Contra Costa Times editorial: Gov. Brown should veto stealth attempt to weaken his pension law

Contra Costa Times editorial © 2015 Bay Area News Group
Posted: 10/05/2015

Labor leaders have slipped through the state Legislature a bill eroding a key requirement of Jerry Brown's 2012 pension law, which was designed to ensure workers pay a fair share of their retirement costs.

The governor must veto SB 292 and send a clear message that he won't backtrack on what he has touted as one of his major legislative accomplishments.

He also shouldn't stand for special-interest legislation that was resurrected on the final day of the session and then rammed through the Senate and Assembly. The bill's author, Sen. Richard Pan, D-Sacramento, should be ashamed of his sleazy tactics.

The bill would affect 22 cities and one county in which residents have for decades paid additional property taxes to help fund employees' pensions, according to the Senate analysis of the bill. That includes Santa Clara County and the cities of Albany, Alameda, Berkeley, Oakland and Richmond.

In Richmond, for example, for every $100,000 of assessed value, the pension tax adds an additional $140. In Oakland, the tax adds an additional $157.50 for every $100,000 of assessed value. That works out to $788 more a year for the owner of a $500,000 home -- just for pensions.

For those local agencies with special pension taxes, SB 292 would roll back a requirement that new employees pay half of their going-forward pension costs. It's mind-boggling: These are the agencies that most need the requirement because that's where taxpayers are being hardest hit.

Here's the background: As an employee works, sufficient funds should be contributed to a retirement plan to ensure, after investment returns, that there will be enough money available to pay his or her pension after retirement.

Many local agencies have paid most or all of that contribution. Brown's pension law changes require that new workers, hired after 2012, pay half. That's fair and reasonable. He also gave local governments the ability, starting in 2018, to impose the same requirement for employees hired prior to 2013.

Meanwhile, 23 local governments in California have been levying special taxes for pensions since before 1978, prior to the passage of Proposition 13. Under SB 292 that money, and other government funds, could go toward new employees' share of their pension costs.
Firefighter and peace officer labor leaders essentially claim the voters in those cities taxed themselves so workers wouldn't have to pay toward their pensions. What hogwash.

Those taxes were all passed at a time when pension benefits were much smaller and were often intended to shore up nearly insolvent systems. They were never intended to relieve workers of having to make a fair contribution.