposals that have been floated by the fire districts are a sales tax increase of about half a percent. For a general sales tax increase it requires majority voter approval. But it would go into the General fund and it would be up to the Board of Supervisors to pass it on to the fire districts of which the board would have no requirement to do so. They could use the money to solve general county fiscal

problems or maybe hire another public information officer (spin doctor) to tell its voters why they couldn't pass it on to the various fire districts. With such a tax there is no guarantee it would benefit the fire districts.

A special sales tax which requires two-thirds voter approval can be earmarked for the fire districts but getting two-thirds voter approval on a new tax is about as likely as Elon Musk flying to Mars next year. Hey, that's not a bad idea (Musk to Mars).

But there is perhaps a better solution that would protect the fire districts and that is a special parcel (property) tax increase, a flat fee of say \$25 on unimproved property parcels and maybe \$50 on improved parcels. The money would go directly to the districts and each district would have their own election. Maybe it could be tied to a salary freeze or even reductions of up to 5 percent.

This column is not advocating for a new tax. Fiscal problems should be remedied by eliminating their cause. Until we get a handle on the salary and pension problems in California, new taxes in an attempt to temporarily alleviate the problem does not fix the problem. It only makes it worse by masking the problem. And it is an ugly, scary mask.

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